

INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

100 North Senate Avenue
Room N808
Indianapolis, Indiana 46204-2216 (317) 232-1477 FAX: (317) 232-1499

Mitchell E. Daniels, Jr., Governor
Karl B. Browning, Commissioner

November 3, 2008

Subject: Airport Capital Improvement Program (CIP) for Years 2010 Through 2014

Dear Airport Sponsor:

The Indiana Department of Transportation Office of Aviation is responsible for administering the state funds available for airport development. We program the expenditure of these funds through the use of a statewide Airport Capital Improvement Program (CIP). The CIP is a multi-year document that is updated annually and includes planning, equipment and airport development projects for airports within the Indiana State Aviation System Plan. It is time again to update the CIP. We are soliciting project requests for the next **five (5) year period, 2010 through 2014.**

The three types of funding for projects, when funding is available, are as follows:

Type I – Federal Matching Projects: As in the past, a portion of state funds will match expected federal funds for primary, reliever, commercial service and general aviation category airports. Federal funds provide for up to 95 percent of a project's cost in 2010-2014. The state normally splits the remaining share with the local sponsor. Please designate and label which projects are to be considered for this particular type of FAA funding, and provide the specific year and estimated amount. If a sponsor receives State Apportionment or Federal Discretionary funds for any project, Non-Primary Entitlement funds for that airport may be applied to that project.

Additionally, certain revenue-generating projects (fuel farms and hangars) are now included in the list of eligible projects that may be requested, if an airport can show that they have first met all of their other aeronautical needs. Because of the restrictions placed on eligibility of these revenue-generating projects, it is suggested that you list an alternative project for every revenue-generating project you request to take its place if not approved. **Also, there are certain documents that need to be submitted to the FAA and State before the project's eligibility for AIP funding can be approved. The Revenue-Generating Facility Eligibility Evaluation Form and instructions may be found at the website referenced below.**

Type 2 – State/Local Match Projects: In addition to matching federal funds, we are accepting requests for State/Local program projects. In the current biennium, no appropriation was made to this fund for non-specified projects. However, we will be recording these requests so that we can accurately document the needs of Indiana's Airports. **It is essential that you document your airport's needs for inclusion in this program in the event that funding again becomes available. Otherwise you may lose out on development opportunities for your airport.**

Type 3 – Aviation Loan Fund Projects: We are not soliciting requests for projects under this program at this time.

As you prepare your updated CIP submittal there are several things you should keep in mind:

1. Last year the FAA published a revised "**Regional Guidance Letter – Airports Division,**" Order No. 5100.20 to supplement and clarify the ACIP process. The requirements in this memorandum are **mandatory** and a copy of Order No. 5100.20 dated December 12, 2007 is attached for your information and use. **Attachment A** to this order titled "**General Milestones for Proposed AIP Projects**" lists the process for scheduling project milestones. Included in this policy are basic objectives to complete the environmental review at least 12 months prior to beginning construction, and to complete engineering design approximately three to six months prior to construction.
2. Your requests for projects should outline individual work elements, associated costs, the year requested and the justification of need.
3. Separate environmental assessments and land acquisition from construction projects.
4. A single airport project composed of several elements should be broken into separate projects if they can be constructed/completed without affecting the other components. For example, a runway extension project should list the following items separately: new navigation aids, replacement of the runway lighting system, perimeter fencing, etc.
5. To better accommodate programming and facilitate funding, large projects should be broken into phases with associated costs for each phase shown for phasing purposes. However, projects over \$2 million must be phased for programming over several years.

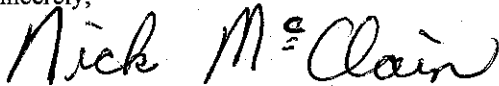
Please use the "CIP Data Sheet" and instructions referenced below to submit your project requests for the next five (5) years. Projects should be listed by funding year, in priority order and broken down into elements as requested above. A total of **Three (3) complete sets** of your entire submission will be required, which includes:

1. **Narrative Cover Letter** on airport letterhead with projects listed in priority order by funding type and year on the front page, followed by a summary by year of planned project activity and appropriate justification.
2. **CIP Data Sheets** fully completed for each project in 2010 dollars.
3. **CIP Priority and Funding Summary**.
4. **Total Cost Breakdown** by major element for each project with total for each year, including costs for engineering fees, project inspection, environmental and etc.
5. **Color Sketches** of projects on an 11" x17" size copy of the ALP with projects color coded by year requested.
6. **Other Support Information** as needed, such as completed Revenue-Generating Facility Eligibility Evaluation Form when applicable.
7. Each of the three (3) submittal sets punched for a 3 ring binder.

