

**Office of Aeronautics
222 E. Plato Blvd.
St. Paul, MN 55107-1618**

May 31, 2020

Subject: Airport Funding Rates
State Fiscal Year (FY) **2021** – *effective July 1, 2020, through June 30, 2021*

Dear Airport Sponsor:

Airport funding rates for the State Airports Fund (SAF) are required by statute to be set before June 1st of the previous fiscal year. This letter outlines MnDOT's participation on state funded grants as well as the state matching share for Federal Aviation Administration Airport Improvement Program (FAA AIP) project grants. Minnesota airports listed in the National Plan of Integrated Airport Systems (NPIAS) are eligible for both AIP and state funding. Refer to the Addendum to the Airport Funding Rates Letter, which is new this year, for the funding rates tables and additional supporting details.

Due to the unprecedented economic impacts of the current COVID-19 pandemic, MnDOT has updated revenue projections for the State Airports Fund which now shows an overall revenue loss of approximately \$6 million (11%) over the current biennium. MnDOT will continue to closely monitor the quickly changing situation, which could impact the state's ability to participate in project requests funded solely by the SAF. **Accordingly, participation rates for FY 2021 remain the same as in FY 2020.**

Key reminders and highlights:

- In order for a project to be considered for a grant, it must first be included in the Capital Improvement Program (CIP).
- General Maintenance and Operations (M&O) grants are executed at 75% state participation. As of FY 2020, power and telephone utilities in use by non-federal navigation aids are eligible for 100% state funding through M&O grants.
- As a clarification, Navigation Systems projects eligible for funding include in-ground subsystem mounting and cabling. In the case of a lighting system, the whole project is eligible for funding. These systems and subsystems are owned by the airport, are the responsibility of the airport sponsor to maintain, and must be included in the CIP to be considered for grant offers.
- [Regional development team members](#) are the best point of contact regarding the status of fund availability.

As always, no State Airports Funds are committed until a grant contract is fully executed by all parties, including the final State signatures.

Sincerely,

Cassandra Isackson, P.E.
Director, Office of Aeronautics



Addendum
to the Airport Funding Rates Letter
State FY 2021
May 31, 2020

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Airport Funding Rates FY 2021

May 31, 2020

STATE GRANT, STATE SHARE

Project Type	NPIAS				NON-NPIAS			
	Sponsor Population Under 5000		Sponsor Population Over 5000		Sponsor Population Under 5000		Sponsor Population Over 5000	
	Existing FY 2020	New FY 2021	Existing FY 2020	New FY 2021	Existing FY 2020	New FY 2021	Existing FY 2020	New FY 2021
Construction, Planning, Zoning, Environmental, Land, Navigation Systems, AWOS	75%	75%	70%	70%	95%	95%	95%	95%
Air Service Marketing	70%	70%	70%	70%	70%	70%	70%	70%
M & O	75%	75%	75%	75%	75%	75%	75%	75%
M & O Utilities in Use by Non-Federal Navigation Aids	100%	100%	100%	100%	100%	100%	100%	100%
Fuel Systems and Fuel Trucks	70%	70%	70%	70%	70%	70%	70%	70%
Equipment (requires justification)	75%	75%	70%	70%	90%	90%	85%	85%

FEDERAL GRANT, STATE SHARE

Project Type	NPIAS			
	Sponsor Population Under 5000		Sponsor Population Over 5000	
	Existing FY 2020	New FY 2021	Existing FY 2020	New FY 2021
90% FAA Participation	5%	5%	5%	5%
95% FAA Participation	2.5%	2.5%	2.5%	2.5%

Airport Sponsor Population

Airport sponsor populations are determined at the time of each new rates letter using the most recent yearly estimate from the Minnesota State Demographic Center. If there is joint ownership between two or more cities, the sum of the populations are used. If a joint owner is a county, the city population must be below 5,000 and the county population must be below 10,000 to qualify for the higher state participation rate.

