

Airport Improvement Program (AIP) Grant Management and Administration

I. Overview and Policy

Denver International Airport (DIA) is a full partner with the Federal Aviation Administration in the AIP (Airport Improvement Program)

Through the AIP, the Federal Aviation Administration (FAA) provides grants for the planning and development of public-use airports that have been identified as important to the NAS (National Airspace System) in the National Plan of Integrated Airport Systems (NPIAS). Once an airport is included in the NPIAS, the airport sponsor must develop and implement an airport master plan, including an Airport Layout Plan (ALP). The airport sponsor shows existing and future airport development on the ALP, which must be approved by FAA. Only development shown on the ALP is eligible for AIP funds.

The FAA will issue AIP grants for only those development and planning projects that are included in the FAA- approved Capital Improvement Project (CIP) form. FAA uses airport sponsor's CIP to compile the national Airports Capital Improvement Plan (ACIP). The ACIP serves as the FAA's primary planning tool for systematically identifying, prioritizing and assigning AIP funds to critical airport development and the NAS. DIA's AIP planning process supports the FAA in its goals of enhancing the safety, security and efficiency of the nation's air system, while emphasizing the maintenance and enhancing DIA's infrastructure, capacity and operational efficiency.

II. Definitions

- 1) Airports Capital Improvement Plan (ACIP): An internal, five year FAA document that serves as the primary planning tool for identifying and prioritizing critical airport development and associated capital needs for the National Airspace System. CIP (Capital Improvement Plan) is an individual airport's capital improvement plan, which identifies capital projects projected to be needed for the succeeding six years, including the priority, costs, and expected funding sources for each project.
- 2) Airport Improvement Program (AIP): The Airport Improvement Program provides grants to public agencies for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS). Eligible projects for AIP funding include improvements related to airport safety, capacity, security and environmental concerns. In general, airport sponsors can use AIP funds on most airfield capital improvements or repairs to improve the airport in the areas of safety, capacity and noise compatibility. The Airport Improvement Program was established by Congress in the Airport and Airway Improvement Act of 1982 (Public Law 97-248). The Airport Improvement Program is subject to renewal along with FAA reauthorization legislation which comes up periodically.

- 3) Allowable Project Costs: Direct or indirect cost in accordance with OMB Circular A-87 paid or incurred under a planning project, an airport development project, or a noise program implementation project which is necessary for the accomplishment of the project in conformity with approved plans and specifications, is reasonable in amount, is supported by satisfactory evidence, and was incurred after the date of the grant agreement. (A more detailed definition can be found in the AIP Handbook, Section 310(a-1).
- 4) Capital Projects Manager/CIP Manager: Interchangeable terms to designate that person at DIA responsible for the development of the Airport's Capital Improvement Program, and providing oversight of the Airport's AIP and other grant programs. The Capital Projects/CIP Manager assures that the CIP and AIP plans are aligned to insure that the DIA sponsor share is available at the time AIP grants are received.
- 5) Encumbrance: A contingent liability, contract, purchase order, including change orders, that is chargeable to an account. It ceases to be an encumbrance when paid out or when the actual liability amount is determined and recorded as an expense.
- 6) Grant Administrator/Grant Manager: These terms are used interchangeably to designate the person at DIA charged with all duties to administer the Airport Improvement Program for the Airport, and to manage the administration of all other grants and grant sources. This position is housed in the Financial Planning and Analysis Section and reports to the Capital Projects Manager.
- 7) Grant Assurances: Commitments by the Airport in exchange for grant funds.
- 8) Letter of Intent (LOI): A written agreement between the FAA and the Airport for specific airport development and associated AIP funding, usually over a term of years. These agreements are subject to the availability of federal funds.
- 9) National Airspace System: The common network of U.S. airspace: air navigation facilities, equipment and services, airports or landing areas, aeronautical charts, information and services, rules, regulations and procedures, technical information, personnel and material.
- 10) National Plan of Integrated Airport Systems (NPIAS): An inventory of U.S. aviation infrastructure assets which is developed and maintained by the Federal Aviation Administration. The purposes of NPIAS are to identify U.S. airports considered significant components of the U.S. aviation infrastructure network, to qualify the current state of development and technology of each airport, and to estimate the funding to bring each airport up to current standards of design, technology and capacity.
- 11) Non-Allowable Project Costs: Costs not eligible for inclusion in an AIP grant are defined in the AIP Handbook Section 311 (a-1).

