



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
Washington Headquarters National Policy

ORDER
2500.8B

Effective Date:
10/01/06

SUBJ: Funding Criteria For Operations, Facilities And Equipment, Research, Engineering And Development, and Grants-In-Aid For Airports Accounts

1. Purpose. This order defines funding criteria for the Federal Aviation Administration's (FAA) Operations (Ops), Facilities and Equipment (F&E), Research, Engineering and Development (R,E&D) and Grants-in-Aid for Airports (AIP) accounts. The formulation and execution phases of the budget cycle are to be carried out in accordance with the provisions of this order.

2. Distribution. This order is distributed to the branch level in Washington headquarters, regions, centers, and to field offices and facilities.

3. Cancellation. Order 2500.8A, Funding Criteria for Ops, F&E, and R,E&D Accounts, dated April 9, 1993, and Order 2500.4, Facilities & Equipment (F&E), Activity 5 Personnel and Related Expenses (PCB&T) dated August 31, 1993, are canceled and replaced by this Order 2500.8B.

4. Explanation of Changes.

a. The major revisions to Order 2500.8A (April 9, 1993) include changes to further define agency policy for the appropriate use of Ops, F&E, and R,E&D.

b. This order defines agency policy for the appropriate use of AIP funds.

c. This order modifies definition of appropriation criteria to fund system decommissioning costs.

5. Policy. The FAA is statutorily bound to use appropriated funds in accordance with public law. The definitions, criteria for use, and limitations of each appropriation described in this order are written to ensure uniformity in application of public law. The current availability for new obligations of these accounts is as follows: The Ops account is one year, F&E project funds is three years, F&E PCB&T is one year, R,E&D is three years and AIP is no-year. Under unique circumstances, Ops, F&E, and R,E&D also may have funds appropriated as no-year.

6. Scope.

a. This order establishes policy, guidance, and criteria for determining the correct appropriation in which to request and execute funding for specific services, equipment and personnel expenses. All items requested in the President's Budget Request must be consistent with annual Congressional appropriation language. If appropriations language and/or criteria do not address specific activities or items included in the request, additions or revisions to statutory language may be proposed with the concurrence of and assistance from the Office of Chief Counsel and submitted along with the President's Budget Request for Congressional consideration.

b. The Ops account funds the recurring cost of annual administrative, operating, and maintenance expenses for conducting the agency's business.

c. The F&E account funds capital investments related to air navigation facilities and equipment and aviation safety systems including acquisition costs, installation, testing, initial spares, initial maintenance contracts and training for equipment, facilities, and other construction projects.

d. The R,E&D account funds the research and development (R&D) programs that improve the National Airspace System (NAS) by increasing its safety, security, productivity, capacity, and environmental compatibility to meet the expected NAS demands of the future. The R,E&D research activities are conducted prior to full-scale development/acquisition, which transfers to F&E upon completion.

e. The AIP account funds planning, development and administrative costs of a safe and efficient national airport system to satisfy the needs of the aviation interests of the United States. This includes airport improvement grants for development projects enhancing capacity, safety, and security, as well as for aircraft noise compatibility planning and programs.

7. Action. This order is effective on October 1, 2006.

8. Ops Account.

a. General Application. This is the primary appropriation from which the air traffic control operations services and annual operating and maintenance expenses are paid. Items appropriately budgeted and executed from this account are cost of administration, operation, repair and maintenance of FAA activities supporting the NAS. Specifically, this account funds the cost of personnel and support to operate and maintain the air traffic control system, flight service facilities, and navigation and landing aids. Costs for regulatory and inspection activities that provide for the safety and security of the NAS, the cost of developing new or revised flight procedures, airspace design, and the cost of generating electronic signals from both ground and satellite-based equipment are also funded in the Ops account.

b. Appropriation Language. *Consistent with Congressional language typically enacted for this account, the Ops appropriation provides "...for necessary expenses of the Federal Aviation Administration, not otherwise provided for, including operations and research activities related to commercial space transportation, administrative expenses for research and development, establishment of air navigation facilities, the operation (including leasing) and maintenance of aircraft, subsidizing the cost of aeronautical charts and maps sold to the public, lease or purchase of passenger motor vehicles for replacement only...." and for other unique provisions as may be specified each year.*

c. Items funded by the Ops account

- (1) Air traffic operations services.
- (2) Operations and maintenance of all FAA equipment and facilities.

(3) Capital purchases to support administrative functions.

