

# Airport Improvement Program

## Cradle to Grave

Presented to: Michigan Airports & Consultants

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Federal Aviation  
Administration



# Today's Objectives

- **What is the Capital Improvement Plan (CIP)?**
- **What is a grant pre-application?**
- **What is a grant application?**
- **What is grant management?**
- **What is a close-out package?**



# The Federal Fiscal Year

## October 1 – September 30

- **Oct.**
  - Identify project from CIP for current FY
  - Start developing CIP for future funding years
  - 30<sup>th</sup> Fourth quarter report due from previous FY
  - 30<sup>th</sup> Draft environmental documentation due to ADO for current FY project
- **Nov.**
  - Continue developing CIP
- **Dec.**
  - 1<sup>st</sup> Pre-applications due to the ADO
  - 15<sup>th</sup> CIPs due to the State
- **Jan.**
  - 30<sup>th</sup> First quarter report due
- **Feb.**
  - 1<sup>st</sup> ADO & MDOT will notify airport sponsor of any financial plan requirements
- **Mar.**

# The Federal Fiscal Year

## October 1 – September 30

- **Apr.**
  - **30<sup>th</sup> Second quarter reports due**
  - **30<sup>th</sup> *discretionary projects only* – environmental documentation due to ADO for following fiscal year projects**
- **May**
  - **1<sup>st</sup> Grant applications due or carryover decision needed**
- **June**
- **July**
  - **30<sup>th</sup> Third quarter report due**
- **Aug.**
  - All grants fully executed
  - All close-out submitted to the ADO
- **Sept.**
  - Schedule sponsor meeting for next fiscal year
  - **30<sup>th</sup> End of Federal fiscal year**

# Are these new requirements?

- **No!**
- **Everything covered in today's presentation has been required by FAA Order 5100.38C, Airport Improvement Program Handbook, dated June 28, 2005**
- **KPMG Audit Findings**

# What is the annual CIP submittal?

- The Airport's list of eligible and justified projects proposed for funding
- Used by the FAA as a planning tool to assist in making sound fiscal decisions

FAA Order 5100.38C, paragraph 1010 a. & b.



# What is in the annual CIP submittal?

- **Each Airport's list of projects for the next 10 years (unconstrained needs outside of funding limits)**
- **Each Airport's anticipated funding of projects for the next 3 years (constrained needs within current funding limits)**
- **All necessary documentation for each project that the Airport proposes funding**

# What years does the CIP cover?

- **The CIP should be formulated based on the Federal fiscal year (Oct. 1 – Sept. 30)**
- **We request the CIP 1 year ahead of the first project year**
- **It should contain approximately 10 years of projects**
- **The first 3 years should be realistic and within assigned funding limits (NPE, entitlements, etc.)**

# Capital Improvement Plan

**New dates**

**New package**



# Capital Improvement Plan

- **New Dates**

- CIPs due to the State of Michigan by December 15

- **New Package**

- Updated checklists to assist you
- Streamlined information requests

# What's in the CIP package?

- **The CIP Spreadsheet (all projects, funded and unfunded)**
- **Include the following forms for each proposed project to be funded in the next 3 years**
  - CIP Checklist w/ all attachments
  - Preliminary Environmental Checklist
  - Project Justification
  - Project Sketch
  - Project Cost

# CIP Checklist

- **Handout**
- **Must be filled out for each project that the airport is proposing for funding in the next 3 years**

# Preliminary Environmental Checklist

- **Handout**
- **Must be filled out for each project that the airport is proposing for funding in the next 3 years**

# Project Justification

- **A narrative description for each individual project**
- **Must be filled out for each project that the airport is proposing for funding in the next 3 years**

# Project Sketch

- **A clearly labeled sketch for each individual project**
- **Must be filled out for each project that the airport is proposing for funding in the next 3 years**

# Project Cost

- **A detailed cost breakdown for each individual project with anticipated funding sources**
  - Entitlements
  - State Apportionment
  - Discretionary
  - State (non-FAA)
  - Local
  - Other
- **Must be filled out for each project that the airport is proposing for funding in the next 3 years**

# Why do we need to provide all this documentation?

- **Allows the FAA to review the information and provide guidance on project formulation**
- **Allows the FAA to use the information to make sound planning decisions**
- **Allows the FAA to use the information to make sound financial decisions**

# Why are environmental requirements important so early on?

- **All projects require environmental clearance**
- **Early coordination ensures the airport and FAA are doing the correct level of NEPA documentation**
- **Ensures that all planning and environmental requirements are met prior to funding a project**

# What are Airport Sponsor responsibilities in developing the CIP?

- **Develop a list of projects for the airport**
- **Prioritize the projects for each year**
- **Tell us where you envision spending entitlement dollars**
- **Entitlement dollars must be assigned to highest Federal priority projects seeking additional funding in the same year**



# What happens to the CIP?

- **MDOT/FAA reviews for completeness**
- **MDOT/FAA determines if planning is complete**
- **MDOT/FAA determines eligibility and justification for the projects**
- **MDOT/FAA determines need for financial plan**
- **MDOT/FAA determines level of environmental documentation for each project**
- **FAA finalizes discretionary candidate list**

# What is the FAA looking for in a quality CIP submittal?

**A timely submission**

**A complete package**

# What is a financial plan?

- **A comprehensive list of all the project elements that results in a usable unit**
- **It answers the questions**
  - What is the specific project description (i.e., usable end unit)?
  - What is the project justification?
  - What is the schedule?
  - What is the cost?
  - How will the airport fund the project if Federal funding participation is less than 95%?

