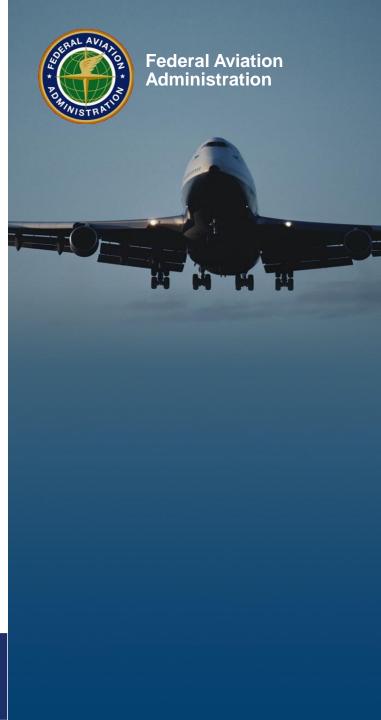
# FAA Update AIP 101

# National Association of State Officials (NASAO) Annual Convention

September 10, 2019

### Lindsay Butler (Terry)

Deputy Manager Federal Aviation Administration Dakota Minnesota Airports District Office



### **Presentation Topics**

- 1. Office of Airports Who are we?
- 2. Authorization & Appropriation
- 3. Rules & Regulations
- 4. Project Formulation
- 5. Money, Money, Money
- 6. Supplemental Appropriations
- 7. Moving Forward



## **FAA Airports Division Mission**

World leaders in creating a safe and efficient system of airports.



#### **Vision**

Advancing the safest, most efficient airport system in the world.

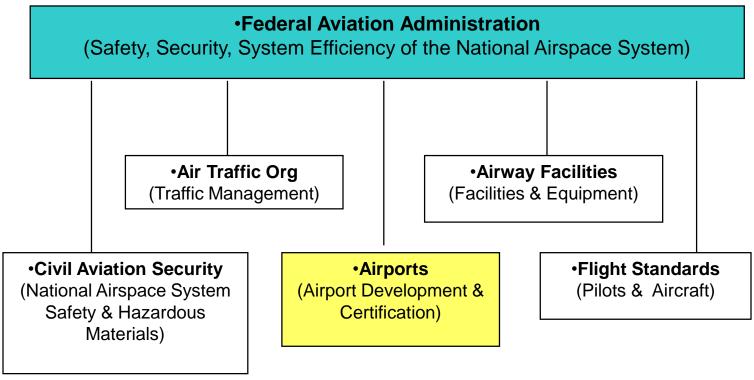
#### <u>Values</u>

Integrity – Collaboration – Innovation

- Safety is our passion.
- Quality is our trademark.
- Integrity is our character.
- People are our strength.



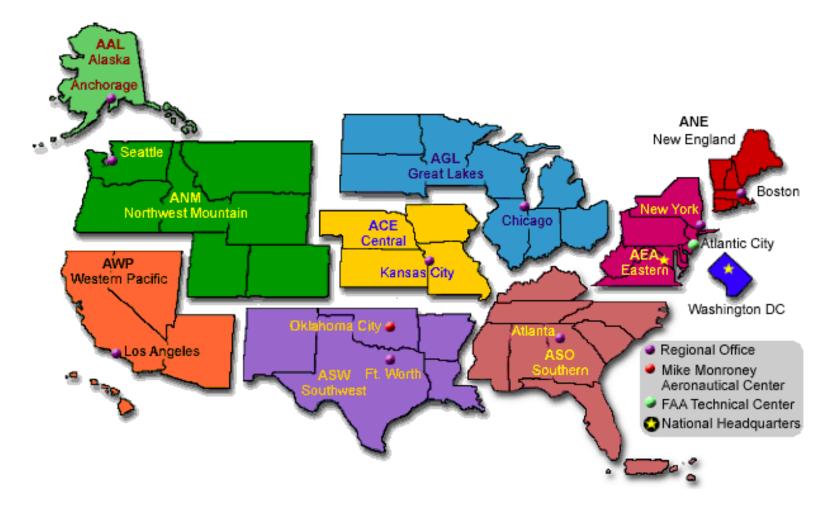
#### <u>Airports Division</u> – Who We Are & How We Fit Into the FAA?