(4) All agency-wide administrative supplies and support services, unless otherwise authorized by Congress, are funded by the Ops account including but not limited to: legal counsel and advice; procurement services; real property management; administration of building leases and equipment rentals; management of employee housing; services to furnish offices; supply services; acquisition and management of replenishment spare parts; administration of personnel, budget, payroll and accounting services; recurring communication expenses; information technology services; resource management planning; NAS logistics; and human resource management.

(5) Policy, planning and executive level direction and management of all operations for FAA projects, programs, and activities.

(6) Leased or purchased administrative services to support ongoing or recurring telecommunications services with the exception of one-time costs for new hardware acquisition in connection with air navigation facilities. **Exception:** Research initiated for the purpose of developing new regulatory standards is funded from the R,E&D account. Updates to existing regulatory policy are funded from the Ops account.

(7) Writing, publication, and administration of safety standards, rules, regulations applicable to airmen and aircraft operations.

(8) Registration of air personnel and aircraft, and performance of the aerospace medicine program to maintain a high level of aviation safety.

(9) Costs to monitor and validate the continued accuracy of signals emitted by air traffic control equipment, communication devices and other aids for aviation navigation and landing.

(10) All FAA aviation security responsibilities including planning, directing, managing, evaluating, and enforcement of civil aviation regulations.

(11) Recurring costs associated with protecting employees, contractors, assets and facilities; and contingency planning and emergency operations.

(12) Resources necessary to achieve comprehensive near and long-term plans to accomplish the FAA's mission using both in-house and contractual resources such as MITRE, Federally Funded Research and Development Centers, and CAASD. Funding for management and leadership to direct, coordinate, control, and ensure the adequacy of FAA plans and programs for system acquisitions, engineering, and management activities for the NAS.

(13) FAA workforce planning including costs associated with recruiting, training, and human resource management programs.

(14) Costs associated with conducting workforce planning and analysis studies including those initiated in support of A-76 studies and evaluations.

(15) Oversight, inspection and compliance and enforcement activities for operators and other entities in the NAS.

(16) Certification activities for NAS operators, air personnel and aircraft.

(17) Costs not specifically addressed by the criteria for other FAA appropriations (e.g., F&E, R,E&D and AIP).

(18) Commercial Space Activities which include ensuring public safety for licensed and U.S. launch and reentry activities encouraging the expansion of commercial space transportation through environmental activities and delivery of products to enhance the international competitiveness of the U.S. commercial space transportation industry.

9. F&E Account.

a. General Application. The F&E account funds capital improvement projects necessary to accomplish the FAA's mission by providing funds to establish, replace, relocate, or improve air navigation facilities and equipment and aviation safety systems based on their operational use. The F&E account also funds all costs associated with decommissioning these systems regardless of whether they are being replaced or not. Projects eligible for F&E funding include the construction, capital lease, or lease to purchase of facilities, land, equipment development and acquisition, initial training, initial spares, and software required to establish an operational capability in connection with an air navigation, or experimental facility. This includes the costs of acquiring non-developmental items (NDI) and commercial off-the-shelf (COTS) equipment. F&E funds the federal salaries, benefits, travel, and other costs supporting program management within this account such as supplies, office equipment, and services. In addition, the costs of other FAA personnel temporarily supporting F&E systems implementation may be appropriately charged to this account. The amount of labor charges to be transferred to the F&E account must be clearly documented as directly supporting F&E system requirements. As outlined in Section 12 (Criteria for Funding Items Under Ops, F&E, or R,E&D), certain operations and maintenance costs of newly commissioned systems can be retained in F&E for up to 24 months.

b. Appropriations Language. *Consistent with Congressional language typically enacted for this account the F&E appropriation provides "...for necessary expenses, not otherwise provided for, for acquisition, establishment, technical support services, improvement by contract or purchase, and hire of air navigation and experimental facilities and equipment, as authorized under part A of subtitle VII of title 49, United States Code, including initial acquisition of necessary sites by lease or grant; engineering and service testing, including construction of test facilities and acquisition of necessary sites by lease or grant; construction and furnishing of quarters and related accommodations for officers and employees of the Federal Aviation Administration stationed at remote localities where such accommodations are not available; and the purchase, lease, or transfer of aircraft from funds available under this heading; to be derived from the Airport and Airway Trust Fund...." and for other unique provisions as may be specified each year. The definition of air navigation facility is a facility used, available for use, or designed for use, in aid of air navigation, including a landing area, light, apparatus or equipment for distributing weather information, signaling, radio-directional finding, or*

radio or other electromagnetic communication; and another structure or mechanism for guiding or controlling flight in the air or the landing and takeoff of aircraft.

c. The F&E budget contains separate budget activities to further identify the purpose of the funding. For example, funding requested in budget activity one is for system development activities. Generally, funding requested within budget activity two is for items where little development work is anticipated or for those acquisitions in production. Specific F&E funded activities are described below:

(1) Design, engineering, development, test and evaluation costs to develop new air navigation systems from initial research to production when facilities are collocated or consolidated for the purpose of collocating or consolidating air traffic control facilities.