# Financial Plan – Rules of Thumb

- **Will my project have multiple phases?**
- **Will my project exceed my entitlements?**
- **A triggered requirement on projects when the airport's proposed project exceeds 3 years and/or the total amount of multi-year entitlement funding**
- **The ADO will provide guidance to the airport sponsor when a financial plan is required**

# How do I turn the vision of the CIP into a funded project?



# Step 1

- **Pre-application**

# Where is the pre-application requirement?

- **AIP Handbook, Chapter 10, Section 2**

# What is in the pre-application package?

- Pre-application checklist
- SF 424
- Project narrative
- Cost estimate
- Sketch identifying the specific project
- Identification of environmental requirements
- Public hearing
- Project schedule
- Preliminary sponsor scope of work (planning projects)
- Form 5100-100,-101
- DBE requirements
- Airspace preparation for CSPP/CMP

FAA Order 5100.38C, Chapter 10, paragraph 1010, 1011, 1012, Chapter 14, paragraph 1422 a.



# What is the public hearing requirement?

- **It has always been required**
- **Projects that typically have public hearing requirements**
  - Airport location
  - New runway
  - Major runway extension

FAA Order 5100.38C, paragraph 1011 d., 1007 d. and e.

# What is the FAA looking for in a quality pre-application package submittal?

- **Completed packages with checklist**
- **Signed and dated by MDOT AERO**
- **Projects that have been on previous CIP**
- **Projects on the current approved ALP**
- **Solid cost breakdowns that show Federal and local share**
- **For land acquisition, all parcel names/ identifications and acreage**

# **When is the grant pre-application due?**

**October through December of  
the fiscal year in which funds  
are being requested**

# What does the FAA do with the pre-application?

- Documents confirmation of current year project
- Reviews for completeness and concurs with project eligibility and justification
- Verifies all planning and environmental requirements are complete
- Assigns codes and funding for system input
- Initiates the reservation of funds cycle (ADO/RO/HQ/OST)
- Waits for the Office of Secretary of Transportation (OST) clearance for release of funds

# Step 2

- **Project Preparation**

**Is there anything the Airport Sponsor should do after sending in the pre-application?**

**YES!**

**Keep working towards the project!**

# What should the Airport Sponsor be doing after submitting the pre-application?

- **Advertise RFPs/RFQs**
- **Complete environmental documentation**
- **Prepare plans and specs for bidding**
- **Complete the CSPP/CMP**
- **Prepare and submit airspace (7460s/CSPP)**
- **Complete the appraisals**
- **Negotiate and execute land purchase agreements**
- **Prepare DBE plans**
- **Submit request for modifications to standards**
- **Submit requests for force accounts**
- **Complete design of the project**
- **Bid the project**
- **Set board meetings to accept the grant (short turnaround requirements)**

# What if the FAA doesn't have any legislation? What does that mean to your project?

- **Assumptions made**

- the FAA will receive a bill and you will have a project
- funding levels will be the same as prior year
- Airport is staying involved and working towards the project

# Step 3

- **Final application**

# What is in the final application package?

- **SF 424**
- **Project Sketch**
- **Bid tabs**
- **Negotiated purchase agreement**
- **Final Project Schedule**
- **Pre-construction photos**
- **Scope of work/fee schedule**
- **Detailed project information sheet**

FAA Order 5100.38C, Chapter 10,  
paragraph 1050, 1051, 1052, and  
1053

# Step 4

- **Grant offer**

# What is the grant offer?

- **“A grant offer is a legal document prepared and signed by the FAA and delivered to the sponsor for the acceptance in which the FAA formally makes an offer to pay a portion of the allowable costs of an AIP eligible project for which a project application has been determined eligible. The signature of the sponsor accepting the grant offer constitutes a grant agreement which is a binding agreement obligating the sponsor and the United States in accordance with the terms and conditions of the grant document. Part 1 of the grant agreement, FAA Form 5100-37, Appendix 6 is the standard form to be used in preparing the grant offer.”**

FAA Order 5100.38C, Chapter 11, paragraph 1100, General

# What is in the grant offer package?

- **Original plus sufficient copies of grant offer with special conditions**
- **Environmental determination letter with signed categorical exclusion**
- **Instructions for mailing/faxing the completed documents to the ADO**