Sponsor population UNDER 5000

Ada/Norman Co	Madison	Warroad
Appleton	Mahnomen	Waskish
Backus	Maple Lake	Wells
Bagley	Milaca	Wheaton
Baudette	Mora	Windom
Benson	Northome	Winsted
Big Falls	Olivia	
Bigfork	Orr	
Blue Earth	Ortonville	
Brooten	Park Rapids	
Canby	Paynesville	
Clarissa	Pelican Rapids	
Cook	Perham	
Dodge Center	Pine River	
East Gull Lake	Pipestone	
Elbow Lake	Princeton	
Ely	Red Lake Falls	
Fertile	Remer	
Fosston	Roseau	
Glenwood	Rush City	
Grand Marais	Rushford	
Granite Falls	Sauk Centre	
Grygla	Slayton	
Hallock	Sleepy Eye	
Hawley	Springfield	
Hector	St. James	
Henning	Staples	
Herman	Starbuck	
Hill City	Stephen	
Jackson	Tower	
Karlstad	Tracy	
Le Sueur	Two Harbors	
Littlefork	Tyler	
Long Prairie	Wadena	
Longville	Walker	
Luverne	Warren	

Sponsor population OVER 5000

Airlake	Minneapolis/St. Paul
Aitkin	Montevideo
Albert Lea	Moorhead
Alexandria	Moose Lake
Anoka Co/Blaine	Morris
Austin	New Ulm
Bemidji	Owatonna
Bowstring	Pinecreek
Brainerd	Preston - Fillmore Co
Buffalo	Red Wing
Caledonia	Redwood Falls
Cambridge	Rochester
Cloquet	South St. Paul
Crookston	St. Cloud
Crystal	St. Paul
Detroit Lakes	Thief River Falls
Duluth International	Waseca
Duluth Sky Harbor	Willmar
Eveleth	Winona
Fairmont	Worthington
Faribault	
Fergus Falls	
Flying Cloud	
Forest Lake	
Glencoe	
Grand Rapids	
Hibbing - Chisholm	
Hutchinson	
International Falls	
Longville	
Lake Elmo - St. Paul	
Litchfield	
Little Falls	
Mankato	
Marshall	
McGregor	

Limits on Project Funding

There are limits on how much funding an airport sponsor can receive from the State Airports Fund (SAF) in a given year. Separate funding limits are set for state grants and federal grants. State grant funding limits are based on the state fiscal year (July 1 – June 30) and federal grant funding limits are based on the federal fiscal year (October 1 – September 30). Eligibility for funding does not guarantee that funding will be available or approved, and State Airports Funds are not committed until a grant is fully executed.

State Grants

For approved state-only grants, State Airports Funds (SAF) will be limited to \$1.0 million per airport per state fiscal year. Requests for funding over \$1.0 million may be provided as an exception, based on funds availability. These requests will be evaluated by the Office of Aeronautics and must receive approval from the Director of Aeronautics.

Federal Grants

State Airports Funds (SAF) may be used to supplement federal funding for federal grants. With approval, SAF may also be used to fund a portion of federally ineligible (or unfunded) items related to an FAA eligible project. The sum of the state supplement to federal funding and the state share on federally ineligible items, based on the current funding rates, will be limited to \$400,000 per airport per federal fiscal year.

If the state share on federally ineligible items alone exceeds \$400,000, then the entire state share of the federally ineligible costs may be allowed up to a limit of \$1.0 million. However, in this case, no state supplement to federal funding for the eligible portion of the project will be provided. An airport sponsor may request an exemption from the \$1.0 million limit for FAA ineligible portions of a project. Requests for funding over \$1.0 million may be provided as an exception, based on funds availability. These requests will be evaluated by the Office of Aeronautics and must receive approval from the Director of Aeronautics.

Example:

Construction of a runway is included in the CIP for a NPIAS airport with a sponsor population over 5000. The runway width exceeds the FAA eligible width, so a portion of the runway width is FAA ineligible. If approved for state funding, the ineligible portion would receive 70% state funding based on the State Grant table and the FAA eligible portion would receive 5% state participation based on the Federal Grant table.

Situation 1: The entire project costs \$1.0 million. The ineligible portion costs \$360,000, and the eligible portion costs \$640,000. The 70% state funding for the ineligible portion would be \$252,000, and the 5% state participation for the eligible portion would be \$32,000. The sum of the 70% state funding for the ineligible portion and 5% state participation for the eligible portion

is \$284,000. Since this sum is less than the limit of \$400,000, the project could receive the full \$284,000 of SAF.