(2) Procurement and modernization of air traffic control facilities and equipment. This includes all related costs leading to acquisition of air traffic control facilities, en route oceanic automation programs, navigation and landing aids, surveillance equipment, automation, communication, and control equipment. Also includes procurement of flight inspection aircraft.

(3) Procurement and modernization of non-air traffic control facilities and equipment. Typical items include:

(a) Hardware and software required for NAS facilities, equipment support and aviation security and oversight activities such as the Aviation Safety Analysis System (ASAS), Facility Security Risk Management (FSRM), and System Approach for Safety Oversight, etc., so long as these activities improve air navigation facilities.

(b) Projects where end products are not directly attributable to other F&E projects, but which are required for air traffic control, navigation or landing aids.

(c) Construction of day care facilities for children of FAA employees that is part of an air navigation facility.

(d) Training equipment replacement, courseware for computer-based instruction and related infrastructure and facility improvements at the Aeronautical Center.

(e) Acquisition of equipment, facilities, and all materials to establish training capability for new air navigation systems

(4) Mission support for all FAA air navigation facilities. Activities that provide system-wide integration, transition engineering, and technical contractual support in direct support of system acquisition or installation:

(a) System engineering, integration, and support

(b) National airspace integrated logistics support

- (c) Logistic support services
 - (d) Technical support services
 - (e) Transition engineering support
- (5) Personnel, Compensation, Benefits, and Travel (PCB&T).

(a) Provides for the direct cost of federal salaries, benefits, travel, related personnel costs of FAA employees supporting development, engineering, test, program management, acquisition, quality/control investment analysis, contract management oversight, training or implementation of all capital projects funded under the F&E account.

(b) Funds the cost of personnel authorized under and regularly paid from the Ops account that are performing direct work or providing support to F&E funded projects. Personnel funded under this category are still paid by the Ops appropriation, but the account may be reimbursed from F&E based on the amount of the employees' salary and benefits associated with those persons supporting F&E activities. Transferable costs include salaries, benefits, overtime (but does not fund backfill overtime), and travel.

10. R,E&D Account.

a. General Application. This account funds research, engineering, and development programs supporting the R,E&D mission to plan, conduct, and integrate domestic and international research, and develop products and services that will ensure a safe, efficient, and an environmentally compatible global air transportation system. The FAA has R,E&D programs that fall into the categories of "basic research," "applied research," and "development" as described below.

b. Appropriation Language. *Consistent with Congressional language typically enacted, the R,E&D appropriation provides: "For necessary expenses, not otherwise provided for, for research, engineering, and development, in accordance with the provisions of the Federal Aviation Act of 1958, as amended (49 U.S.C. App. 1301 et seq.), including construction of experimental facilities and acquisition of necessary sites by lease or grant," and for unique provisions as may be specified.*

c. OMB Circular A-11, Section 84, states that R,E&D activities comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture, and society, and the use of this stock of knowledge to devise new applications. A-11 also requires that an agency's total R,E&D budget be divided into the following funding categories: basic research, applied research, and development.

(1) Basic research is defined as "systematic study directed toward fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without preplanned applications."

(2) Applied research is defined as "systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met."

(3) Development is defined as “systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and processes to meet specific requirements.”

d. R,E&D Budget Structure

(1) Regulatory R,E&D projects (e.g., result in rulemaking or procedures) that have no equipment, facilities, or structures, as end products are to be funded using R,E&D funds. Such R,E&D projects generally involve “applied research” (see paragraph above.10.c. for definition). Examples of research in this category include:

- (a) Aging Aircraft
- (b) Human Factors
- (c) Weather-Safety
- (d) Environment and Energy

(2) “Development” research category projects generally lead to end products where production will be funded from the F&E account. R,E&D work of this kind typically requires extensive effort in the requirements definition, concept analysis, and demonstration phases. Also, high technological or unquantifiable risks are characteristic of this type of work.

(3) When a project or segment development is accomplished under the “build” concept, alternative design concepts are identified, explored, demonstrated, tested, and accepted before selecting an optimum design to proceed to the next build level. A project initiated under these conditions would migrate to the F&E account when the design is production ready (e.g., software development initiated in the R,E&D account).

