



U.S. Department
of Transportation
**Federal Aviation
Administration**

randum

Subject: **ACTION:** Program Guidance Letter 97-4

Date: **AUG 20 1997**

From: Director, Office of Airport Planning
and Programming, APP-1

Reply to
Attn. of:

To: PGL Distribution List

97-4.1. Revised Procedures for Letters of Intent - Jim
Borsari (202)267-8822.

In 1994, due to then-current and projected declines in Airport Improvement Program (AIP) funding and obligations imposed by payment streams of existing Letters of Intent (LOI), a "moratorium" was placed on the issuance of LOI's in fiscal years (FY) 1995 and 1996 by the FAA. Subsequently, the Congress included language in Appropriation Committee Reports supporting this moratorium. As opportunities for new LOI's began to open within LOI "spending caps" (equal or less than 50 percent of discretionary funding), FAA issued two LOI's early in FY 1997. Both LOI's met the 1994 analytical criteria; each had compelling financial considerations; and each sponsor was willing to accept "later and longer" AIP payments.

The two FY 1997 LOI's resulted in many new and renewed requests, totaling more than \$2.3 billion in AIP dollars. Recent requests obviously exceed funds available or expected to be available to meet these requests. As a result, issuance of additional LOI's was temporarily suspended while the existing LOI policy published in 1994 was re-examined to ensure that it continued to best direct the FAA in most effectively making use of the limited LOI funding.

The 1994 LOI policy was issued to guide FAA's approval of new LOI's, but the 1995 and 1996 moratorium impeded and

constrained the effective implementation of the policy. The policy has been carefully analyzed and determined to be a useful tool in guiding LOI decisions. The guidance contained in this letter is intended to re-emphasize the 1994 policy statement and to offer supplemental guidance with regard to LOI program management.

The 1994 policy addressed 4 major areas: deadlines; benefit/cost analysis; airfield projects only -- system benefits; and financial considerations.

1. Deadlines. As required in the October 1994 policy, LOI applications must be submitted to the FAA no later than March 1 of the fiscal year in which the LOI approval is being requested. Further, the application should include all relevant components, e.g., record of NEPA required actions, ALP approval, benefit-cost analysis, and requested LOI payment schedule. Sponsors should also indicate the source and amount of other financing for the project(s). Applications received after March 1 will be considered the following fiscal year. These deadlines are established to provide adequate time for the comparative review of the LOI requests. Aside from a narrow group of LOI applications which are currently substantially complete and will be considered in FY 1997, the deadline for all subsequent LOI applications will be in force.

2. Benefit-Cost Analysis (BCA). Consistent with the 1994 LOI policy, the FAA Office of Aviation Policy and Plans (APO) performed benefit/cost analysis (BCA) for airports seeking LOI's or for projects exceeding \$10 million in Federal financial assistance. Subsequently, on June 2, 1997, APP/APO issued a notice announcing a new policy regarding the BCA requirement (copy provided under separate cover). The policy transfers responsibility of BCA preparation to the airport and provides draft guidance to be used by airport sponsors in the preparation of BCA's needed for LOI consideration, effective FY 1998. The cost of preparing BCA's can be reimbursed as a project formulation cost when and if the project is approved for an AIP grant. Preparation of the BCA may also be prepared as part of a master plan project if such master plan effort is timely to the planned LOI project. The submittal of the

BCA by the sponsor represents a change from the 1994 policy and applies to any LOI request (or discretionary capacity request exceeding \$5 million) beginning in FY 1998.

3. System Benefits. Since 1987 when LOI's were introduced, priority was attached to those projects that significantly enhance national air transportation system capacity. This continues to be a prerequisite to LOI selection. In 1996, the statute was changed to also include the following considerations for projects to preserve or enhance capacity funded from discretionary funds (and thus applying to LOI's):

- Projected growth in the number of passengers that will be using the airport at which the project will be carried out.
- Increase in the number of passenger boardings in the preceding 12-month period at the airport at which the project will be carried out, with priority consideration for projects at airports at which the passenger boardings increased by at least 20 percent compared to the boardings in the 12-month period preceding such period.