Once the Office of Aviation, in conjunction with the FAA, has reviewed the requests, a tentative priority list of projects will be determined. From this list, additional meetings may be held or additional information may be requested to fine tune requests that will be included in the State CIP.

The deadline for submittal is **Monday February 2, 2009**. This time frame is needed in order to coordinate our schedule with the FAA's schedule. If you should have any questions or comments, please contact me at (317) 232-1492.

Sincerely,



Nick McClain P.E.
Chief Airport Engineer, Office of Aviation

Reference: All of the following items referenced above may be found on the Indiana Government website at <http://www.in.gov/indot/3704.htm> under **Aviation in CIP Update Forms and Instructions for the period 20010-2014**.

- CIP Data Sheet and Instructions
- CIP Priority & Funding Summary
- Revenue-Generating Facility Eligibility Evaluation Form
- Regional Guidance Letter - Airports Division, Number 5100.20 dated December 12, 2007 with Attachment A titled General Milestones for Proposed AIP Projects

cc: FAA
Airport Consultants

Date: November 3, 2008
To: Airport Engineering Consultants & Other Selected Personnel
Subject: **Highlights for Updating the 2010-2014 CIP**

The enclosed letter was sent to each public-use airport in the ISASP on the above date and these "Highlights for Updating the 2010-2014 CIP" are provided as an aid in understanding the changes and other important information at a glance. Please route this to others in your organization as appropriate.

It is essential that your client airports document their needs for inclusion in the Type 2-State/Local Match Program in the event that funding again becomes available. Otherwise your client airports may lose out on development opportunities.

Additionally, there are some items that you will want to review prior to updating your airport CIPs as follows:

1. All CIP letter attachments are available on our website at <http://www.in.gov/indot/3704.htm> under Aviation – CIP Updated Forms and Instructions for the period 2010-2014.
2. For FY 2010 -2014 use 95%, 2.5% and 2.5% for Federal, State and Local costs respectively.
3. The FAA has published certain guidance and project milestones that are to be met for federally funded projects. Therefore you will want to read their "Regional Guidance Letter - Airports Division" and attachment A, Number 5100.20 and dated December 12, 2007. This information gives requirements on phasing airport development projects effective last year. You will want to thoroughly review this information prior to updating the CIP for your client airports.
4. Provide justification for projects in accordance with FAA criteria.
5. Assume the \$150,000 Non-Primary Entitlement program will continue for those airports that can show at least \$150,000 of eligible airport development needs annually over the 5 year period.
6. Certain Revenue-Generating projects are included in the list of eligible projects that may be requested if specific eligibility requirements are met. Instructions are included in the attached information.

Final date for submitting the required three (3) sets of all requested information to the Office of Aviation is February 2, 2009 and each submittal includes:

1. Narrative Cover Letter on airport letterhead with projects listed in priority order by funding type and year on the front page followed by a summary by year of planned project activity and appropriate justification;
2. CIP Data Sheets fully completed for each project in 2010 dollars;
3. CIP Priority & Funding Summary;
4. Total Cost Breakdown by major element for each project with total for each year including costs for engineering fees; project inspection, environmental and etc;
5. Color sketches of projects on a 11" x17" size copy of the ALP with projects color coded by year requested;
6. Other support information as needed, such as completed Revenue-Generating Facility Eligibility Evaluation Form when applicable, and
7. Each of the three (3) submittal sets punched for a 3 ring binder.

Please send your completed CIP Updates to me at the following address (Note-new room number is N808):

Nick McClain, P.E., Chief Airport Engineer
INDOT – Office of Aviation
100 N Senate Avenue
IGCN – Room N808
Indianapolis, Indiana 46204

CIP Data Sheet Instructions for 2010-2014

The Capital Improvement Program (CIP) Data sheet consists of the following elements, at a minimum. A sample CIP Data Sheet is included. **Please note, because of advance planning now required by FAA milestones, the entire sheet must be completed for all 2010-2014 projects. (See reference to FAA milestones on cover letter)**

Note: Because of the information now requested for all projects, fewer projects may fit on a sheet.