•Note: Shows only major FAA Lines of Business – not all Divisions represented

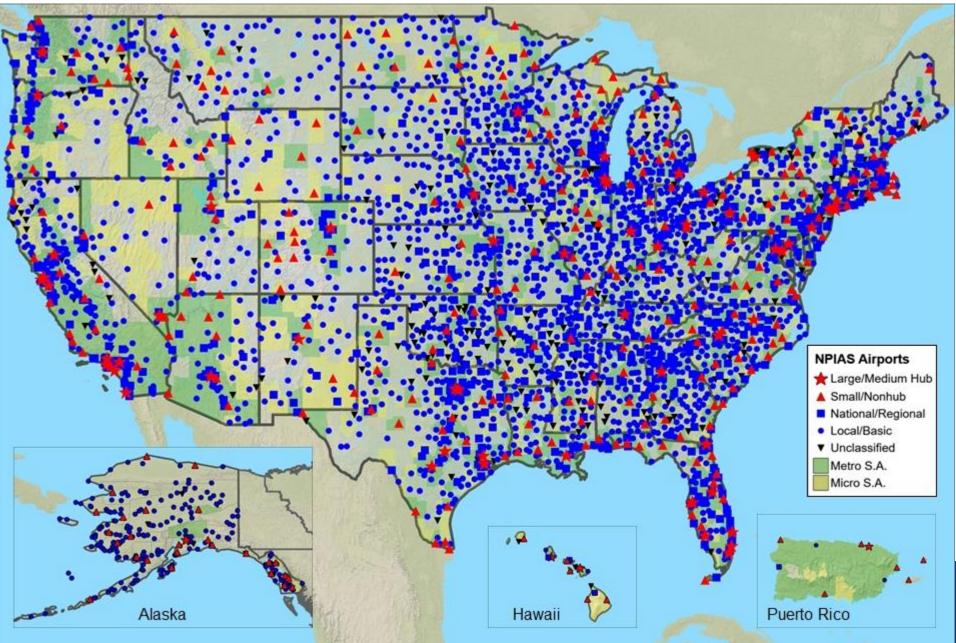


#### How is Office of Airports Organized?





### **All Airports**



## **Office of Airports—Functions & Mission**

- Core Functions
  - Establish airport design standards
  - Safety oversight and airport certification (Part 139)
  - Airport planning & master plans
  - Noise
  - Environmental review & compliance with federal regulations
  - Compliance with grant assurances
  - Financial assistance programs (AIP & PFC)



## **Office of Airports—Myths and Misconceptions**

- "ARP just runs a grant program."
- "ARP only does environmental reviews when someone wants a grant."
- "ARP decides which airports expand and which ones don't."
- "ARP can force an airport to do anything."
- "ARP can stop an airport from doing anything."
- "ARP has \$3 billion in its pocket and can give money to anyone who wants it."



## **AUTHORIZATION & APPROPRIATIONS**

#### Why & How does the Office of Airports Exist?



## What is authorization?

- Allows the FAA to exist as an agency
- Authorizes the imposition of ticket taxes & the use of those revenues flowing into & out of the Airport and Airway Trust Fund
- Establishes basic statutory authorities & obligations (for FAA, airports, airlines & other users, & other stakeholders)
- Gives FAA the authority to spend money if & when it's appropriated
- Typically runs 3-4 years at a time (versus appropriations, which are annual)

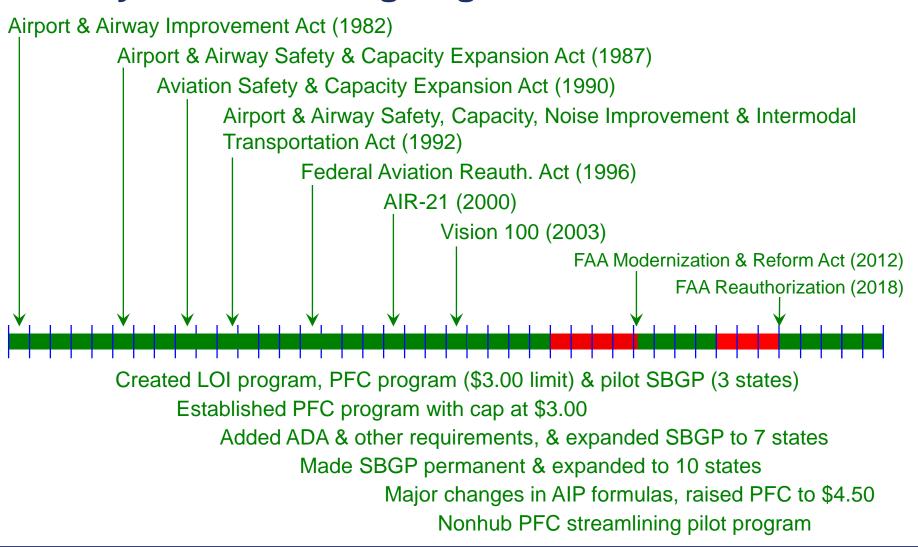


## **Dynamic Stakeholder Relationships**

	Office of Mgmt & Budget	Govt. Account. Office (GAO)	U.S. Congress	
	DOT Inspector General	U.S. Dept of Transportation	Environmental Agencies	
	Metropolitan Planning Org.'s	FAA	DHS / TSA	Other Federal Agencies
Financial consultants	State DOT's	Individual Airports	Traveling Public	Businesses that rely on air cargo
Bond rating agencies	Municipal governments	Airlines	Airframe manufacturers	Aircraft engine manufacturers
		Airlines G.A. and other users		
agencies Bond	governments Neighboring	G.A. and	manufacturers FBO's, flight	manufacturers



