



# Federal Aviation Administration

## Memorandum

Date: April 08, 2013

To: Jesse Carriger, Manager, Planning/Programming Branch (AGL-610)

From: John L. Mayfield Jr., Manager, Detroit Airports District Office (DET-ADO) *MD*

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Subject: 2013 FAA Oversight of Sub-block Processing in Block-Grant States (Michigan).

### Purpose

Title 49 U.S.C. §47128 authorizes the Federal Aviation Administration's (FAA's) current State Block Grant Program (SBGP); FAA regulation 14 CFR, Part 16 discusses how FAA carries out the SBGP, FAA Order 5100.38, Airport Improvement Program Handbook, paragraphs 1090-1099, provides guidance for administering the block grant, and the Michigan SBGP Memorandum of Agreement (MOA) spells out procedures for executing the block grant program. Ongoing review of the SBGP by FAA is required by Title 49 U.S.C. §47128.

### Scope

The Detroit Airports District Office (DET ADO) audited the Michigan Department of Transportation, Office of Aeronautics' (MDOT AERO) grant management process for the following airports:

Location (ID)	SBGP #	Sub-Grant #	Grant Description	Status
ANN ARBOR (ARB)	3-26-SBGP-6209	B-26-0005-1409	Taxiway guidance sign improvements & paint marking (TWY only); Exhibit A	Open
ANN ARBOR (ARB)	3-26-SBGP-6209	B-26-0005-1609	FAA reimbursable for EA review and approval for RWY 6/24 shift and extension	Open
ATLANTA (Y93)	3-26-SBGP-5508		SBG 08 NPE CO funds (transferred 08/13/09) to GLR	N/A
ATLANTA (Y93)	3-26-SBGP-8512	B-26-0132-0110	ALP update	Open
ATLANTA (Y93)	3-6-SBGP-6209		Transferred FY 09 NPE to GLR (agreement dated 8/13/09)	N/A
DETROIT CITY (DET)	3-26-SBGP-5708	D-26-0027-3508	Taxiway reconfiguration at Rwy 25 end; Rehab parallel Taxiway "A" (design)	Open
DETROIT CITY (DET)	3-26-SBGP-7510	K-26-0027-3610	Rehabilitate Taxiway 'A' Congressional earmark	Open

Location (ID)	SBGP #	Sub-Grant #	Grant Description	Status
<b>DRUMMOND ISLAND (DRM)</b>			SBG 08 NPE CO funds (transferred 3/22/11) to PZQ	N/A
<b>DRUMMOND ISLAND (DRM)</b>			SBG 09 NPE CO funds (transferred 03/17/12) to RNP	N/A
<b>GAYLORD (GLR)</b>	3-26-SBGP-5007 (\$84,400) 3-26-SBGP-5508 (\$14,725)	B-26-0036-1708	Taxilane & Corporate apron area; Part 77 grading/obstruction removal; ALP update; SWPPP/SPCC	Open
<b>GAYLORD (GLR)</b>	3-26-SBGP-6209	B-26-0036-1809	Rwy 18/36 rehabilitation and extension to 4200' including lighting	Closed
<b>GAYLORD (GLR)</b>	3-26-SBGP-6610 (\$176,250) 3-26-SBGP-6509 (\$477,346)	E-26-0036-2009	Rehabilitate terminal apron including remaining portion of taxiway "A" & SRE building site work	Closed
<b>GAYLORD (GLR)</b>	3-26-SBGP-8111 (\$207,054) 3-26-SBGP-8512 (\$150,000)	F-26-0036-2111	Construct SRE building	Open
<b>HOLLAND (BIV)</b>	3-26-SBGP-5708	D-26-0045-3208	Rehabilitate taxiway (south hangar area) - design	Open
<b>HOLLAND (BIV)</b>	3-26-SBGP-6509	E-26-0045-3309	Rehabilitate taxiway (south hangar area) including wetland mitigation	Open
<b>HOUGHTON LAKE (HTL)</b>	3-26-SBGP-5508	B-26-0046-1708	Extend parallel taxiway (to 4000') including ditch cleanout - design	Open
<b>HOUGHTON LAKE (HTL)</b>	3-26-SBGP-6509	B-26-0046-1909	Land acquisition for wetland mitigation for parallel taxiway extension (parcel 24 - 240 acres)	Open
<b>HOUGHTON LAKE (HTL)</b>	3-26-SBGP-8111 (\$286,600 @ 95%) 3-26-SBGP-8512 (\$640,723 @ 90%)	D-26-0046-1812/2012	Extension of Parallel Taxiway (to 4000') conservation easement plan (for Parcel 24)	Open
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-5508	B-26-0069-1008	Install terminal area fencing	Closed
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-5508	B-26-0069-1108	Environmental Assessment & Phase 1 contamination survey for land acquisition; wetland delineation for rwy 6/24	Closed
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-5708	D-26-0069-1208	Airfield crack sealing	Open
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-6509	E-26-0069-1309	Rehabilitate apron (corporate hangar area) - design	Open
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-6509	E-26-0069-1409	Land acquisition (parcel 12) - reimbursement	Open
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-7010	F-26-0069-1510	ALP update	Open
<b>MOUNT PLEASANT (MOP)</b>	3-26-SBGP-6209 (\$70,634) 3-26-SBGP-8111 (\$222,282) 3-26-SBGP-8512 (\$77,100)	F-26-0069-1611	Rehabilitate apron (corporate hangar area)	Open