- 12) Reimbursement Request: A request by the Airport to the FAA to reimburse it for allowable project costs that have been paid by the Airport that are supported by appropriate documentation including outlay reports, invoices, schedules of values, and expenditure reports.
- 13) Schedule of Values: A detailed statement furnished by the Design Project Manager outlining the portions of the contract sum, either by lump sum or quantity, or a combination thereof. A schedule of values is used to break out the total contract amount into its components, line by line. The Schedule of Values is put into the bid documents for the contractor to bid.

III. AIP Planning

The AIP planning process is undertaken annually in conjunction with the Capital Improvement Program planning process. Potential projects are identified by DIA in cooperation with the FAA. Long-term projections and needs analyses play a pivotal role in determining the priorities for funding.

- 1) On an annual basis, the **Capital Projects Manager** oversees development of its CIP Plan and its AIP Plan. Airport needs and projects designed to meet those needs over the foreseeable future are requested from Airport operating staff. The **CIP Manager** summarizes those projects on a six-year CIP plan for the review and approval of **Senior Airport Management**.
- 2) The **Grant Manager** and **CIP Manager** meet with the **FAA Denver Airports District Office** to review the CIP to determine the eligibility of proposed projects for FAA funding. A five-year AIP plan is then developed by the **Grant Manager** for submission to and approval of the FAA.

IV. AIP Acquisitions: Application, Project Approval and Grant Offer

AIP Grant applications are submitted annually for those projects identified in the approved ACIP. The **Grant Manager** is responsible for preparing all grant applications, and meeting all FAA submission deadlines.

- 1) The **Grant Manager** submits annual grant applications in accordance with the approved CIP and AIP plans.
- 2) The **Grant Manager** will work with the **Project Manager (PM)** to develop the scope of work upon which the FAA grant application is based.

- 3) The Program Narrative is prepared by **Project Manager** and is based on the design by the **Project Manager**.
- 4) The **Grant Manager** will complete all required application forms, insure all required assurances and supporting documentation are attached, obtain all required signatures. The **Project Manager** will then review all application documents, at which time the **Grants Manager** will submit the grant application to the FAA.
- 5) The **Grant Manager** will provide the FAA with any clarifications or assistance as requested during the FAA's review of the grant application.

V. Project Approval and Grant Offer

The **Grant Manager** is responsible for supervising the acceptance of the FAA's grant offer. (The FAA designates and structures the offer as a "Grant Agreement" document to be accepted by the City of Denver).

- 1) The **Grant Manager** shall initiate acceptance of the Grant Offer by inputting all pertinent information into the City's "Alfresco" automated contract routing system, and follows the document through the Alfresco process.
- 2) The **Grant Manager** coordinates with the DIA **Government Affairs Office** in securing all necessary signatures.
- 3) Once the Grant Agreement is executed, the **Grant Manager** will assure that copies of the accepted Grant Agreement will be disseminated to the **Accounting Staff Financial Analyst**, the **Technical Services Division**, the **City Attorney**, the **Finance, Planning and Accounting O&M and CIP Senior Financial Management Analysts**, and to the **Project Construction Manager**.

VI. AIP Grant Management

A. Contract Development, Bid and Award

- 1) **Technical Services Procurement Office** is responsible for managing the solicitation of bids or requests for proposal (RFP) on the project.
- 2) The **Design Manager** will develop technical specifications and submit to the **FAA** for approval through a Sponsor Certification for Project Plans and Specifications form.
- 3) **Technical Services Procurement Office** initiates Alfresco automated contract routing system for bid and RFP and all contracting processes.