## **History of Authorizing Legislation Since 1982**





<b>AIP Legislative History</b>						
Authorization (1 = Extensions)	Appropriation (1 = CRs)	<u> Program Fully Funded (mmm = Month)</u>				
2019 1 2 (thru 2023)	2019 1234	2019 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2018 1 2	2018 12345	2018 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2017 Full Year Authorization	2017 🚺 2	2017 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2016 123	2016 1234	2016 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2015 Full Year Authorization	2015 1234	2015 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2014 Full Year Authorization	2014 1 2 3 4 - FAA Furlough	2014 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2013 Full Year Authorization	2013 1 2 - Funded Contract Towers	2013 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2012 1 2 3	2012 123456	2012 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2011 1234567 - ARP Furlough		2011 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug <mark>Sep</mark>				
2010 123456	2010 1 2 3	2010 Oct Nov Dec Jan Feb Mar Apr May Jun Jul <mark>Aug Sep</mark>				
2009 1 2	2009 1 2 3 4 - Included ARRA	2009 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
	2008 12345	2008 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2007 Full Year Authorization	2007 1234	2007 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				
2006 Full Year Authorization	2006 123	2006 Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep				



## **FAA's Current Status**

#### AUTHORIZATION

- We are operating under Public Law 115-254 (FAA Reauthorization Act of 2018)
- Authorizes \$3,350,000 in AIP for the period beginning on October 1, 2018, ending on September 30, 2023

#### APPROPRIATION

- We are operating under Public Law 116-6 (Consolidated Appropriations Act, 2019)
- This allows FAA to operate to September 30, 2019



### **The 2018 Reauthorization was Different**

- Five-year authorization (2019 through 2023)
- First five-year authorization since 1982 (35 years)
- Literally hundreds of provisions, changes & requirements affecting nearly every part of the FAA
- 45 provisions specific to the Office of Airports

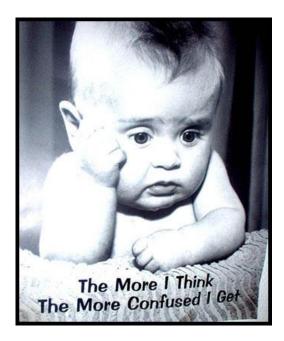


### **Notable Provisions Affecting the Office of Airports**

- Relatively minor changes affecting AIP
- More significant changes in the PFC program
- Changes in what used to be called the Airport Pilot Privatization Program (now the Airport Investment Partnership Program)
- Environmental issues with Aqueous Film-Forming Foam (AFFF) in ARFF firefighting agents
- Major changes in FAA role in reviewing & approving non-aeronautical development
- Noise-related issues
- Infrastructure needs & funding study



## **RULES & REGULATIONS**



#### Untangling the Policy Mysteries (hopefully)!



# What Are All These Crazy Rules?

 What is the relationship between Orders, Regulations, Guidance, Advisory Circulars, Executive Orders & Statute?

• What is the AIP Handbook? Are the major changes in the AIP Handbook?



# What is the Order of Precedence?

- 1. Things your mother taught you
- 2. Statute
- 3. Executive Orders
- 4. Regulations
- 5. Orders
- 6. Guidance
- 7. Advisory Circulars



# What is the AIP Handbook?

- An **FAA Order**, required to be followed by FAA employees
- It is made public so that states, airports, consultants & the public can see the rules under which AIP operates
- It generally reflects current law, incorporates published Program Guidance Letters & clarifies items where questions have come in
- Change 1 does not include the 2018 Reauthorization



# **Other Helpful Guidance**

- Reauthorization Program Guidance Letters (R-PGLs)
- Organized by topics, similar to AIP Handbook
  - R-PGL 19-01: Extended and Expanded Programs (6/3/2019)
  - R-PGL 19-02: Planning and Project Eligibility (7/24/2019)
  - R-PGL 19-03: Airport Types for Funding and Definitions (coming soon)
  - R-PGL 19-04: New Pilot Programs (coming soon)
  - R-PGL 19-05: VALE, ZEV, and Energy Efficiency (coming soon)
  - R-PGL 19-06: Environmental and Noise (coming soon)
  - R-PGL 19-07: Reports and Reporting (coming soon)



