

Mn/DOT's Approach to the Economic Recovery Program – Airport Infrastructure

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The U.S. Congress is developing an Economic Recovery Program that could provide several hundred million dollars to Minnesota for transportation infrastructure projects. Although the details of this funding remain fluid, Mn/DOT has made some assumptions on airport funding based on Federal Aviation Administration (FAA) guidance and congressional proposals for airport infrastructure projects.

Public airports are owned and operated by cities, counties, townships and the Metropolitan Airports Commission. Mn/DOT licenses and inspects airports, operates and maintains navigational aids, provides technical assistance, and helps fund construction and maintenance at airports.

Language in the draft American Recovery and Reinvestment Act being considered by the U.S. House of Representatives, Committee on Transportation and Infrastructure on January 21, 2009, states: "For AIP funds provided in the Act, the deadline for grantees to enter into contracts or other binding commitments to make use of not less than 50 percent of the funds awarded is 120 days after award of the grant."

Airport Improvement Program (AIP) funds are managed by the FAA. AIP funds are distributed in the form of grants-in-aid to airports in the National Plan of Integrated Airport Systems (NPIAS). 96 of the 136 public airports in Minnesota are in the NPIAS. Each year Mn/DOT compiles a statewide five-year capital improvement program (CIP) from the airport CIP's prepared by municipalities. The statewide CIP, in part, is used by the FAA to identify candidate projects for federal funding participation. Mn/DOT works closely with the FAA and is given the opportunity to suggest projects for AIP funding consideration. Demand for project funds identified in the CIP typically exceeds funding availability.

Federal Funds Distribution: State/Local Split

The FAA will identify projects that are ready-to-go by the spring of 2009 based on information submitted with the previous CIP. Minnesota statute designates the Minnesota Commissioner of Transportation to act as agent on behalf of municipalities in the receipt and distribution of federal airport funds.

The FAA participation rates for recovery projects are not yet defined. Mn/DOT has identified statutory changes that need to be made to allow use of federal funds if they are made available 100 percent with no match requirements.

Program Development Criteria:

The goal of the Economic Recovery Program is to create jobs and improve the nation's infrastructure. Mn/DOT is preparing to achieve this goal by selecting projects for delivery based on the following criteria:

- **Project readiness:** Mn/DOT's top priority is to use available funds, thus project readiness will be the top priority for project selection. Project readiness will be assessed based on current progress in project development including identification of projects on

an approved airport layout plan (ALP), project justification, status of environmental review, status of land acquisition, etc.

- **Consistency with performance based plans:** To meet its commitment to use funds to make a lasting transportation improvement, Mn/DOT and the FAA's priorities continue to be projects that improve safety and security, preserve the public investment in the existing infrastructure and enhance capacity. The FAA's national priority rating system will be used to help identify projects for recovery funds.
- **Work type balance:** Selecting a variety of project types, such as preservation and safety, will best use the entire capacity of Minnesota's construction industry to ensure the best possible project prices, efficient program delivery and job creation.
- **Project advancement:** Projects already funded in FY2009 will not be included in the Economic Recovery Program. The planned construction schedule for a project must be advanced to be included in the Economic Recovery Program. In addition, work must start on projects immediately after letting and contract award. This will ensure that the projects represent new or increased work and, therefore, result in job creation.
- **Buy America:** All projects receiving federal funding are subject to Buy America laws which require the steel, iron, equipment and other manufactured goods be produced in the United States.

Program Delivery Challenges and Approaches:

Once a program is developed, project delivery in the allowable timeframe will be a challenge. Mn/DOT has already begun some project delivery activities to prepare projects for letting. Some of the challenges and Mn/DOT's current approaches to them are identified below.

Environmental Considerations

To ensure timely project delivery, Mn/DOT, in conjunction with the FAA, will attempt to identify projects with completed environmental documents or that require only categorical exclusions. Nevertheless, many projects will require permits and some limited review.

- Airport owners are encouraged to take actions necessary to obtain required approvals and permits.

Land Acquisition

To ensure timely project delivery, Mn/DOT will attempt to identify projects with little or no remaining airport property needs.