When regions submit LOI requests for consideration, sufficient information such as capacity studies, passenger growth projections and/or historical growth for the past two years must be submitted in order to consider these factors.

FAA's LOI review committee (see item 2 below) will evaluate system benefits using all relevant information and analysis provided by airport sponsors and otherwise available to the FAA.

4. Non-Federal Financial Commitment. LOI's are an important innovative financing tool. As such, an airport seeking an LOI must submit a financial plan which demonstrates how the LOI will leverage increased financial commitment from non-Federal sources, and/or causes the project to be accelerated. The requirements for the financial plan are specified in the 1994 policy.

While the FAA is considering new LOI requests, it is of great importance that sponsors have realistic expectations with respect to LOI funding levels. In the past, sponsors have sought substantial commitment of Federal participation in the early years of the project. However, current LOI commitments have consumed much of the funds projected to be available over the next few years. Hence, financially superior LOI requests will be those that seek funds later in the financial plan, divide the Federal participation over a longer time frame, and seek realistic overall Federal participation. **Airports seeking earlier and larger AIP allocations should be encouraged to consider competing for funds through annual discretionary grants rather than LOI's.**

In addition to re-emphasizing the 1994 LOI policy, the following modifications have been initiated with regard to LOI program management.

1. Scope of LOI's. Due to limited funds expected to be available in the future for LOI's, the requests must reflect only those projects that qualify as contributing to the net present value under a BCA. The addition of lower priority work or work that does not support the BCA increases the size of the LOI without producing positive benefits. For the foreseeable future, LOI's must be limited to airside capacity projects and directly related supporting development only.

2. Establishment of a Review Committee. FAA intends to establish a committee chartered to advise the Associate Administrator for Airports, ARP-1, on the selection of LOI proposals. This committee will be composed of representatives from the Office of Aviation Policy and Plans, the Office of System Capacity, Airports and a regional Airports representative (on a rotating basis). The committee will review the LOI requests, system benefits, BCA's, and the overall financing packages. The committee will be chaired by the Director of the Office of Airport Planning and Programming, APP-1, or designee, and will be convened immediately following the issuance of this guidance to consider FY 1997 requests. Thereafter, the

committee will meet annually to review substantially complete LOI requests submitted by the March 1 deadline.

3. Fund Allocations. Since its inception, the fiscal management of the LOI program has been evolutionary. Initially, only C/S/S/N funds were used for LOI's. Later "pure" or "remaining" discretionary funds were allocated for this purpose. Over time, LOI's which were obtained by small and nonhub airports have been funded through set-asides established for these airports. This practice, now being formalized through this guidance letter, has permitted primary airports of all sizes to make use of this innovative finance tool, while enabling FAA to maximize use of discretionary funds (up to 50 percent). Through this guidance letter, FAA makes clear to airport sponsors those pools of discretionary funds which, in practice, are available to corresponding categories of airports seeking LOI's. Further, use of these fund allocations permits similar airports to compete against each other and thus provides a fairer competitive process for LOI's. In the future, the sources of discretionary funds for existing and new LOI's will be as follows:

- For large and medium hub primary airports, up to 50 percent of the Capacity/Safety/Security/Noise set-aside.
- For small hub primary airports, up to 50 percent of the "small hub" set-aside.
- For nonhub primary airports, up to 50 percent of the nonhub portion of the "small airport fund."
- Up to 50 percent of the undesignated discretionary, commonly referred to as "remaining" discretionary will be available for LOI's. While airports of all sizes may compete for these limited funds, only those projects with demonstrated significant enhancements to national capacity or which meet statutory requirements for growth will be considered.
- We will no longer consider the use of discretionary funds for reliever airport LOI's unless there is an overriding public interest in doing so. Existing

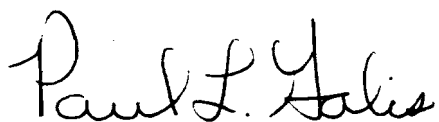
reliever LOI payments will be drawn from the noncommercial portion of the "small airport fund."