Location (ID)	SBGP #	Sub-Grant #	Grant Description	Status
PLYMOUTH (1D2)	3-26-SBGP-5508	B-26-0077-1508	Rehabilitate apron & NW hangar area taxilanes	Open
PLYMOUTH (1D2)	3-26-SBGP-7410	J-26-0077-1610	Box Hangar (7-unit) & T-Hangar (12-unit) incl. site work - design; Exhibit A update incl. boundary survey	Open
PLYMOUTH (1D2)	3-26-SBGP-7711 (\$186,000 @ 95%) 3-26-SBGP-8512 (\$150,000 @ 90%)	B-26-0077-1711	Construct Building - Box Hangar (7-unit) site preparation & taxilanes; Construct Building - T-Hangar (12-unit) site preparation; Construct Building - Box Hangar (7-unit)	Open
SANDUSKY (Y83)	3-26-SBGP-5708	D-26-0084-0808	Rwy 9/27 extension (to 3500') - design; Land acquisition for rwy 27 RPZ (parcels 13 & 14) including Exhibit A update & EA	Open
SANDUSKY (Y83)	3-26-SBGP-6610 (\$18,250) 3-26-SBGP-8011 (\$300,000)	E-26-0084-0911	Extend Runway 9/27 including lighting (to 3505')	Open

### Methodology

The DET ADO applied FY-2011 AIP Grant Documentation Index and Checklist to each grant/sub-block grant subject to this audit review. Forms and procedures are outlined in FAA Order 5100.38, paragraph 1095 and the Michigan SBGP Memorandum of Agreement. A spreadsheet was provided to MDOT AERO with a request for specific documentation. Once the documentation was received, the spreadsheet was populated with the document dates. The documents not provided were classified into the following categories:

1. Items requested but Not Found in MDOT files – will be noted in the report
2. Items requested that MDOT determined N/A with an explanation.

The follow up information provided adequate documentation and explanation for each item requested. The spreadsheet was populated with either the document date or the explanation.

### Summary

#### Grant Agreement and Supporting Documentation

MDOT AERO utilizes an alternative method for sub-block grant agreements and supporting documentation.

MDOT AERO conducts annual Michigan Airport Planning (MAP) meetings. At the MAP meeting, the Sponsor's draft Airport Capital Improvement Program (ACIP) is reviewed with all parties present. Typically this including MDOT AERO staff (Block Grant Coordinator, Program Manager, Environmental, Land, Planning), Sponsor representative(s), Airport Manager, Sponsor's consultant, and occasionally FAA ADO staff. Requested revisions to draft ACIP are provided to Sponsor based on discussions held during meeting. This could include a request for additional justification documents as part of final ACIP submittal. A sponsor will generally leave their MAP meeting knowing plans for what will be programmed and funded for next few years or knowing what isn't eligible or justified at present time.

Final ACIPs are typically due 1 month after their MAP meeting. Once final ACIP is received, MDOT AERO finalize the sponsor's programming in their Master ACIP. The Master ACIP including all block-grant airports and is provided to FAA ADO by Dec 15th. Copies of all sponsors final ACIPs are also provided to FAA ADO.