Situation 2: The entire project costs \$2.0 million. The ineligible portion costs \$500,000, and the eligible portion costs \$1.5 million. The 70% state funding for the ineligible portion would be \$350,000, and the 5% state participation for the eligible portion would potentially be \$75,000. The sum of the 70% state funding for the ineligible portion and 5% state participation for the eligible portion is \$425,000. Since this sum is greater than the limit of \$400,000, the state participation on the eligible portion would be reduced to \$50,000 for a total of \$400,000 of SAF.

Situation 3: The entire project costs \$3.0 million. The ineligible portion costs \$800,000, and the eligible portion costs \$2.2 million. The 70% state funding for the ineligible portion would be \$560,000, and the 5% state participation for the eligible portion would potentially be \$110,000. Since the state funding for the ineligible portion alone is greater than \$400,000, none of the \$110,000 state participation for the eligible portion would be funded, but the project could receive the full \$560,000 of SAF for the ineligible portion. This situation applies until the state share for the ineligible portion reaches a limit of \$1.0 million, at which point additional funds may only be provided if the funding is available and is approved by the Director of Aeronautics.

Maintenance and Operations (M&O) Grant Categories

M&O Grants for Non-Federal Navigation Aid Utilities

As of FY 2020, any power or telephone utility services associated with state owned (non-federal) navigation systems have the opportunity to receive 100% reimbursement through an M&O grant. The airport will continue to be responsible for any costs of the utility that are not associated with power or phone service of the state owned navigation systems.

M&O Grants, General

All state-eligible maintenance and operation costs not reimbursed by another source may be reimbursed at the current M&O grant funding rate. This includes the repair or replacement of power and telephone utility lines, which are the responsibility of the airport sponsor to ensure are repaired and replaced as necessary.

Navigation Systems Projects

Navigation systems are classified in a few different ways, with different ownership and funding rules that apply to each category. Navigation systems can be broken up into the main electronic systems, supporting subsystems, and lighting systems.

Main Electronic Systems

Main electronic systems, like an AWOS or localizer, for example, each have an array of antennas and sensors, and in some cases a building to house the equipment. These parts of the navigation system are state owned and operated. The State will also maintain these navigational systems in accordance with published FAA criteria. During FY 2021, there are no planned SAF investments in the new installation of these types of systems. The State will continue to invest in the preservation of existing systems as needed or as deemed practical. However, there is currently no funding mechanism available for an airport to purchase a new one of these systems using state funds.

Supporting Subsystems

The supporting subsystems of navigation systems involve data cables, internet connections, phone lines, and electrical underground wiring, as well as building foundations, mounting pylons and related in-ground support infrastructure. These subsystems are considered to be owned by the airport and are the airport sponsor's responsibility to maintain, repair, and replace as necessary to allow the system to operate. Since these subsystems are considered part of the airport, they are therefore eligible for funding at the current grant funding rates as described in this letter.

Airport Lighting Systems

Airport lighting systems are eligible for state funding at the current grant funding rates for both the purchase of and major maintenance of lighting systems. Lighting systems include all of the in ground wiring, electrical vaults, and lighting control systems. Examples of these systems include beacons, windsocks, runway edge lighting, PAPIs, and REILs. The lighting systems are considered to be owned by the airport and are the airport sponsor's responsibility to maintain in accordance with FAA criteria.

Example:

An airport sponsor would like to move their AWOS to a new location. In this case, the airport sponsor is responsible for setting up the new location with all of the required data cables, phone cables, power cables, and ground mounts to mount the equipment. Ensuring that the new location meets the current advisory circular for AWOS siting criteria and is shown on the ALP, or an ALP update is prepared, is also the airport sponsor's responsibility. The airport sponsor is also responsible for filing all required paperwork with the FAA to complete the necessary airspace study.

Once all approvals have been achieved and the new site is prepared, the State will then deconstruct and move the main electronic system of the AWOS to the new location and complete the commissioning process.

All of the planning and site prep, new site construction, and former site deconstruction work is performed by and funded by the airport sponsor and is eligible for funding reimbursement through state grants at the current funding rates, while the move of the sensors and electronics is conducted by and funded by the State.