All sections must be completed for all 2010-2014 projects.

- 1) Airport Name
- 2) Fiscal Year of proposed project
- 3) Project Data:
 - a) ALP Approval Date – Approval date of ALP which shows the project(s). Projects NOT shown on an ALP will be explained later.
 - b) Shown on ALP – Check box if shown on ALP
 - c) Project Type – Use **1** for Federal Type 1 Requests, **2** for State/Local Type 2 Requests
 - d) Project Description – Basic Description (e.g. Rehabilitate R/W 5-23)
 - e) For Type 1 Federal Matching Project funding:
 - f)
 - Federal Share – Federal dollar amount of grant to be 95%
 - State Share – State dollar amount of grant to be 2.5%
 - Local Share – Local 2.5%
 - g) For Type 2 State/Local Match Project funding:
 - State Share – State dollar amount of grant is to be maximum 50%
 - Local Share – Local dollar amount of grant is to be minimum 50%
- 4) Environmental Status/ Environmental Schedule of Projects – Show the schedule for preparing all environmental documentation in order to meet your projected schedule for grant or show date of approval if environmental is complete. These dates must comply with the FAA’s General Milestones.
- 5) Land Title Status & Date of Exhibit “A” Status – Show land title and date of current property map as evidence that land will be in place to meet your projected schedule.
- 6) For Projects not shown on ALP, Show ALP revision Schedule.
- 7) Local Funding Source – Show how local share of project cost will be funded.
- 8) Open Projects – Show current federal projects under grant and scheduled close-out date.
- 9) Project Description – More detailed description of projects (Length, width, area, etc.)
- 10) Project Justification – Detailed cost breakdown and justification to support estimates for projects **according to FAA guidance** (e.g. operations counts for aircraft that require the runway extension or based aircraft counts and calculations for apron expansions.) Attach extra pages as required.
- 11) For each project, what month/year do you anticipate having bids or a negotiated price.
- 12) Certification – Please include Name and Signature of Authorized Representative and the Name and Phone number of the appropriate contact.

(Rev. 11-3-08)



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

Great Lakes Region
Illinois, Indiana, Michigan,
Minnesota, North Dakota,
Ohio, South Dakota,
Wisconsin

2300 East Devon Avenue
Des Plaines, Illinois 60018

REGIONAL GUIDANCE LETTER—AIRPORTS DIVISION

- NUMBER:** 5100.20
- DATE:** December 12, 2007 (replaces PPM 5100.19 dated October 16, 2006)
- SUBJECT:** Airports Capital Improvement Plan (ACIP) Process and Associated Airport Improvement Program (AIP) Grant Administration
- REFERENCES:** Title 49 United States Code (USC), Section 47115(d)(2) (“the Act”)
- FAA Order 5100.38, “Airport Improvement Program Handbook”
http://www.faa.gov/airports_airtraffic/airports/aip/aip_handbook/
- FAA Order 5100.39, “Airports Capital Improvement Plan”
http://www.faa.gov/airports_airtraffic/airports/resources/publications/orders/media/AIP_5100_39A.pdf
- FAA Order 5050.4, “National Environmental Policy Act (NEPA) Implementing Instructions for Airport Actions”
http://www.faa.gov/airports_airtraffic/airports/resources/publications/orders/environmental_5050_4/

BACKGROUND:

Section 47155(d)(2) of the Act requires that, in selecting a project for a grant that includes Discretionary funds, “the Secretary shall consider among other factors whether:

- A. funding has been provided for all other projects qualifying for funding during the fiscal year under this chapter that have attained a higher score under the numerical priority system employed by the Secretary in administering the fund; and
- B. the sponsor will be able to commence the work identified in the project application in the fiscal year in which the grant is made or within 6 months after the grant is made, whichever is later.”

The Great Lakes Region has established these policy clarifications in response to concerns expressed by states, individual airport sponsors and consultants regarding the iterative process of funding decisions. The broad objectives are to ensure that the states and airports in the Region receive the best possible information regarding the potential availability of AIP Discretionary funds for specific proposed projects, and ensure that AIP funds are used in the most effective and efficient manner to create improvements in terms of airport safety, capacity and efficiency.