For current program year, MDOT AERO will transfer project funding before the Michigan Aeronautics Commission for a sponsor's planned development project or projects. Timing of transfers is dependent on a number of factors such as funding availability, receipt of sponsor consultant proposals and review, completion of environmental clearance or land acquisition (if phased project), bidding schedules etc. MDOT AERO cannot enter into a contract with an airport sponsor without approval of the Michigan Aeronautics Commission.

MDOT AERO Project Manager requests the appropriate federal project number to use through MDOT AERO Programming Section. Job and Item number requests are made through MDOT AERO Planning to set up project.

When ready, the project manager requests a Sponsor Contract (SC) for the project. The SC is a contract between MDOT AERO and the Airport Sponsor. The request is made to the Programming Section. The SC Exhibit 1 is initiated based on established fees and/or bids, etc. by the Programming Section. The SC checklist and Exhibit 1 are provided to the MDOT AERO Contract Administrator for contract processing.

The Contract Administrator sends an original and one copy of the SC to the Sponsor for signature. See copy of form letter. When signed SC received back from Sponsor, it is executed once MDOT AERO Director signs it. Copies of executed SC are provided to the appropriate MDOT AERO staff and MDOT AERO Finance. Notice-to-Proceed is provided by MDOT AERO as necessary for start of project.

### **Sponsor Risk Level**

MDOT AERO considers all their block grant locations to be nominal risk. Currently, there is no requirement to document risk levels for SBGP locations.

### **Preliminary Documentation**

Preliminary documentation includes the Project Evaluation Review and Documentation Analysis (PERADA) for discretionary grants only, FAA Form 5010, environmental documentation, coded program sketch, reimbursable agreement(s), and any TSA security approvals. PERADA and master airport record data is review annually during the MAP meetings. Environmental documentation is filed with the sub-block grants. Typically, Sponsors provided a location sketch for their proposed projects as part of their ACIP submittal. During set up of project, the Programming Engineer and/or Project Managers could receive additional sketches, drawings, and pictures for planned work involved. MDOT AERO sends "Programming" letters to Sponsors which notifies them what MDOT AERO has programmed to fund for the current year.

### **Funding, Financial and Progress Documentation**

For each discretionary and non-discretionary funded sub-block grant, the MDOT AERO Project Managers (PMs) provide periodic site inspection and project verification regularly. The PMs are actively involved with the projects so they are aware of the general activities as the project progresses. The process used by MDOT AERO Project Management for tracking and paying MDOT AERO (and some local) bid construction projects including a computer software suite of programs called FieldManager This software

maintains the records for all of the construction pay items and inspector daily reports. This system is updated for MDOT AERO Project Managers to see a consultant submits a pay request for the construction work they are supervising. MDOT AERO still maintain original signature change orders in the PM files but payments and Inspector's Daily Reports (IDR) are each time kept electronically within FieldManager. Point of Contact (POC) for the FieldManager program is Carol Aldrich at 517-335-9804. MDOT AERO does not use a Summary of Change Orders. Change Orders are documented separately and tracked by the MDOT AERO PM.

DET ADO has access to the FieldManager software provided by MDOT AERO to the FAA. Currently, there are security issues with the software that does not allow access through the FAA network. Access must be achieved through a WI-FI connection and therefore, provides limited use. Further study is being pursued to work with this available software.

### **Sponsor's Certification of Consultant Selection**

MDOT AERO signed an umbrella master terms and conditions which covers all the SBGP locations; this document is on file at the DET ADO. However, each sponsor must sign an individual terms and conditions agreement prior to accepting AIP grants through the MDOT AERO.

### **Construction Management**

MDOT AERO PM has access/rights to adjudicate aeronautical studies, including construction safety phasing plans within the Obstruction Evaluation/Airport Airspace Analysis (OE/AAA) website. MDOT AERO PM sends an email with the screen print from the OE/AAA database attached to transfer the airspace review comments to the applicable airport and consultant. These comments are also discussed during each of the preconstruction meetings attended by the Project Managers to make sure everyone involved in the construction project is aware of these concerns. The airspace case number and determination date documents review and approval. Airspace Determination letters from 2012 on are now being uploaded into OE/AAA for future reference. A cross-reference to the airspace case number and determination date should be sufficient to document the performance of this activity. Proper OE/AAA procedure is to generate proponent letters from the system and save a copy of the letter in OE/AAA.