FAA Order 5100.38C, Chapter 11, paragraph 1130

# What is **new** in the grant offer package?

- **Environmental determination letter with signed categorical exclusion**

# Does the Airport Sponsor need to do anything with the grant offer?

**YES!!!!**

# What must the Airport Sponsor do with the grant offer?

- **Review the grant offer for accuracy and understanding of the special conditions and grant assurances**
- **Sponsor must sign and date (before the sponsor's attorney)**
- **Sponsor's attorney must sign and date (after the Sponsor)**

FAA Order 5100.38C, Chapter 11, paragraph 1130

# What must the Airport Sponsor do with the signed grant agreement?

- **Retain one copy**
- **Return the original and one copy of the fully executed grant agreement (original signatures) to MDOT as soon as possible**
- **MDOT will retain one copy and forward the original to the ADO**

FAA Order 5100.38C, Chapter 11, paragraph 1130

# Step 5

- **Grant Management**

# What is grant management?

- **The process of managing the projects to make sure they are done in an efficient and fiscally responsible manner and results in a usable end product**

# Why is grant management important?

- **Grant management is important because it assists the FAA in ensuring that the terms and conditions of the grant agreement are met and to maintain a broad overview of AIP projects**

FAA Order 5100.38C, Chapter 12, paragraph 1220

# What requires the Airport Sponsor to do grant management?

- **Airport Improvement Program Handbook, Chapter 12**
- **Program Guidance Letter 07-01, Revised and Updated Requirements for Airport Improvement Program Grant Management**

# What does grant management involve?

- **Setting the date of the pre-construction meeting and notify MDOT & ADO and all applicable parties**
- **Issuing the NTP to the contractor and provide a copy to the MDOT & ADO**
- **Issuing NOTAMs, as necessary**
- **Monitoring construction projects**
- **Reviewing and approving construction progress payments and certify payrolls**

# What does grant management involve?

- **Requesting partial payments (drawdowns) from MDOT using SF 271**
- **Coordinating concurrence for change orders with MDOT & or ADO prior to issuing**
- **Accomplishing the project in a timely manner**
- **Completing the quarterly report for each grant/project**

FAA Order 5100.38C, Chapter 12

# What are quarterly reports?

- **Simply put – they are progress reports for each project that receives Federal funding**

AIP Handbook Chapter 12, Section 2, paragraph 1221c.

# What must the Airport Sponsor put in the quarterly report?

- **Actual vs. baseline goals**
- **Explanations to changes like project schedule, project cost, change orders, and other items**
- **Accomplishments per project**
- **Project photos**
- **Cost summaries to date**

FAA Order 5100.38C, Chapter 12,  
paragraph 1221 c.



# Quarterly Reports

- The Sponsor **MUST** sign and date the quarterly report and submit to the FAA
- Quarterly reports are due by the 30<sup>th</sup> of each month after the quarter ends
  - Oct 30
  - Jan 30
  - Apr 30
  - July 30

# Step 6

- **Grant Close-out Procedures**

# What must the Airport Sponsor do when the project is complete?

- **Meet the required deadlines**
- **Complete final inspection and invite MDOT & FAA**
- **Ensure that punch list items are completed**
- **Ensure that all funds have been spent and contractor change orders have been processed**
- **Complete final quarterly report**
- **Gather documentation for preparation of the close-out package**

AIP Handbook Chapter 13, paragraph 1312, 1313, 1314, 1315, & 1316

# What is the grant closeout process?

**“ The closeout of a grant is the process by which the FAA Airports Office and the sponsor perform the necessary final administrative actions to complete all requirements of the grant agreement. It is important that all parties involved fulfill these requirements promptly so that unnecessary delays in closing a grant can be avoided. The closeout process will usually require an examination of three areas, project work completion, administrative requirements, and financial requirements – to ensure that the required steps have been taken or conditions met.”**

FAA Order 5100.38C, Chapter 13, paragraph 1310

# What is in the grant close-out package?

- **Close out report**
- **SF 271 or statement and distribution of project costs**
- **Final invoices for all project elements**
- **Summary of all costs claimed**
- **Summary of all change orders**
- **Final inspection report**
- **Final quarterly report**
- **Statement regarding satisfaction of special conditions**
- **Post construction photos**
- **Final plans/as-builts (electronic or half-size)**
- **Updated Exhibit A or schedule to update in the future**

FAA Order 5100.38C, Chapter 13, paragraph 1312, 1313, and 1314



# What is **new** in the grant close-out process?

- **Project Close-out report**
- **The FAA will send a letter to MDOT requesting a close-out package be completed for the grant**
- **The FAA will send a letter to MDOT when the grant is administratively and financially closed**

FAA Order 5100.38C, Chapter 13, paragraph 1316

# What does the FAA do with my grant close-out package?

- **Reviews for completeness**
- **Reviews documentation to ensure all project elements were completed**
- **Reviews final pay requests and balances the grant funds**
- **Prepares a final report**
- **Determines if amendment is needed**
- **Determines type and amount of funds to be recovered**

FAA Order 5100.38C, Chapter 13, paragraph 1315 and 1316