REGIONAL POLICY:

The purpose of this Regional Guidance Letter (RGL) is to supplement the above-referenced FAA orders. This RGL establishes policy and procedure for the FAA's Great Lakes Region only.

1. **Airports Capital Improvement Plan (ACIP) process.** In order to provide states and airport sponsors with the best possible information regarding potential funding, the ACIP process must be driven by effective capital planning with a longer-term view than the first year of the three-year plan. It shall be the policy of the Great Lakes Region that between FY-2007 and FY-2009, we will transition to a point where the principal focus of the three-year ACIP process is on the third year of the plan. The objective is that projects identified for potential funding in the first and second years are advancing towards implementation with a greater degree of certainty.

To assist in this transition, Attachment A provides a tool for tracking key milestones that sponsors should be addressing as they develop their capital plans and seek to advance high-priority projects.

2. **Regional allocation of Discretionary funds.** The Planning/Programming Branch (AGL-610) has the primary responsibility for allocating Planning Ceilings, establishing regional policies regarding the administration of Discretionary Candidate Lists, and allocating Discretionary funds among the Airports District Offices (ADOs) as funds become available.

Factors considered in the allocation of funds among the ADOs may include, among others, demonstrated need in terms of specific projects of highest priorities according to the National Priority System; levels of activity in terms of enplanements and operations (for primary airports) and operations or based aircraft (for nonprimary airports); and numbers of NPIAS airports by type and category. Other factors may include statutory obligations (such as Letters of Intent, Military Airport Program, environmental set-aside funds and Runway Safety Area improvement projects) as well as national initiatives.

AGL-610 shall conduct an annual meeting with the ADOs, generally during the first quarter of each fiscal year, to review and discuss factors the ADOs believe should be considered in allocating Planning Ceilings for the ACIP process to be initiated in March of the following year.

AGL-610 shall establish a preliminary allocation methodology during the first quarter of each fiscal year and communicate that allocation to the ADOs to support the ADOs in their capital planning process with states and sponsors.

To reinforce the need to shift the principal focus to the third year of the ACIP, AGL-610 will make every effort to avoid changes in the Planning Ceiling for the first year of the ACIP.

3. **Discretionary Standby List.** At the national level, FAA has established guidance that each region shall maintain an overall “Candidate List” that is approximately 12 percent greater than the Discretionary funds projected to be available, in order to ensure that there are sufficient projects ready to absorb any available funding, particularly if for any reason a higher-priority project does not proceed.

Each ADO shall delineate between projects that it recommends for funding—based on the projected available funds—versus “standby” projects that are technically on the Candidate List but will not be funded unless a higher-priority project is unable to proceed. AGL-610 shall prescribe specific means of delineating projects in the System of Airports Reporting (SOAR).

Generally, projects proposed for the standby list should not be new projects; rather, they should generally be subsequent or final phases of projects already underway. Sponsors are encouraged to recognize that designing and bidding projects in phases and/or with bid alternates may enhance the FAA’s ability to offer Discretionary funds if they become available.

4. **Publication of Discretionary funding priorities.** During the first quarter of each fiscal year, the Great Lakes Region will announce the general types of projects that are likely to represent the highest priorities for Discretionary funding during that fiscal year.

The Region will also identify longer-term priorities and initiatives to help guide states and sponsors in their own longer-term capital development planning. This will provide guidance to the annual ACIP process as well as the National Plan for Integrated Airport Systems (NPIAS) update.

5. **Use of Entitlement funds.** Sponsors are expected to use all available Entitlement funds for the highest-priority projects. This includes projects that the FAA considers high-priority safety improvements, including approved recommendations from a Runway Safety Action Team (RSAT) report, Runway Safety Area (RSA) or Runway Protection Zone (RPZ) improvements, or projects or equipment required pursuant to Part 139.

This also includes a requirement that the ADO review a current pavement management plan (prepared consistent with AIP grant assurances) to ensure that the highest-priority airside needs are being addressed with Entitlement funds.

6. **Contingency Project Funding Plan.** Before an ADO places a project on the Discretionary Candidate List, the sponsor must provide the ADO a contingency plan for the project in case the requested Discretionary funds do not become available. Contingency plans may involve any combination of deferring the project, breaking the project into smaller phases, other funding sources, and/or reconsidering other project priorities.