# I HAVE READ THE RULES AND THE BOOK

## SO, HOW DO I GET MY PROJECT??



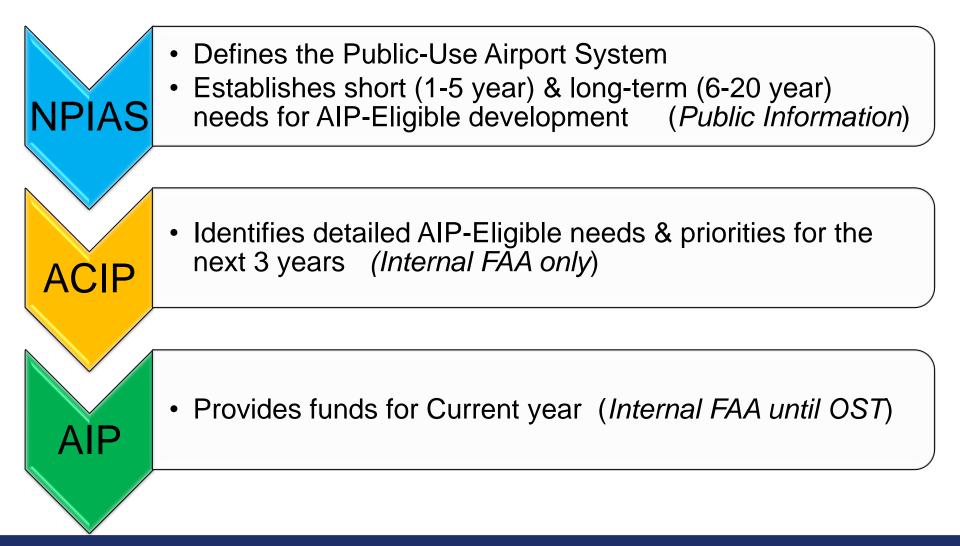
## **NPIAS Requirement**

- Statute requires the Secretary to <u>maintain</u> & <u>publish</u> a report every other year that
  - Defines a system of <u>public-use</u> airports necessary to provide a safe, efficient integrated system
  - Identifies development needed at these public-use airports to meet their role as shown in the Plan
- Public document describing the U.S. airport system to Americans & international representatives
- Utilized by Congress in discussions of total airport development needs
- Examined by DOT, OMB & GAO auditors
- Compared against industry estimates federal auditors (ACI & ACC)





## **FAA Capital Planning Process**





### Formulation of the NPIAS and ACIP - Order 5090.5

- This Order establishes guidelines for managing & maintaining two federal plans that are essential to airport development: the National Plan of Integrated Airport Systems (NPIAS) & the Airports Capital Improvement Plan (ACIP)
- The Order also discusses the FAA project database that supports these plans & its use for preparing the Secretary of Transportation's biennial NPIAS Report
- Replaces Order 5100.39A, Airports Capital Improvement Plan & Order 5090.3, Field Formulation of the National Plan of Integrated Airport Systems (NPIAS)
- <u>https://www.faa.gov/airports/planning\_capacity/npias\_acip\_order/</u>
- Published September 3, 2019



## **Development in ACIP**

- To be considered a "Need" it should be
  - Eligible to be funded under AIP
  - Justified by the current use, forecasts or design standards
  - Reasonable development for the airport to accomplish

— AND

 Funding has not been secured (i.e. does not have approved PFC application funding the project & no bonds or local funds assigned)







Federal Aviation Administration

## **Eligible and Justified**

#### Is the project eligible?

- —AIP Handbook provides guidance for determining eligibility & justification for any AIP funded project
- -Eligibility areas that require extra review
  - Terminal buildings
  - ARFF equipment & buildings
  - Reconstruction vs. rehabilitation

#### Is the project justified?

- -Three basic tests
  - The project advances airport safety, security, capacity, meets FAA standards, preserves airport infrastructure, protects the environment, minimizes aircraft noise or provides planning studies
  - There is a demonstrated need for the project
  - The project scope is appropriate