- 4) **Design Manager** obtains goals from a goals committee established by the **Disadvantaged Small Business Office (DSBO)**.
- 5) **Procurement Office** advertises for bids or proposals.
- 6) **Procurement Office** receives and evaluates bids; including reviewing bidders against a debarred bidder database and assuring bidders are not engaged in legal actions against the City.
- 7) **DSBO** reviews lowest bid and obtains a letter of intent from lowest bidder.
- 8) **Design Manager** evaluates the bids or proposals, requests from the Designer of Record a bid evaluation and recommendation and recommends award to **Aviation Director**.
- 9) **Aviation Director** reviews and approves recommended award.
- 10) **Design Manager** develops Concurrence in Award Request to **FAA**.
- 11) **FAA** provides Concurrence in Award Authority to Issue Notice to Proceed response letter.
- 12) **Technical Services Procurement Office** sends notice to the low bidder, and a contract is issued and signed.
- 13) Contract is sent to **Manager of Aviation** for signature.
- 14) If contract is a design and planning contract and over \$500,000, or if the contract is a construction contract over \$5 million, the contract is reviewed and approved by the **City Council** and signed by the **Mayor**. For contracts below these threshold amounts in these two categories, the contract is signed by the **Mayor** without Council approval.

B. Encumbrance Establishment

- 1) **Project Manager** establishes schedules of value for the AIP eligible work and any non-FAA work included in the construction contract.
- 2) **Finance, Planning & Development** sets up separate budget sources for both the AIP grant amount and DIA sponsor share as well as for any non-FAA work.
- 3) Funds are encumbered to each budget source by DIA's Accounting **Staff** in accordance with their normal procedures.

C. Grant Administration/Requests for Reimbursement

- 1) The **Grant Manager** will track all active AIP Grants to assure grant reimbursement requests are submitted to the FAA and reimbursed on a timely basis. Grant reimbursement requests shall include outlay reports, invoices, and schedules of value and expenditures reports.
- 2) **Project Manager and Technical Services Contract Manager** review all contractor invoices to determine allowable costs. **Project Managers** identify the appropriate budget sources to be charged on each invoice.
- 3) The **Grant Manager** will convene monthly a meeting with the **AIP Review Team**, which includes the **Capital Projects Manager**, a representative of the **Finance and Accounting Office**, and the **Project Managers** who oversee construction funded by active AIP Grants. The Team is tasked with tracking AIP project progress, status of grant reimbursement requests, identifying any new conditions that may require a grant amendment, and identifying any obstacles to timely completion and closeout.
- 4) **Accounting Staff Financial Analyst** prepares “Outlay Report & Request for Reimbursement” and assembles all required documentation.
- 5) **Grant Manger** will review the request for reimbursement to insure appropriate documentation and expenditure ratios are met.
- 6) **Grant Manager** assures appropriate signatures are affixed to reimbursement request form and reimbursement request cover sheet.
- 7) **Grant Manager** transmits request for reimbursement to FAA.
- 8) **Accounting Staff Financial Analyst** maintains copies and records of requests for reimbursement.

VII. AIP Project Closeout

A. Construction Project Closeout

Project Managers are responsible for contract completion, which must occur before the grant can be closed out.

- 1) **Project Mangers** complete the substantial completion form which starts the warranty period on the project.
- 2) **Project Managers** create a punch list and closes out all items, including test results.
- 3) **Project Managers** supply an As-Built, Revised or Updated ALP to the **FAA Airports Office**. (The Project is added to the ALP, not necessarily immediately at project’s end.)