The FAA will not disqualify a project from potential Discretionary funding simply on the grounds that a sponsor has identified alternative funding sources. On the

contrary, the FAA may give greater consideration to a project that is well-supported by other funding sources, and is not unduly reliant upon Discretionary funds.

- 7. Contingency Plan and Trigger Date for Entitlements.** For proposed projects that would require both Discretionary and Entitlement funds, the sponsor must provide the ADO with a contingency plan in case the Discretionary funds do not become available during the fiscal year. The contingency plan would explain how the Entitlement funds will be used. Contingency plans may include implementing a smaller phase of the project, a multi-year project using future-year Entitlements (where permissible), redirecting the Entitlements to other projects, or carrying the funds over to the following year.

AGL-610 will establish a "Trigger Date" each year (typically August 1st) beyond which any such Entitlement funds will be carried over if the requested Discretionary funds have not become available.

- 8. Enforcement of grant application deadline.** Each year, pursuant to statute, the FAA publishes an announcement in the *Federal Register* establishing a "Deadline for Notification of Intent To Use the Airport Improvement Program (AIP) Sponsor, Cargo, and Nonprimary Entitlement Funds" for that fiscal year. The announcement typically states that "Absent an acceptable application by May 1, [current year], FAA will defer an airport's entitlement funds until the next fiscal year." This notice applies to "those airports that have had entitlement funds apportioned to them, except those nonprimary airports located in designated Block Grant States."

Beginning in Federal Fiscal Year 2008, it shall be the policy of the Great Lakes Region that sponsors be prepared to submit a formal grant application for Entitlement-only grants on or before May 1. If a sponsor is not prepared to submit a grant application, then the associated funds shall be carried over to the following Federal fiscal year in accordance with the provisions of the *Federal Register* notice.

The ADO Manager shall have the authority to grant an extension of no more than thirty (30) calendar days from the published deadline. Otherwise, the ADO shall carry over the funds within thirty (30) calendar days of the published deadline. Pursuant to the annual *Federal Register* notice, airport sponsors may then request unused entitlements after September 30th, pending appropriations and apportionment.

If, after submitting a timely application, an airport sponsor elects not to proceed with the project for any reason, the sponsor may request permission to submit a revised application for a different high-priority project, in accordance with the FAA's National Priority System (NPS). Under such circumstances, all other requirements, including environmental review, must be completed before the project may proceed.

- 9. Advance programming.** In order to be in a position to obligate funds as swiftly as possible, it shall be the policy of the Great Lakes Region to support advance programming of Entitlement funds whenever possible in accordance with all applicable statutory, regulatory and procedural guidelines. The principal benefit of

this practice is that once the programming process is complete, the funds may then be obligated as soon as they are made available to the Region and bids are taken.

10. Elimination of “placeholder” projects. In order to ensure that states and individual airports are using AIP funds for the highest priority needs at each location, it shall be the policy of the Great Lakes Region that a sponsor may not change a project that was referenced in an AIP grant application to a different project whose National Priority Rating (NPR) is lower than the original project.

11. Environmental review deadlines. FAA Order 5050.4B, Paragraph 302(b)(1) states that on projects for which the sponsor will request Discretionary funding, for an action that is normally a categorical exclusion, “sponsors should provide the responsible FAA [office] with information about a proposed action and its associated impacts by April 30th of the fiscal year preceding the fiscal year in which the sponsor is requesting Discretionary funding.”

The same section states that on projects for which the sponsor will request Discretionary funding, for an action normally requiring an Environmental Assessment (EA), Sponsors should “develop a schedule that provides them enough time to submit a final, FAA-accepted EA by April 30th of the FY preceding the FY in which the sponsor is requesting discretionary AIP funding.”

It shall be the policy of the Great Lakes Region that by February 1 of each year, the ADO must identify the level of environmental review they believe will be required for projects included in the ACIP submittal, and the anticipated date when environmental documentation will be completed. That date must be no later than the beginning of the fiscal year in which funding is requested.

Submission of the environmental documentation by these dates is not a guarantee that a project will be considered for funding. Sponsors are encouraged to complete the necessary environmental reviews as early as possible, with sufficient early coordination with FAA and other Federal, state and local agencies as required.