### Examples of Eligible vs Ineligible Projects

Examples of Eligible Versus Ineligible AIP Projects

Eligible Projects	Ineligible Projects
Runway construction/rehabilitation	Maintenance equipment and vehicles
Taxiway construction/rehabilitation	Office and office equipment
Apron construction/rehabilitation	Fuel farms*
Airfield lighting	Landscaping
Airfield signage	Artworks
Airfield drainage	Aircraft hangars*
Land acquisition	Industrial park development
Weather observation stations (AWOS)	Marketing plans
NAVAIDs such as REILs and PAPIs	Training
Planning studies	Improvements for commercial enterprises
Environmental studies	Maintenance or repairs of buildings
Safety area improvements	
Airport layout plans (ALPs)	
Access roads only located on airport property	
Removing, lowering, moving, marking, and lighting hazards	
Glycol Recovery Trucks/Glycol Vacuum Trucks** (11/29/2007)	

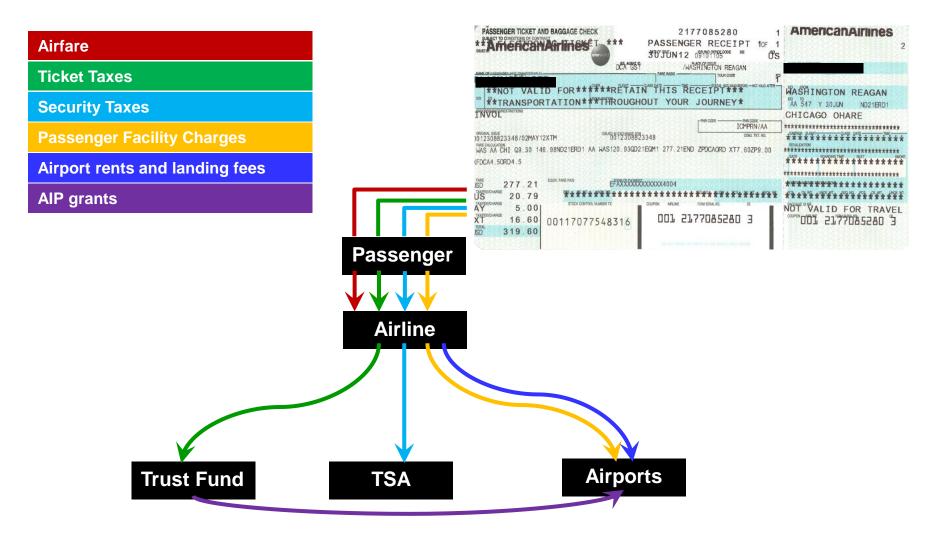
# MONEY, MONEY, MONEY



### Well, sort of....free money is rarely free... and always has a some catch!

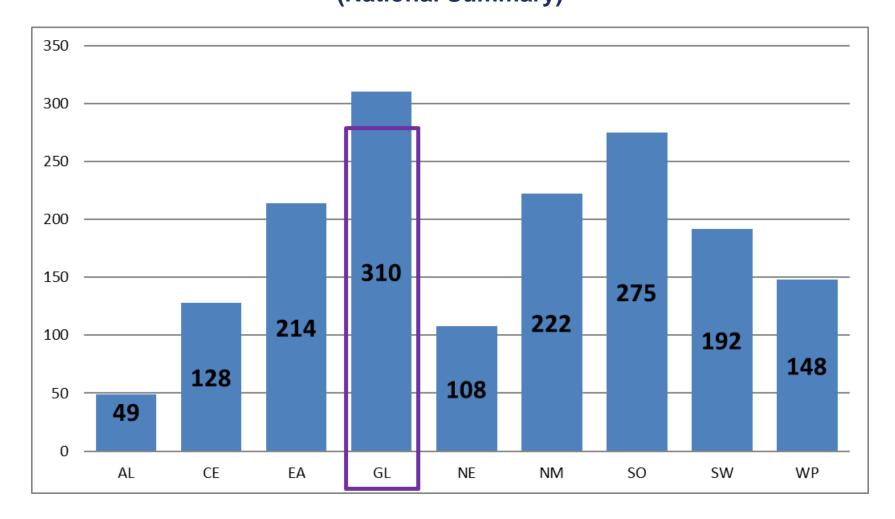


### Where Does the FAA Get the Money??



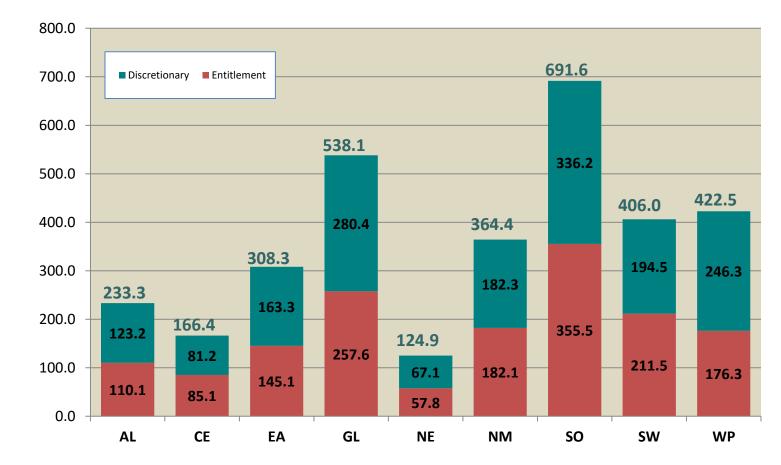


#### Number of FY18 New AIP Grants (National Summary)





#### AIP Funding for ALL FY18 Grants Initiated (National Summary)





### AIP Allocation Rules Allocated \$3.35B

#### Entitlement Funds:

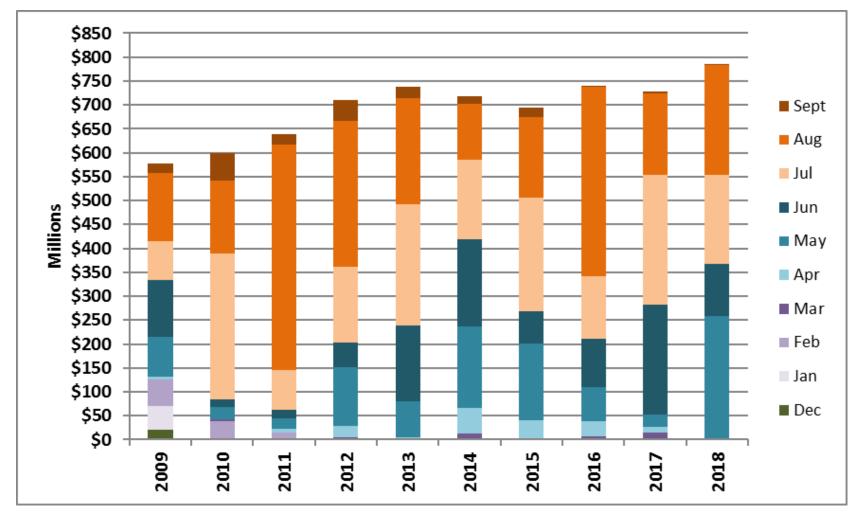
Approx. 2/3 of AIP

- Entitlements Carried
   from previous year
- Primary Entitlement
- Cargo
- State Apportionment
- Non-Primary Entitlement
- Small Airport Fund
- Alaska Supplement
- FY18: \$2.88B

- Primary Airports
  - ✓ based upon # of passengers (10,000 or more)