- 4) **Project Managers** schedules a final inspection with the **FAA Airports Office**, and provides the FAA with the test results to review before the inspection.
- 5) **Project Managers completes** all required close-out documentation, obtains Consent of Surety from the **Contractor**.
- 6) **Project Manager** requests of **Technical Services** advertise for Final Settlement.
- 7) **Project Managers** issue Certificate of Final Completion.
- 8) **Technical Services** advertises for Final Settlement and closeout.
- 9) **Contractor** submits pay application.
- 10) **Project Managers** submits all closeout documentation to **Technical Services** with the final pay application.
- 11) **Technical Services** secures approval to make final payment from Security, City Attorney, Treasury, Prevailing Wage, and DSBO.
- 12) **Accounting Office:** Processes and records final payment.

B. AIP Grant Closeout

Grant Manager oversees grant closeout processes for all AIP Grants. Problems or issues in this stage should be brought to the **Grant Manger's** attention for assistance in resolution.

- 1) **Project Management Staff** is responsible for preparation of FAA-required final reports.
- 2) **Project Management Staff** and **CIP Senior Financial Management Analyst** are responsible for reconciling the financial information in the draft final report with DIA's official accounting records and requesting that **Accounting** prepare journal vouchers as necessary to move eligible expenditures from non-FAA budget sources to FAA-eligible budget sources and to correct grant/sponsor share ratios and resolve any other issues.
- 3) **Project Managers** prepare a draft final report in accordance with FAA requirements. The FAA has different requirements for construction grants, planning grants, and equipment acquisition grants. Project Managers submit the draft to the FAA for review and resolution of any issues prior to completion of the final report.
- 4) **Project Manager** completes and submits the final report, including all required test results and equipment inventories, to the FAA. Submission and approval of the final

report to the FAA is the basis upon which a final request for reimbursement can be paid.

- 5) **Grant Manager** requests preparation of final reimbursement request by the **Accounting Staff Financial Analyst**, reviews it for accuracy, obtains appropriate signatures, and submits it to the FAA.
- 6) **FAA** makes final reimbursement, upon approval of the final project report. The final settlement also involves recovering overpayments.
- 7) The **FAA** will notify the Airport Manager that the grant is closed.

VII. Training

A. Cross – Training

The **Grant Manager/Grant Administrator** and the **Capital Projects Manager/CIP Manager** shall be versed in all grant management duties.

B. Continuing Education

- 1) The **Grant Manager, Capital Projects Manager and Project Management Staff** will avail themselves to all relevant continuing education.
- 2) The **Grant Manager** is responsible for providing **Project Management Staff** with all grant management procedures, FAA handbooks and information needed by them to effectively manage their grant-funded projects.

C. Ongoing Update

These policies and procedures shall be reviewed annually by the **Grant Manager**, and update as needed with approval from the **Capital Projects Manager** and the **Chief Financial Officer**.

IX. Policies and Procedures for registration and reporting for AIP grants received under the American Recovery and Reinvestment Act (ARRA)

A. Registration

The **Grant Manager** is responsible for registering and updating the status of Denver International Airport with the Central Contractor Registry ("CCR"). (This obligation extends

beyond the ARRA and is required of all agencies which do business with the Federal Government). The **Grant Manager** will annually update the Airport's registration, which includes establishing or reaffirming all Airport points of contact with the CCR.

B. ARRA Reporting

- 1) The **Grant Manager** shall coordinate with **Contractors** and other **Sub-recipients** to assure that all expenditure amounts and descriptions reported are accurate and consistent.

- 2) The **Grant Manager** shall assure that all data regarding grant amount, expenditures, hours worked, and jobs created for both quarterly and monthly reports is reported on a timely basis through FederalReporting.gov. The **Grant Manager** shall initiate a "tickler" calendar system to notify of impending deadlines for quarterly and monthly reports.

- 3) Specific guidance for CCR registration and updates and for ARRA reporting shall be governed by Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009, published by the Office of Management and Budget, Executive Office of the President, dated June 22, 2009.