In addition to these categorized 50 percent guidelines, APP will assure that, in any given fiscal year, FAA does not approve LOI payment schedules which would in future fiscal years exceed the 50 percent level in any category. This control will assure that new LOI's and/or worthy non-LOI projects may be approved in future fiscal years. It is imperative to stress to airport sponsors applying for LOI's that their requested payment schedules will have increased importance and any unreasonable payment schedules may be cause for rejection of the application without further consideration of other factors.

In order to assist in this process, APP will issue each fiscal year an analysis of existing LOI's and the impact of these LOI's on projected funding, including an estimate of projected availability of funding for new LOI's. Attachment A is an estimated LOI budget for each airport category. The first line of each category reflects the maximum 50 percent of LOI funding available for that category. The second line is the planning number that FAA projects to be the amount that can be made available for LOI's issued in previous fiscal years. This is to assure that as new LOI's are issued, the 50 percent of available funds in any future fiscal year will not be committed entirely for LOI's issued in previous fiscal years, which would, consequently, leave no leeway to issue new LOI's in that future fiscal year.

4. Use of "Up-front" Grants. In past years, FAA occasionally awarded a separate grant in addition to approving an LOI in the same fiscal year. This practice was used to accommodate an unintended effect of the statute that restricted LOI's to future budget authority only. The statute has been amended and there is no longer a need to continue this practice. Any grant issued for the same work as identified in the LOI will be considered in the LOI rather than as a separate action. This does not preclude the issuance of another grant for distinct work outside the scope of the LOI if it makes sense to do so.

Attachment B is a copy of the October 1994 policy. Prospective LOI Sponsors should be advised to submit the information required under the October 1994 policy as well as any information necessary for regional recommendations and for review by the Evaluation Committee under this PGL.

A handwritten signature in cursive script that reads "Paul L. Galis".

Paul L. Galis

Attachments

Canceled

Large and Medium

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 50% | 9.65 | 13.8 | 18.8 | 38.3 | 40.6 | 41.1 | 32.5 | 32.1 | 32.1 | 32.1 | 31.8 | 31.8 | 37 | 37.8 |
| Budget | 2.9 | 4.15 | 5.65 | 11.5 | 12.2 | 12.3 | 9.75 | 9.64 | 9.64 | 9.64 | 9.53 | 9.53 | 11.1 | 11.3 |

Small Hub

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 50% | 0.9 | 0 | 1.7 | 2.7 | 2.2 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| Budget | 0.27 | 0 | 0.51 | 0.81 | 0.66 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |

Nonhub

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 50% | 46 | 20 | 19.5 | 20.5 | 21.5 | 22.5 | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 |
| Budget | 13.8 | 6 | 5.85 | 6.15 | 6.45 | 6.75 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 |

MAP

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 50% | 9.25 | 1.5 | 1 | 0.5 | 0.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Budget | 2.78 | 0.45 | 0.3 | 0.15 | 0.08 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Available for LOI's Without Regard to Airport Size

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 50% | 3.05 | 1.98 | 4.78 | 12.9 | 13.7 | 13.9 | 11 | 10.8 | 10.8 | 10.8 | 10.7 | 10.7 | 12 | 12.5 |
| Budget | 0.92 | 0.59 | 1.43 | 3.88 | 4.11 | 4.16 | 3.3 | 3.23 | 3.23 | 3.23 | 3.21 | 3.21 | 3.6 | 3.75 |

Dollars in Millions

Assumes current statutory structure

FY 1998 does not reflect Congressional Committee actions to date (8/7/97)

offset as provided by the Debt Collection Act of 1982 and SBA regulations.