- Cargo Entitlement
  - ✓ Stipulated 3.5% of AIP
- □ State Apportionment (population & land mass)
  - ✓ State Apportionment remainder of 20% allotted to states and NPE
- Non-Primary Entitlements
  - Non-Primary Entitlements based on planned development, \$150,000/year maximum
- Small Airport Fund
  - ✓ 1/7 Small Hubs
  - ✓ 4/7 Nonhub, commercial service airports
  - $\checkmark$  2/7 General aviation and reliever airports
- Alaska Supplemental
  - Stipulated dollar amount, based on size of AIP program



# Historic AIP Carryover by Month





# AIP Allocation Rules

#### Allocated \$3.35B

Noise Mitigation & Compatibility Planning & Environmental Set-Aside

- ✓ 35% of discretionary
- □ Military Airports Program
  - ✓ 4% of discretionary

Reliever

 ✓ 0.66% discretionary funds

#### <u>Discretionary</u> Funds:

Approx. 1/3 of AIP

- Set-Asides
  - Noise
  - Reliever Airports
  - Military Airport Program (MAP)
- Capacity/Safety/ Security/Noise
- "Pure" Discretionary

#### Capacity/Safety/Security

- ✓ 75% of remaining discretionary
- ✓ Includes 3/4 of 12.5% recycled entitlement
- ❑Other Discretionary ("Pure")
   ✓ 25% of remaining discretionary
  - ✓ Includes 1/4 of 12.5% recycled entitlement

### FY18: \$180M



## **AIP Allocation Rules**

### Allocated \$3.35B

### Entitlement Funds:

Approx. 2/3 of AIP

- Entitlements Carried from previous year
- Primary Entitlement
- Cargo
- State Apportionment
- Nonprimary Entitlement

FY18: \$2.88B

- Alaska Supplement
- Small Airport Fund

#### Discretionary Funds:

Approx. 1/3 of AIP

- Capacity/Safety/ Security/Noise
- Set-Asides
  - Noise
  - Reliever Airports
  - Military Airport Program (MAP)
- "Pure" Discretionary

