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| *The purpose of this form is to offer guidance to Great Lakes Region Airports District Offices (ADO’s) in evaluating the eligibility of a given project or facility for AIP funding under FAA Order 5100.38B, “AIP Handbook,” Change 2 issued May 16, 2005, Paragraph 526 (page 72). This form does not replace or supersede any statute or regulation, and it is not required; however, it may help expedite the evaluation by ADO and/or Regional Office staff. In order to make a final determination, the FAA may require further information. Please review instructions before submitting this form and requested attachments.* |
|  **TO BE COMPLETED BY SPONSOR** |
| **Airport and Location** | [insert name] |
| **Airport Sponsor** | [insert organization] |  |  |
| **Proposed Project** | [type brief description including type of facility and location] |
| **Will the Airport Sponsor Own the Facility?**  |
| **Will the Airport Sponsor Operate the Facility?** |
| **If “No,” Describe Business Arrangement With Facility Manager** | [insert explanation—describe major commercial terms, duration of commitment, selection process, and whether facility manager functions on an at-risk or fee-for-service basis] |
| **Will the Facility be Available for Public Use?** |
| **Describe Other Existing, Comparable Facilities, Ownership and Demand** | [insert brief description if applicable—if the purpose of the proposed project is to establish on-airport facilities, please indicate—if there is a waiting list, please attach it] |
| **Projected Finances** | **Annual Costs[[1]](#footnote-1)** | [$x,xxx,xxx] | **Annual Revenues** | [$x,xxx,xxx] |
| **Date of Current ALP** | [insert] | **Proposed Project on ALP?** |  |
| *If proposed project not on current ALP, attach explanation including timeframe for amendment/submission.* |
| **Lowest Current Pavement Condition Index (PCI) or Equivalent Standard Metric** | [insert, if known] |
| **All Pavement and navaid Project Funding Identified for Next Three (3) Years?** |  |
| **All other Critical Airside Project Funding Identified for Next Three (3) Years?** |  |
| **Date Submitted** | [insert date] |
| **Prepared By** | [insert printed name] | **Signature[[2]](#footnote-2)** |  |
|  | [insert title] | **Telephone** | [999] 999-9999 |
|  | [insert organization] |
|  **Agency Action** *(to be completed only by FAA or designated state agency)* |  |
| **Disposition** |  |  |
| **Explanation** | [explain if disapproved or approved conditionally] |  |
| **Authorized Official** | [insert name] | **Telephone** | [999] 999-9999 |  |
|  | [insert title] |  |  |  |
|  | [insert ADO, office location and/or FAA routing symbol] |
|  |  |  |  |  |

**Background:** The current reauthorization for the FAA, “Vision100 – Century of Aviation Reauthorization Act,” included a provision that allowed the use of Federal AIP funds for revenue-producing facilities, such as hangars or fuel farms. Specifically, the law states “The Secretary may decide that the costs of revenue producing aeronautical support facilities, including fuel farms and hangars, are allowable for an airport development project at a nonprimary airport if the Government’s share of such costs is paid only with funds apportioned to the airport sponsor under section 47114 (d)(3)(A) and if the Secretary determines that the sponsor has made adequate provision for financing airside needs of the airport.”

**Project funding:** The Federal share of the cost of these revenue-producing facilities can only be funded with nonprimary entitlements. State apportionment or discretionary funds cannot be used for the Federal share of these project costs.

**Types of facilities:** Current policy limits eligibility to hangars and fueling facilities as revenue-producing facilities. Other types of facilities may be addressed on a case-by-case basis. The intent of the program is to support the construction of new facilities; however, the acquisition of existing facilities will be addressed on a case-by-case basis and requires approval from FAA headquarters.

**Airside development needs:** The law requires that the FAA must determine if the sponsor has made adequate provision for funding the airport’s airside needs before a grant can be issued for the construction of these revenue-producing facilities. In order for that determination to be completed, the sponsor must provide documentation outlining the airport’s airside development needs and a financial plan for addressing those needs. As an example, a low PCI rating would indicate a need to invest in the airport’s runways before investing in a revenue-producing facility. The financial plan can include AIP funding, but such funding should not be relied on as the primary means for financing since it would appear that the sponsor would be using its entitlements for lower priority work in order to fund revenue-producing facilities*.* In addition, if an airport’s capital improvement plan identifies a need for discretionary funding in the next three years, then the use of AIP funds for revenue-producing facilities will generally not be approved.

**Revenue production:** The intent of the law is to provide for the construction of facilities to generate additional revenue for the operation, maintenance, and development of nonprimary airports. Since a development project funded under this provision will be a revenue-producing facility, a business plan shall be submitted to the ADO to determine the eligibility of the project. This plan should provide sufficient information regarding annual revenues as well as total capital and operating expenses for the ADO to make a suitable eligibility determination.

**Business plan:** Although no specific format for this plan is required, it will facilitate the review process if sponsors submit the following information:

 1. What is the need for this facility? The business plan should demonstrate that there is sufficient demand for this facility. This justification should include documentation that supports the need, such as requests or letters of intent to rent hangar space. For fueling facilities, the documentation should provide a sound basis for the amount of fuel to be sold on an annual basis.

 2. What revenue will this facility produce? The business plan should demonstrate that the airport will be receiving appropriate revenues from the facility. For hangars, the plan should show the rental fees for hangar space and the basis for determining those fees. For fueling facilities, the plan should show the amount of projected fuel sales, the amount of revenue to be received from each gallon, and the basis used to determine that amount. The plan should show how the revenue earned from this facility will contribute to the self-sufficiency of the airport. The plan should identify other entities on the airport that are providing similar services and should also show any impacts to the revenue received from those entities.

 3. What are the costs for the facility? The business plan shall provide details on annual operating costs, such as utilities, insurance, and maintenance. The plan should also describe how the sponsor will manage the facility and the incoming revenue. Equally important, the plan should address the capital costs for the facility. For example, will the facility generate sufficient revenue to amortize the facility’s construction cost over a 30-year period? What financial obligations or expenses will the sponsor incur to provide the sponsor’s share of the project costs?

 4. Project Description: The business plan shall include a comprehensive description of the planned project, including construction details and drawings that show location of the planned project. This description should also include an estimate of costs.

 5. Does the project comply with all rules and regulations? The business plan shall include the sponsor’s certification that the project will comply with all appropriate laws and regulations. This is particularly important in the case of fueling facilities where a variety of environmental laws and rules are involved. The use of Federal funds to construct or improve the facility requires that the facility and its operation comply with all applicable laws and regulations at the Federal, state, and local level.

**Documents to be submitted:** The following documents shall be submitted to the FAA before the project’s eligibility for AIP funding can be approved:

1. Completed “Revenue-Generating Facility Eligibility Evaluation Form”;
2. Statement on airside development needs and financial plan;
3. Project description with drawings; and
4. Business plan for the proposed facility.

Insufficient or incomplete documentation may require additional information from the sponsor or may result in a determination that the proposed project is ineligible for AIP funding.

Notes:

1. In addition, any other aspects of the proposed eligibility determination will be based on current AIP eligibility guidelines as described in Order 5100.38B.
2. All projects approved under this provision must be identified on an approved ALP. Construction of these facilities cannot proceed until an approved airspace review has been received.
3. Sponsors must maintain complete documentation of all revenue received from these facilities, since the FAA may periodically review those records to ensure that the airport is receiving all net revenues pursuant to the business plan.
1. Including any ongoing capital costs (e.g., debt service) [↑](#footnote-ref-1)
2. Signature not required if completed form is transmitted via email from the named preparer [↑](#footnote-ref-2)