The parties to these agreements have determined that a computer matching program is the most efficient, effective and expeditious method of obtaining and processing the information needed to determine whether SBA delinquent debtors are receiving salaries or other benefits that can be offset. Computer matching also appears to be the manner to accomplish this task with the least amount of intrusion into the personal privacy of the individuals concerned. The principal alternative to using a computer matching program for identifying such employees would be a manual comparison of all records of SBA delinquent debtors with the records of all military members and all Federal civilian employees and all Federal retirees.

Copies of the computer matching agreements between DoD and SBA and between USPS and SBA are available to the public upon request. Requests should be submitted to the Chief, Freedom of Information/Privacy Acts Office, 409 Third Street, SW., Washington, DC 20416.

The matching agreements and an advance copy of this notice must be submitted to the Committee on Government Operations of the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget. These matching programs are subject to review by OMB and Congress and shall not become effective until that review period has elapsed.

Dated: October 5, 1994.

Cassandra M. Pulley,
Acting Administrator.

[FR Doc. 94-25886 Filed 10-28-94; 8:45 am]

BILLING CODE 3025-01-M

DEPARTMENT OF STATE

[Public Notice 2107]

**Shipping Coordinating Committee;
Subcommittee on Safety of Life at Sea;
Working Group on Lifesaving, Search
and Rescue; Notice of Meeting**

The Working Group of Lifesaving, Search and Rescue of the Subcommittee on Safety of Life at Sea (SOLAS) will conduct an open meeting at 9:30 AM on Friday, November 18, 1994 in Room 5303 at Coast Guard Headquarters, 2100 Second Street S.W., Washington, DC.

The purpose of the meeting is to prepare and coordinate U.S. positions for the 26th Session of the International

Maritime Organization (IMO) Sub-Committee on Lifesaving, Search and Rescue (LSR), to be held March 27-31, 1995, at the IMO Headquarters in London. Specific items to be discussed include:

- Review of SOLAS Chapter III Amendments approved by the LSR Sub-Committee at its last session for forwarding to the Maritime Safety Committee (MSC) for circulation
- Draft revisions to the Recommendation on Testing and Evaluation of Life-Saving Appliances, particularly new sections on marine evacuation systems and "anti-exposure suits," and a draft proposal for inflatable liferaft fabric performance requirements
- A draft U.S. proposal for standardized reporting formats for prototype testing of lifesaving equipment
- Shipboard safety emergency plans, and guidelines for emergency escape arrangements on passenger ships
- Matters concerning Search and Rescue (SAR), including harmonization of aeronautical and maritime SAR procedures

The IMO LSR Sub-Committee works to develop international agreements, guidelines, and standards for Search and Rescue and for lifesaving equipment installed on commercial ships. Because of the potential impact of the Sub-Committee's work on U.S. regulations and standards, the U.S. SOLAS Working Group serves as an excellent forum for the U.S. maritime industry to express their ideas in the areas under the Sub-Committee's purview. Members of the public may attend this meeting up to the seating capacity of the room.

For further information contact Mr. Kurt J. Heinz at (202) 267-1444, U.S. Coast Guard Headquarters (G-MVI-3/1404), 2100 Second Street S.W., Washington, DC 20593-0001.

Dated: October 20, 1994.

Charles A. Mast,

Chairman, Shipping Coordinating Committee.

[FR Doc. 94-26916 Filed 10-28-94; 8:45 am]

BILLING CODE 4710-07-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. 27955]

**Policy for Letter of Intent Approvals
Under the Airport Improvement
Program**

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of policy; request for comments.

SUMMARY: The FAA is clarifying its policies on reviewing and analyzing requests for Letters of Intent (LOIs) under the Airport Improvement Program (AIP) or successor programs. The FAA will consider three factors in reviewing requests for LOIs: the project's effect on overall national air transportation system capacity; project benefit and cost; and the airport sponsor's financial commitment, including project timing. The FAA also solicits comments on the new policy. Following review of the comments, the FAA may revise this policy.

DATES: The comment closing date is November 30, 1994.