#### <u>Other Formula</u> <u>Funds:</u>

- Small Airport Community Air Service Fund
- Tech Research Center
- ACRP
- Admin Expenses

FY18: \$180M

FY18: \$171M



# What's the Problem? Why Can't I Get My Grant Earlier??

- Not enough discretionary to start the FY
- WAY TOO late carryover
- Too much carryover
- High bids
- Late cancelled projects
- Expiring funds
- No local match
- No multi-year option (added in Reauthorization)
- Need more <u>MONEY</u>! (Supplemental Appropriations)



# FY2018-2020 & FY2019-2021 Supplemental Appropriations

### What? Who? How? When?



## What Legislation Provides FAA the FY2018-2020 Supplemental Appropriation Funds?

<u>Answer:</u> On March 23, 2018, the President signed H.R. 1625, the Consolidated Appropriations Act, 2018

- Provided \$1B in supplemental funds under AIP
  - Funding source is the General Fund
  - Funds are not subject to AIP discretionary formulas, set-asides
  - Funds are available through Fiscal Year 2020
    - Able to issue grants throughout FY
  - Allows up to 0.5% (\$5 million) for administration & oversight
- Priority Consideration
  - Smaller airports not in MSA
  - Allocated funds are subject to AIP eligibility & prioritization provision



# **Consolidated Appropriations Act of 2018**

- FY 2018 Supplemental Grants
  - The FAA received 2,652 requests totaling \$10.9 billion for airport projects between the unfunded Round 1 requests & new Round 2 requests
- FY 2018
  - Secretary announced on Sept 27, 2018 \$205M to 37 airports in 34 states
- FY 2019
  - Secretary announced on May 15, 2019 an intent to fund projects totaling approximately \$780 million at 127 airports in all 50 states & Puerto Rico
  - All grants funded through the Supplemental Appropriation will be awarded by September 30, 2020

https://www.faa.gov/airports/aip/aip\_supplemental\_appropriation/



### How Long Does the FAA Have to Spend the FY2018 Supplemental Appropriation?

- The FAA has until <u>September 30, 2020</u> to obligate, not just commit or allocate, this additional \$1B
- Any amounts of this \$1B not obligated will expire & return to the Treasury & be unavailable to the FAA (e.g. grant amendments)
- The FAA has until <u>September 30, 2025</u> to spend on any grant made under this provision
- Therefore, Airport Sponsors need to make all requests for drawdowns or reimbursements to ensure the agency can make such payment by <u>September 30, 2025</u>



## FAA Reauthorization Act of 2018

- Section 158 of 49 U.S.C 47115 (j) created statutory supplemental discretionary fund under the AIP which included
  - Authorizes approximately \$1 billion annually through Fiscal Year 2023
  - Annual appropriations provide actual funding amounts, which may be less than what is authorized
  - Not subject to formulas, special apportionment categories, or minimum percentages required by AIP statute for regular discretionary or apportionment



# FAA Reauthorization Act of 2018

- Section 158 of 49 U.S.C 47115 (j) also includes
  - Eligibility: The Secretary may provide grants under this subsection for an <u>airport or terminal development</u> project at any airport that is eligible to receive a grant from the discretionary fund under subsection (a) of this section
  - Prioritization: Not less than 50 percent of the amounts available under this subsection shall used to provide grants at
    - Non primary airports, reliever airports, and Pacific island airports [47114(d)(3)]; and
    - Nonhub & small hub airports



# **Consolidated Appropriations Act of 2019**

- Provided \$500M in supplemental funds under AIP
  - Funding source is the General Fund
  - Funds are not subject to AIP discretionary formulas, set-asides
  - Funds are available through Fiscal Year (FY) 2021
    - Able to issue grants throughout FY
  - Allows up to 0.5% (\$2.5 million) for administration & oversight
- Funds appropriated are to be allocated under Section 158 of 49 U.S.C 47115 (j): Supplemental Discretionary
  - Allocated funds are subject to eligibility & prioritization provisions previously mentioned



# **Consolidated Appropriations Act of 2019**

### FY2019-2021 Supplemental Grants

- Supplemental projects intent to award coming soon
- Supplemental funding by state coming soon

