

January 29, 2014



California Transportation Commission

**POLICY GUIDANCE
GENERAL AVIATION FUNDING
Resolution G-14-03**

1. **Purpose and Scope of Guidance.** The State Aeronautics Act, Part 1 of Division 9 of the Public Utilities Code (PUC), commencing with Section 21001, defines the roles and responsibilities of the Department of Transportation and the California Transportation Commission for aeronautics. PUC Article 4, Chapter 4, commencing with Section 21680 defines roles and responsibilities for the allocation and administration of grants for eligible public-use airports from the Aeronautics Fund. PUC Chapter 6 commencing with Section 21701 defines roles and responsibilities for eligible public-use airport planning.

The purpose of this guidance is to set forth the Commission's policy for carrying out its planning and funding roles under the Act in order to assist and advise the Department, regional transportation agencies, and grant applicants in carrying out their roles. This guidance does not address Department procedures that are not within the purview of the Commission.

Under the Aeronautics Act, there are three separate categories of general aviation funding from the Aeronautics Fund:

- **Annual Credits.** PUC Section 21682 provides that the Department shall establish individual revolving fund subaccounts for each eligible airport and shall credit to each subaccount \$10,000 annually. This credit program is administered solely by the Department.
- **Airport Improvement Program (AIP) Matching Grants.** PUC Section 21683.1 provides that the Department, upon allocation by the Commission, may pay a public entity 5% of the amount of a federal AIP grant.
- **Acquisition and Development (A&D) Grants.** PUC Section 21683.2 provides that remaining funds shall be used, at the discretion of the Commission, for airport and aviation purposes.

PUC Section 21701 mandates that the Department prepare and revise the California Aviation System Plan (CASP), including a 10-year Capital Improvement Plan (CIP). The Department is mandated to revise the CIP biennially and to revise all other elements of the CASP every five years. Under the statute, the Department submits the CASP and its revisions to the Commission, which shall review and hold public hearings on them, and adopt or revise and adopt them.

2. **Allocation Plan.** The Commission will approve funding allocations only when allocations are consistent with an annual allocation plan prepared by the Department and approved by the Commission. The allocation plan should include an estimate of funds available and a project priority list that identifies project cost estimates and is consistent with priorities identified in the adopted CASP. The allocation plan will also include the annual A&D local match percentage as described in Section 6 below. The Commission will approve an allocation plan only when it is consistent with the CASP and the CASP has been revised within the statutory time frame. The

Allocation Plan will include the three-year Aeronautics Program that the Department prepares under its current procedures.

Airport Improvement Program (AIP) Matching Grants

3. **AIP Lump Sum Allocations.** The Commission will approve a lump sum allocation each year for use by the Department in carrying out its responsibilities to fund AIP Matching Grants. The Department may suballocate these funds and may rescind its suballocations subject to the following terms and conditions:
- The Department may not suballocate an amount greater than the allocation.
 - Department suballocations will comply with the eligibility and matching requirements of PUC Section 21683.1.
 - The Department will suballocate funds only to projects included in the most recently adopted CIP.
 - The Department will not suballocate funds until the federal grant offer is accepted by the applicant.
 - The Department will not suballocate funds for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act (CEQA) and National Environmental Policy Act.
 - Upon completion of the project or termination of the federal grant, the Department will rescind any remaining portion of the suballocation within 60 days of termination notice or of final payment.
 - The Department will report to the Commission each quarter on the status of all suballocations, including balances not suballocated and any rescissions made. At the conclusion of each fiscal year and prior to the submission of the subsequent year's annual allocation plan, the Department will provide to the Commission a year-end report on the status of the lump sum allocation including all suballocations and rescissions made for the fiscal year.

Acquisition and Development (A&D) Grants

4. **A&D Allocations.** The Commission may allocate funds for an individual A&D Grant after receiving a request and recommendation from the Department. The Commission will approve an A&D allocation through an action on a properly noticed item on the agenda of a public Commission meeting. An allocation approved by the Commission is available only for the amount and purpose for which the Commission has approved it, and the allocation may not be amended by action of the Department. The Commission may amend an allocation upon the request and recommendation of the Department.

In compliance with Section 21150 of the Public Resources Code, the Commission may not allocate funds to local agencies for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act (CEQA). As a matter of policy, the Commission will not allocate funds for design, right-of-way, or construction of a federally funded project prior to documentation of environmental clearance under the National Environmental Policy Act. Exceptions to this policy may be made in instances where federal law allows for the acquisition of right-of-way prior to completion of National Environmental Policy Act review.

5. Project Eligibility. The Commission will allocate funds for an A&D grant only when the following conditions are met. The Department will review these conditions when making its allocation recommendation to the Commission:
 - The project is included in the approved Allocation Plan and adequate funding capacity is available.
 - The allocation will not be used as local match for a federal AIP grant.
 - The applicant is prepared to provide the required local match percentage.
 - Project services costs do not exceed 12% of the total project cost.
 - The applicant has not started or completed work on the project.
 - The applicant has provided documentation of CEQA compliance.
6. Deposit of Local Match. All A&D allocations are subject to the local match requirement of PUC Section 21684. That statute mandates that no payment be made for an A&D project unless the applicant deposits in its special aviation fund a certain percentage of the nonfederal cost of the project, with that percentage to be established annually by the Commission at not less than 10% nor more than 50%. The Commission will establish this percentage each year through the approval of the annual allocation plan.
7. Timely Use of Funds. A&D project allocations will be subject to the timely use of funds.
 - (a) It is a condition of Commission project allocations that a project construction contract is awarded within 12 months from the date of allocation.
 - (b) It is a condition of Commission project allocations that the funds are available to reimburse expenditures made up to 36 months after award of the contract.
 - (c) It is a condition of Commission project allocations that the funds are available only to reimburse expenditures that are invoiced within 180 days.
 - (d) It is a condition of Commission project allocation that any funds remaining shall be returned to the Aeronautics Account within 60 calendar days of final payment.
 - (e) The Commission may approve a one-time extension of any of these periods, upon the request and recommendation of the Department, as an amendment of the project allocation.
 - (f) Allocations or portions of allocations for which these conditions are not met are rescinded, and any remaining funds should be credited by the Department to the Aeronautics Fund and reported to the Commission as available for allocation to other projects.
8. Quarterly Reports. The Department will report to the Commission each quarter on the status of all A&D grants, including timely use of funds. The Commission will rely on these quarterly reports when evaluating allocation capacity, allocation plan revisions, or the allocation plan for the following fiscal year.

California Aviation System Plan (CASP)

9. **Adoption of the CASP.** PUC Sections 21702 and 21703 mandate that the Department prepare the California Aviation System Plan (CASP), including the 10-year Capital Improvement Program (CIP), and submit it to the Commission. PUC Section 21705 mandates that the Commission review the CASP, as prepared by the Department, hold public hearings and, based on the hearings, adopt or revise and adopt the CASP. Following this mandate, the Commission will hold hearings and take action on each CASP revision prepared by the Department, including revisions to the CIP.
10. **Project Priorities and Selection.** PUC Section 21706 mandates that the Department utilize the procedures and methodology adopted by the Commission for determining A&D project priorities. The procedures and methodology will be those proposed by the Department and adopted as part of the CASP.