12. Separate engineering grants and construction grants. As shown in Attachment A, the basic objective is to complete engineering design approximately three to six months prior to construction, early enough in the fiscal year to take full advantage of the construction season. In cases where the design work cannot be completed in time to support the timely award of a construction grant, it shall be the policy of the Great Lakes Region to consider awarding separate grants for engineering design and construction phases. Such grants will be funded only if the associated construction has every expectation of beginning within two years, without relying upon Discretionary funds.

The basic objectives are to complete environmental review at least 12 months prior to beginning construction, and to complete engineering design approximately three to six months prior to construction.

13. Grants based on bids. Airport sponsors benefit greatly from the requirement that construction and equipment grants be issued only after sponsors have received

competitive bids, rather than based on engineering estimates. For land acquisition, grants should be based on negotiated purchase agreements (rather than on appraisals). The principal benefit is that grant amounts have been more accurate, and therefore grant funds have not been needlessly obligated and sat unused for years before being returned to the Trust Fund.

It shall continue to be the policy of the Great Lakes Region that grants for construction and equipment are to be issued only after competitive bids have been received.

14. **Project phasing.** Because one of the principal objectives is to ensure that appropriated funds are used in the most efficient manner possible, it shall be the policy of the Great Lakes Region that Discretionary funding will generally be awarded in an amount commensurate with construction that can be undertaken in one construction season—or, in cases where grants are issued late in the season, for the remainder of that year and the following construction season. ADO Managers may consider exceptions in cases where the project is of a nature that cannot be accomplished in a single construction season, or where requiring the project to be bid in separate phases would result in a significant increase in overall capital cost. Sponsors are encouraged to recognize that designing and bidding projects in phases and/or with bid alternates may enhance the FAA's ability to offer Discretionary funds if they become available.

The policies set forth herein are effective with the FY 2009-2011 ACIP process, and continue the phased implementation initiated in November 2006. The Great Lakes Region may waive certain provisions in exceptional situations, which must be coordinated through the appropriate ADO.



Jeri Alles
Airports Division Manager
Great Lakes Region

ATTACHMENT A—GENERAL MILESTONES FOR PROPOSED AIP PROJECTS

Four (4) years before proposed construction	Status
• Identify potential projects and coordinate with Airports District Office (ADO).	
• Identify proposed funding sources.	
• Verify justification and funding eligibility in coordination with ADO.	
• Determine whether Airport Layout Plan (ALP) or Exhibit A need to be updated.	
• Review AIP-eligible projects for alignment with established Federal priorities.	
• For new, extended or relocated runways, identify required flight procedure modifications.	
• For new, extended or relocated runways, or any project that may affect an area of potentially significant environmental sensitivity (including wetlands or noncompatible land use), initiate environmental review process in coordination with FAA and other Federal, state and local agencies.	

Three (3) years before proposed construction	Status
• Establish scope of project and develop initial cost estimate.	
• Determine whether a Benefit/Cost Analysis (BCA) or risk assessment may be required. If a BCA will be required, conduct screening-level evaluation.	
• Determine whether existing NAVAIDS affected, or new NAVAIDS required.	
• Determine whether flight procedures may need to be modified, and initiate obstruction survey if necessary.	
• Determine level of environmental review required.	
• Determine whether Disadvantaged Business Enterprise (DBE) goals need to be established or updated.	

Two (2) years before proposed construction	Status
• Update ALP if necessary.	
• Initiate environmental review (if categorical exclusion or environmental assessment).	
• Refine scope and cost estimate.	
• Coordinate NAVAIDS requirements.	
• Coordinate new or modified flight procedures.	
• Coordinate airspace review.	
• Prepare and submit Benefit/Cost Analysis if required.	

One (1) year before proposed construction	Status
• Finalize scope of project.	
• Complete 90% design, plans and specifications and refine cost estimate.	
• Prepare Construction Safety Phasing Plan.	
• Establish reimbursable agreement to support NAVAIDS if necessary.	
• Complete environmental review (see specific deadlines on page 3).	
• Secure additional environmental or other required approvals or permits.	
• Finalize ALP update.	

Year of planned construction	Status
• Advertise and secure bids.	
• Submit grant application.	

Prepared by	
Updated by	[insert name]
	[insert title]
	[insert organization]
Date	[insert date updated]