ADDRESSES: Comments may be mailed or delivered in duplicate to: Federal Aviation Administration, Office of Airport Planning and Programming, Attn: Mr. Stan Lou (APP-520), room 614, 800 Independence Avenue, SW, Washington, DC 20591. Comments must be marked: Policy for Letter of Intent Approvals Under Airport Improvement Program.

FOR FURTHER INFORMATION: Contact Stan Lou, FAA, Programming Branch, APP-520, room 614, 800 Independence Avenue, SW, Washington, DC 20591, telephone (202) 267-8809.

SUPPLEMENTARY INFORMATION:

Request for Comments

Comments are invited on this notice of policy and all communications received on or before the closing date for comments will be considered by the FAA. FAA may subsequently issue a change to this policy after considering the comments.

Background

In 1987, legislation was enacted authorizing the issuance of LOIs. The Codification of Certain U.S. Transportation Laws as Title 49, United States Code, Public Law No. 103-272, (July 5, 1994), section 47110(e)(2)(C) states:

The provisions of this subsection applies to a project the Secretary decides will enhance system-wide airport capacity significantly and meets the criteria of section 47115(d) of this title.

Section 47115(d) states:

In selecting a project for a grant to preserve and enhance capacity as described in subsection (c)(1) of this section, the Secretary shall consider— (1) the effect the project will have on the overall national air transportation system capacity; (2) the project benefit

and cost; and (3) the financial commitment from non-United States Government sources to preserve or enhance airport capacity.

General

The FAA is authorized to issue an LOI for certain airport development projects when current obligating authority is not timely or adequate to meet a sponsor's desired timing for a project. Under this provision, a sponsor may notify the FAA of an intention to carry out a project without Federal funds and

request that the FAA issue an LOI. The FAA evaluates the proposal and, if approved, issues a letter stating that reimbursement will be made according to a given schedule, as funds become available. A sponsor who has received an LOI, therefore, may proceed with a project without waiting for an AIP grant. It is assured that all allowable costs related to the approved project remain eligible for reimbursement, and may receive more favorable financing to pay related costs on the basis of announced Federal support for the project.

Discussion

Since FY 1987, the FAA has issued 48 LOI's (43 at primary airports and 5 at reliever airports). The total payments contemplated in these LOI's total nearly \$2 billion (\$1.5 billion of discretionary and \$0.5 billion of entitlements). Of this, \$0.9 billion has been granted to airports. The balance of \$1.1 billion would be granted to airports through the year 2005. These LOI's include \$0.8 billion discretionary and \$0.3 billion entitlements. The following chart summarizes this information.

LOI PAYMENT SCHEDULE

| | Entitlement | Discretionary | Total |
|------------------|---------------|---------------|---------------|
| (2) FY 1988-1994 | | | |
| Primary | \$244,630,376 | \$549,602,584 | \$794,232,960 |
| Reliever | 173,053 | 88,540,096 | 88,713,149 |
| Subtotal | 244,803,429 | 638,142,680 | 882,952,109 |
| (2) FY 1994-2005 | | | |
| Primary | 277,208,862 | 719,185,089 | 996,393,951 |
| Reliever | 0 | 112,000,000 | 112,000,000 |
| Subtotal | 277,208,862 | 831,185,089 | 1,108,393,951 |
| Total | 522,012,291 | 1,469,333,769 | 1,991,346,060 |

At the beginning of each fiscal year, the FAA, in its administration of the AIP, sets aside the amounts of discretionary funds to "cover" the LOI payment schedules. For the primary airports, the main sources of the discretionary funds are the "capacity, safety, security, noise (CSSN)" set aside and the remaining discretionary. For reliever airports, the source is the 5 percent "reliever" set aside.