### **Plans and Specifications**

MDOT AERO signed an umbrella master terms and conditions which covers all the SBGP locations; this document is on file at the DET ADO. However, each sponsor must sign an individual terms and conditions agreement prior to accepting AIP grants through the MDOT AERO.

### **Engineer's Estimate, Bid Tabulation and Supporting Documents**

Appropriate engineering estimates were provided. Bid tabs were provided for all non-planning or land acquisition grants.

### **Land**

MDOT AERO signed an umbrella master terms and conditions which covers all the SBGP locations; this document is on file at the DET ADO. However, each sponsor must sign an individual terms and conditions agreement prior to accepting AIP grants through the MDOT AERO.

### **Construction/Equipment Contracts**

MDOT AERO signed an umbrella master terms and conditions which covers all the SBGP locations; this document is on file at the DET ADO. However, each sponsor must sign an individual terms and conditions agreement prior to accepting AIP grants through the MDOT AERO.

**Change Order/Supplement Agreement**

Change Orders/supplement agreements were provided for all appropriate sub-block grants.

**Planning**

No planning issues were found in the sub-block grants.

**Final Project Acceptance and inspection Documents**

Appropriate sponsor’s certification of construction project final acceptance was provided as a screen shot from FieldManager software.

**Owner’s Final Report**

MDOT AERO provides owner’s final report with their block grant closeout not individual sub-block grants.

**FAA Final Cost Review/Final Project Report**

MDOT AERO provides final cost review/final project report with their block grant closeout.

**Contracts for Personal Services**

Appropriate engineering and/or architectural contracts were provided.

**Local Audit Reports**

There were no local audit reports provided for any of these locations.

**Photographs**

MDOT AERO sees no need to collect pre and post construction photographs. For the large, complex or unique projects, MDOT AERO take photographs throughout construction and have them available on their network drive. MDOT AERO Project Managers provide periodic site inspection and project verification regularly. The Project Managers are actively involved with the projects so they are aware of the general activities as the project progresses. DET ADO realizes that pre and post construction photographs cannot be retroactively collected. However, beginning with the 2012 construction season, DET ADO requests a dated representative pre and post construction project and equipment photograph should be provided with the sub-block grant to validate work performed.

**Schedule of Findings**

<b>Items request but not Found in MDOT files</b>	<b>Location</b>	<b>Sub-grant #</b>
Professional Services Agreement (Sponsor contract indicates professional services provided and no contract provided)	Atlanta	B-26-0132-0110
Environmental Documents	Gaylord Mount Pleasant	B-26-0036-1809 B-26-0069-1008 not signed

Pre-construction Photographs	Holland Mount Pleasant Mount Pleasant Sandusky	E-26-0045-3309 B-26-0069-1008 F-26-0069-1611 E-26-0084-0911
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Items requested that MDOT determined N/A	Location	Sub-grant #	MDOT AERO's Rationale
FieldManager Screen Shot Review Contract Documents	Ann Arbor	B-26-0005-1409	N/A no explanation provided
	Gaylord	B-26-0036-1708	Local let - spreadsheet with information provided
	Gaylord	B-26-0036-2111	Local let - spreadsheet with information provided
	Houghton Lake	D-26-0046-2012	N/A no explanation provided
	Mount Pleasant	B-26-0069-1008	Individual project complete but SBG 5508 still open
	Plymouth	J-26-0077-1610	N/A no explanation provided
	Plymouth	B-26-0077-1711	N/A – project not started yet
Construction Phasing Plan	Plymouth	J-26-0077-1610	Not required – pavement less than \$250,000
Change Orders	Plymouth	B-26-0077-1711	N/A – project not started yet
MDOT Financial final if closed	Gaylord	B-26-0036-1809	Individual project complete but SBG 6209 still open
	Mount Pleasant	B-26-0069-1008	Individual project complete but SBG 5508 still open
	Mount Pleasant	B-26-0069-1108	Individual project complete but SBG 5508 still open

### Conclusion

Overall, the Michigan Department of Transportation, Office of Aeronautics' (MDOT AERO) grant management process is being properly followed for the ten airports audited.

### Attachments

Attachment 1: SBGP 2013 Airport Audit Analysis Spreadsheet