Letting Schedule

Grant awards will be based on bids. Airports should plan for an accelerated letting schedule.

Project Identification

In order to fully use these funds, the FAA has begun identifying projects that can be ready for project letting within timeframes being discussed by Congress. However, as stated in the draft Act, "identifying specific projects to receive funding would pre-judge the FAA's discretionary grant decisions." Delivering a program of this magnitude will require Mn/DOT to work closely with the airport owners and the FAA on project development, program management and communication practices.

Consultants

Most airports use consultants to successfully develop and deliver their projects. Many airports already have consultants under contract.

Disadvantaged Business Enterprises (DBE) and Equal Employment Opportunities (EEO)

The FAA, Mn/DOT, and airport owners will follow DBE and EEO direction provided by the legislation and federal rules, and the agencies will strive to fully meet established goals.

Cost Estimating and Management

Cost estimating and management present unique challenges with an accelerated program since issues like material availability can significantly impact costs. Grants will be based on bids; therefore, airport owners should reevaluate their project estimate for accuracy. It should not be assumed that projects bids will be approved regardless of cost or nearness to the estimated cost.

Utility Management

Extensive utility relocation could introduce significant time delays to a project. Airports are encouraged to coordinate early with utility companies for relocation is encouraged to meet accelerated project timelines.

Coordination and Communication:

Close coordination and communication with key partners is essential for the successful development and delivery of the Economic Recovery Program. Following are several key audiences that are and will continue to be the focus of communication efforts.

Federal Aviation Administration – FAA involvement is essential to success. To date, all indications are that the FAA will follow standard procedures for approving, authorizing, and documenting projects. The FAA will be involved throughout the process to ensure clear lines of communication and expedited decisions regarding authorization, oversight of program and projects. Mn/DOT has begun discussion with the FAA regarding development of expedited procedures.

Legislature and Congress – Both state and national legislative leaders will want to closely follow Economic Recovery Program activities. Mn/DOT has already begun discussions with state legislative leaders about budget authority and other legislative needs.

Cities and Counties – The Office of Aeronautics is leading coordination with local units of government.

Permitting Agencies – As described under environmental considerations, the timely cooperation for permits and approvals is critical.

Private Industry – Communication with consultants and contractors, including the DBE communities, will allow them to efficiently and effectively contribute to delivering this program. The FAA - Minneapolis Airports District Office will be hosting teleconferences with airport consultants to help them understand and meet FAA project processes.

Unions – Demonstrating the role and importance of state employees in the delivery of this program will be important to address union interests. Mn/DOT has meetings planned with these groups.

A communications plan is being developed for the overall program. It will aim to demonstrate Minnesota's ability to engage stakeholders, build consensus, maintain transparency and deliver the program. The plan will use a variety of tactics and tools to communicate timely, relevant information. Tools already being developed include this document, an Economic Recovery Program website and ongoing meetings with key audiences. Key meetings that have occurred or are planned to-date are as follows:

- ACEC Meeting – Jan. 8, 2009
- AGC Executive Meeting – Jan. 15, 2009
- AFSCME Meeting – Jan. 16, 2009
- Economic Recovery Program Forum – Mid February, 2009 (tentative)

Anticipated Next Steps for Program Delivery:

- Continue contacts with legislators and partners
- Mn/DOT will work with FAA to develop preliminary pool of projects
- ***Congressional bill draft(s) available***
- Finalize criteria for program development
- Mn/DOT will develop a preliminary program and submit to FAA.
- Prepare draft budget authority and language for program delivery provisions for review by Governor's Office and Legislature
- ***Congressional bill enacted***
- Finalized program of selected and approved projects
- Submit budget authority and provisions to Governor's Office and Legislature

The details of this program will continue to evolve rapidly and the magnitude of its impact will be great. Mn/DOT will continue to maintain contact with the wide variety of people and organizations who will participate in successfully delivering transportation projects for Minnesota.

For more information, contact Mn/DOT Airport Development Section Manager, Peter Buchen at peter.buchen@dot.state.mn.us .