### Guidance

• FY 2019-2021 AIP Supplemental Appropriation Frequently Asked Questions (FAQs) - **coming soon** 

https://www.faa.gov/airports/aip/aip\_supplemental\_appropriation\_2019/



#### **Overview: Key Differences between the Supplemental Funds**

	FY-2018 Appropriation	FAA Reauthorization Act of 2018	FY-2019 Appropriation
<u>Reference</u>	HR 1625 Pages 632-633	HR 302 Sec. 158	H J.Res. 31 Page 392
Source	General Fund	Trust Fund	General Fund
<u>Amount</u>	\$1 billion	\$1.02 billion (2019) \$1.041 billion (2020) \$1.064 billion (2021) \$1.087 billion (2022) \$1.11 billion (2023)	\$500 million
Obligate by	Sep. 2020	Two (2) fiscal years	Sep. 2021
Federal share	Standard except for nonprimary airports (100%)	Standard Federal share	Standard Federal share
<u>Special</u> <u>requirements</u>	<ul> <li>Priority Consideration to:</li> <li>Small hubs;</li> <li>Nonhubs; and</li> <li>Regional, Local or Basic and not within a Metropolitan or Micropolitan Statistical Area (MSA)</li> </ul>	<ul> <li>At least 50% of funds to:</li> <li>Small hubs;</li> <li>Nonhubs; and</li> <li>Nonprimary airports eligible for nonprimary entitlements.</li> </ul>	<ul> <li>Silent on allocation or prioritization</li> <li>Therefore, Sec. 158 from reauthorization governs.</li> </ul>
Administrative expenses	Allows FAA to reserve up to 0.5% (\$5 million) for administrative costs.	Silent	Allows FAA to reserve up to 0.5% (\$2.5 million) for administrative costs.



## WHERE DO WE GO FROM HERE?



How do we improve?

How do we keep moving forward in a positive direction?



## **Core Principles for Us All to Remember**

- Safety
  - -Reducing runway incursions
  - -Minimizing damage connected with runway excursions
  - —Wildlife hazards
  - —Other risks
- Enhancing capacity & optimizing efficiency
- Preservation of infrastructure
- Environmental & economic sustainability
- Financial accountability
- Critical value of planning
- Preserving stakeholder confidence
- We are all in it <u>TOGETHER</u>!



## Looking forward Let's continue our successes

- Submit your Pre-Application & Funding Request
- Let us know if you intend to Carryover or Transfer
- Make sure you have proper Planning
- Submit your Environmental documentation
- Coordinate your Airspace Submittal &/or Construction Safety Phasing Plan
- Plan for bids funding timing is uncertain
- Communicate with your ADO or Region



### MORE AIP INFORMATION: www.faa.gov/airports/aip

FAA Home + Airports + Airport Improvement Program (AIP)

#### Airport Compliance

Airport Cooperative Research Program

-

Airport Improvement Program (AIP)

2018-2020 Supplemental Appropriation

2019 Airport Improvement Program (AIP) Grants

2019-2021 Supplemental Appropriation

AIP Grant Payments

AIP Handbook

Airport Capital Improvement Plan (ACIP)

Benefit-Cost Analysis

Buy American Preferences

Economically Distressed Communities

Grant Assurances

Grant Histories

Grant/ Apportionment Data

Letter of Intent (LOI) Program

Military Airport Program

Overview

Procurement and Contracting Under AIP

Program Guidance Letters (PGLs)

State Block Grant Program

#### Airport Improvement Program (AIP) Airports

The Airport Improvement Program (AIP) provides grants to public agencies — and, in some cases, to private owners and entities — for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS). See the AIP Glossary for a description of AIP-related terms.

- Overview: What is AIP & What Airports/Projects are Eligible?
- 2019 AIP Grants
- Acquiring Land for Airports and Relocation Assistance
- AIP Grant Payments Delphi eInvoicing
- Benefit-Cost Analysis
- Economically Distressed Communities (EAS/EDA Determinations)
- Grant Assurances for the AIP
- Letter of Intent (LOI) Program
- Military Airport Program (MAP)
- Procurement and Contracting Under AIP
  - Buy American Preferences
  - Nationwide Buy American Waivers Issued (PDF)
- State Block Grant Program
- Supplemental Appropriation
  - 2019-2021 Supplemental Program
  - 2018-2020 Supplemental Program

#### Order 5090.5, Formulation of the NPIAS-ACIP

This Order establishes guidelines for managing and maintaining two federal plans that are essential to airport development: the National Plan of Integrated Airport Systems (NPIAS) and the Airports Capital Improvement Plan (ACIP). The Order also discusses the NPIAS project database that supports these plans and its use for preparing the Secretary of Transportation's biennial NPIAS Report. This new

#### **Top Tasks**

View airport program statistics Search airport data Find an airport AC Read best practices for runway safety Learn about the Airport Improvement Program

### **Questions?**

Please do not hesitate to find me during the remainder of our time here or give me a call!

### Lindsay Butler (Terry)

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