In the first 5 years of administering the LOI component of the AIP, the overall level of the AIP increased from \$1.2687 billion in FY 1988 to \$1.9 billion in FY 1992, and then decreased to \$1.8 billion in FY 1993, \$1.69 billion in FY 1994, and \$1.45 billion in FY 1995. The amount of CSSN and remaining discretionary likewise increased from \$205.1 million to \$524.8 million in FY 1992, and decreased to \$299.9 million in FY 1993 but has now stabilized at \$325 million annually in current legislation. During these years, the FAA initially established an administrative policy that no more than 50 percent of the available CSSN discretionary would be committed to LOI's. In FY 1992, this policy was amended to include both CSSN and remaining discretionary. The FAA worked closely with airport sponsors to develop work programs and LOI payout schedules which maintained the 50 percent rule. We expect to maintain this policy. Reliever LOI's were not

routinely used as a funding vehicle since most reliever sponsors cannot "up front" the construction costs.

The convergence of growing demand and reduced availability of AIP discretionary funds dictates a new strategy for approval of LOI's. For the foreseeable future, the overall level of the AIP may not increase. This is primarily the result of budgetary pressures. Secondly, the amount of available discretionary funds has diminished from the level available in FY 1992 to the current level of no less than \$325 million annually. Against this discretionary level, numerous airport sponsors are requesting LOI's for many important projects. The FAA, therefore, has developed this policy to consider competing LOI requests.

Policy—The FAA intends to consider requests for Letters of Intent (LOI) under the Airport Improvement Program (AIP) (or successor programs) at primary or reliever airports only for airside development projects with significant capacity benefits. This focus is intended to maximize the systemwide impact of capacity projects, especially given the limited amounts of funds available for LOI projects. The FAA will use this policy in considering all future LOI requests.

The FAA's decision to approve an LOI will be made based primarily on a benefit-cost analysis. This analysis will consider local and systemwide benefits

in terms of annual aircraft delay savings, measured as the avoided costs of operating delayed aircraft and the value of passenger time associated with avoided delays. In addition, the net value to airlines, the airport, and the public from additional air transportation service will be considered. Project costs will be apportioned among Federal AIP discretionary funds, Federal AIP entitlement funds, and nonfederal funds. Financially sound projects will be selected for LOI approval in a manner that leverages Federal AIP discretionary funds to the maximum extent feasible, consistent with rational investment decisionmaking.

The best candidates for approval will be those projects for a new airport, new runway, or major runway extension at cities or metropolitan areas where the primary airport exceeds or is expected to exceed 20,000 hours of annual air carrier delay. Apron development in support of terminal work is considered airside development. Federal environmental findings must be complete and the project work must be imminent.

Starting in fiscal year (FY) 1995, applications for LOI's are to be submitted to the local FAA office no later than March 1 of the current FY for FAA decisionmaking during that FY. Applications received after March 1 may not be decided upon until the following FY.

This policy does not apply to outstanding LOI's already issued to airport sponsors. The FAA will apply this policy to all other LOI requests.

FAA Review of LOI Requests

The FAA will consider each proposed project in accordance with the following selection criteria. Each of the following three items will be reviewed for an LOI request.

1. Project Effect on Overall National Air Transportation System Capacity

The FAA will analyze the project(s) effect on overall national air transportation system capacity in accordance with agency methodology and modeling capabilities. To do this, FAA will analyze the airport for which the LOI is requested and estimate the current hours of annual flight delay. The FAA will then determine the systemwide impact of the project(s) in terms of reduced annual aircraft and passenger delays at current and future airport activity levels. The FAA may request information from sources at the airport or may visit the site to collect data needed to model the proposed airport improvement. The FAA will also review any capacity analysis conducted by the airport and submitted with the application.

The data requirements will be airport/terminal airspace specific and will be collected by the FAA. The data required will include, but are not limited to: The approved airport layout plan; type of operations; fleet mix; peak hour airfield mix by class; runway occupancy times; taxiway exit percentages; noise, obstruction, terrain, aircraft departure, and aircraft arrival constraints; air traffic arrival and departure streams; minimum vectoring altitudes; aircraft separation by aircraft type; length of and approach speeds on common approach by aircraft type and weather; converging and/or parallel runway dependencies; aircraft arrival and departure dependencies; and the different runway use configurations in the various wind and weather conditions. The data available or to be collected are very similar to those data assembled for FAA Airport Capacity Task Force and Capacity Design Teams studies.

