



U.S. Department  
of Transportation

Alaskan Region Airports Division  
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**Federal Aviation  
Administration**

AUG 6 2009

Mr. Leo von Scheben, P.E., L.S., M.B.A.  
Office of the Commissioner  
State of Alaska Department of  
Transportation & Public Facilities  
Juneau, AK 99811

Dear Commissioner von Scheben:

This letter is in response to two individual letters from the State of Alaska (dated June 5, 2009 and June 12, 2009) regarding the future funding plan for the new Akutan airport. Based upon our review, the FAA approves of the proposed funding plan as follows:

<b>Year</b>	<b>Planned Funding Amount</b>	<b>AIP Statutory Funding</b>
2010	\$20.0 M	apportionment and potential discretionary
2011	\$11.0 M	apportionment
2012	\$5.25 M	apportionment (NPE)
2013	\$5.25 M	apportionment (NPE)
2014	\$5.25 M	apportionment (NPE)
2015	\$5.25 M	apportionment (NPE)

Within the aforementioned letters you requested that the State of Alaska be reimbursed for some of said project costs with future AIP "entitlement" funds over four years. Federal statute 49 USC 47110 authorizes the FAA to reimburse eligible project costs with current or future nonprimary entitlement funds (NPE). In addition, the State of Alaska can "combine" NPE funds for all airports under its sponsorship to be utilized for high priority projects.

FAA approval of the State of Alaska's funding plan (and future use of NPE funds) is based upon some key provisions outlined within your two letters. These provisions include:

1. The State of Alaska (with the Aleutians East Borough and the City of Akutan) provides to the FAA a written "Co-sponsorship Agreement." The agreement must outline the roles and responsibilities that each organization has in developing and operating the airport.
2. The State of Alaska develops an accurate aviation Capital Improvement Plan (CIP) for the next 5 years. This CIP must account for the statewide effects of committing future NPE funds for Akutan. The CIP must clearly plan and prioritize future AIP-funded capital development within the State's system of airports.

3. The future commitment of NPE funding for Akutan will not adversely deter from other Statewide priority projects, and the proposed NPE funding will only come at the expense of other low priority projects
4. Any cost savings as the result of favorable constructions bids would be to the benefit of the AIP program.

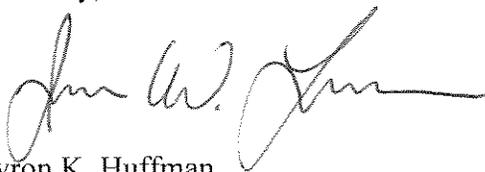
Your May 5 letter suggests that Akutan is one of the State of Alaska's top priorities. Although the FAA recognizes an Airport Sponsor's priorities, we need to remain aware of the effects that this decision could have on other statewide aviation needs. These include runway safety area improvements, declining airport pavement condition, and existing runways that do not meet FAA standards. It is important for the State of Alaska to plan and prepare for these potential impacts by developing a solid CIP. This is why provision number 2 is so vital.

An Airport Sponsor's decisions on entitlement funding significantly contributes to the FAA's development of the AIP Airports Capital Improvement Plan (ACIP). Furthermore, it influences the FAA's decisions on suitable uses of AIP Discretionary funds. This policy on developing the FAA's ACIP helps ensure that AIP funds in the aggregate contribute most to the safety, security, capacity, and efficiency of the Nation's system of airports.

Please be aware that this approval of the State of Alaska's funding plan in no way offers a commitment of future AIP discretionary funds. Although discretionary funding is being planned as part of the overall funding, an allocation commitment can only be made after completing the grant application process, congressional notification, and final grant approval.

Thank you for your correspondence. We look forward to our continued coordination in addressing the proposed Akutan Airport and all aviation priorities within the State of Alaska.

Sincerely,



for Byron K. Huffman  
Manager, Airports Division