Many of the proposed capacity improvements have already been modeled and calibrated during FAA Airport Capacity Design Team studies and would only require updating. The updating would include any new national air traffic approach procedures, separation standards, and capacity initiatives implemented by the specific airport traffic control tower or airport authority.

2. Project Benefit and Cost

Analysis will involve a detailed review of future benefits and costs for each year of the project's expected life, discounted to present value at an appropriate discount rate. The FAA will measure benefits in terms of annual cost savings attributable to reduced delays, to be measured as the avoided costs of operating delayed aircraft (e.g., fuel and oil, crew, and maintenance savings) and the monetary value of saved passenger time. In addition, the net value to airlines, the airport, and the public from additional air transportation service made possible by the capacity project will be considered. Costs will be estimated for planning, construction, operation, and maintenance of the project, and will be apportioned according to origin of funding—Federal AIP discretionary funds, Federal AIP entitlement funds, and nonfederal funds.

To be eligible for further consideration, the proposed project must have present value benefits that exceed present value costs and must have appropriate sponsor financial commitment (see section 3 below). The FAA will select among eligible projects with the object that Federal AIP discretionary funds will attract funding from other sources to the maximum extent feasible, consistent with rational investment decisionmaking. To accomplish this objective, the FAA will consider various measures of project financial viability (e.g., net present values, benefit-cost ratios, and rates of return) relative to the amount of Federal AIP discretionary funds requested. Eligible projects to be funded entirely with Federal AIP entitlement funds will be approved for LOI's if FAA concludes that entitlement funds will be available.

3. Financial Commitment, Including Project Timing

The FAA will determine the airport sponsor's financial commitment in terms of the airport capital improvement plan and associated financial plan over the lesser of the life of the LOI of 5 years. The plan should include by FY a list of the projects to be implemented, both LOI and non-LOI; and, for each project, the total project cost with a cost breakdown by source of funds (AIP entitlement, AIP discretionary, passenger facility charges (PFC), sponsor, State, and other, including available cash reserve accounts). The amount of funds to be obtained through selling bonds should also be indicated along with the bond rating, if available, and status of issuance.

In making its determination, the FAA will consider the sponsor's commitment of entitlement funds to the proposed project or to higher priority projects, whether PFC's are being applied, the contribution of nonfederal funding sources, diversion of airport revenue off the airport, and whether the sponsor plans to proceed with the project in accordance with all applicable statutory and administrative requirements, with the LOI payments to be used as reimbursements for advance expenditures.

Issued in Washington, D.C. on October 26, 1994.

Cynthia Rich,

Assistant Administrator for Airports.

[FR Doc. 94-26925 Filed 10-26-94; 2:23 pm]

BILLING CODE 4910-3-0-M

Policy Regarding Revision of Selection Criteria for Discretionary Airport Improvement Program Grant Awards

AGENCY: Federal Aviation Administration; Department of Transportation.

ACTION: Notice of policy.

SUMMARY: The Federal Aviation Administration (FAA) is revising the process used to evaluate applications for Airport Improvement Program (AIP) grants awarded at the discretion at the discretion of the Secretary of Transportation. The new process represents an evolution of past practice. Airport safety and security projects will continue to be accorded the highest priority in AIP investments. They will be followed in order of priority by projects to preserve existing airport infrastructure; bring airports into compliance with standards (including noise mitigation); upgrade service; and increase airport system capacity. The changes described below are intended to assure uniform levels of airport system safety, quality, and performance for passengers, shippers, and aircraft operators throughout the Nation and to improve the effectiveness of AIP investments in meeting critical needs of the national airport system.

Changes in the AIP grant award selection process are based on Executive Order 12893, "Principles for Federal Infrastructure Investments," and guidance provided in Congressional hearings regarding the use of national priority and economic analysis in evaluating Federal investment in airport infrastructure. Revised procedures involve: establishment of national airport investment objectives; consistent ranking of grant applications among FAA regions by type of project; use of