11. **AIP Account.**

a. General Application. This account funds the FAA's AIP authorized in Chapter 471 of Title 49, U.S. Code. The broad objective of this grant program is to assist in the development of a nationwide system of public-use airports adequate to meet the current needs and the projected growth of civil aviation. AIP provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems (NPIAS) and for other noise compatibility programs. Since FY 2002, this appropriation has also funded the Small Community Air Service Development program (SCASDP). Authorized in 49 USC 41743, SCASDP provides grants designed to help smaller communities enhance their air carrier service and address issues related to high airfares. In addition, this account funds the administrative expenses of the FAA Office of Airports (ARP), including federal salaries, benefits, and support costs of ARP personnel. Further, this account also funds airport related research including the Airport Cooperative Research Program and the Airport Technology Research Program.

b. Appropriation Language. *Consistent with Congressional language typically enacted for this account, the Grants-in-Aid for Airports appropriation provides "...for liquidation of obligations incurred for grants-in-aid for airport planning and development, and noise compatibility planning*

and programs as authorized under subchapter I of chapter 471 and subchapter I of chapter 475 of title 49, United States Code, and under other law authorizing such obligations; for procurement, installation, and commissioning of runway incursion prevention devices and systems at airports of such title; for grants authorized under section 41743 of title 49, United States Code; and for inspection activities and administration of airport safety programs, including those related to airport operating certificates under section 44706 of title 49, United States Code.", and for other unique provisions as may be specified each year.

c. Specific AIP funded activities. Eligibility rules, guidance, policy, and procedures used to administer AIP are described in FAA Order 5100.38C, Airport Improvement Program Handbook. This account also funds costs of planning, development, administrative costs capacity enhancements, and safety certification of public airports.

12. Criteria for Funding Items Under OPS, F&E, or R,E&D.

a. Personnel, Compensation, and Benefits (PC&B). All salaries and benefits are to be budgeted in and paid from the account under which the positions are authorized. Exceptions to this policy include cross-utilization of personnel providing support on a limited basis to another appropriation. Typically this applies to Ops personnel supporting an F&E funded project but it could also be the reverse (i.e., F&E funds for Ops personnel) or involve R,E&D funded positions. In all cases, the benefiting account reimburses the account that regularly pays the employee's salary through an accounting transfer. Only PC&B may be used to reimburse Ops labor, F&E project funds may not be used. **Exception:** R,E&D project funds may be used to reimburse labor because there is no separate PC&B account for R,E&D funded positions.

b. Travel. All travel costs to include administrative, training, conference, management review, or job performance travel are to be paid from the same account under which the traveler's position is authorized with the following exceptions:

(1) Travel costs for Operations personnel when specifically traveling to perform work or tasks directly related to F&E funded projects (typically performing new equipment installation) and specific F&E project management and review are to be charged to the F&E PCB&T account. For example, with regard to project management and review, the primary reason for travel would be a manager or technician attending a meeting to discuss commissioning and/or who is involved in pre-installation meetings, progress meetings, flight-check, optimization, installation progress meetings, or project problem resolution.

(2) F&E personnel traveling to satisfy Operations requirements are to be funded from the Ops account. Typically this involves F&E personnel performing equipment maintenance.

(3) Travel costs for contractor personnel are to be funded through the contract vehicles under which they are employed.

c. Training Equipment, Course Development and Related Course Materials, and Contractor Provided Instruction. Costs for employee training are to be funded from the same appropriation in which the position is authorized. Other specific exceptions to this policy are provided below:

(1) The F&E account funds the cost of training equipment for new systems and equipment procured under F&E. These costs are to be included in the project cost estimate.

(2) All costs to develop training materials for new systems or equipment are to be funded by the F&E account and included in the project cost estimate.

(3) The F&E account funds all initial contractor provided instruction to support deployment, operation and maintenance of new systems or equipment installed in the NAS. Based on the training policy and on in-house economies that may be achieved, courses should be considered for integration into the FAA Academy (or Center for Management and Executive Leadership (CMEL)) curriculum as soon as practical. After courses are established at either the FAA Academy or CMEL, whether provided by contractor or FAA staff, the cost of instruction will be funded by the Ops account along with all recurrent training. Consistent with this order, employee travel costs for training are to be paid out of the same account from which the position is funded.

d. Permanent Change-of-Station (PCS) Moves. Like salaries, PCS costs are to be budgeted for and paid from the same account under which the employee's position is authorized. However, F&E funds may be budgeted in advance for employee relocation costs associated with establishing a new F&E facility such as a TRACON (e.g., F&E budget line item titled PCS costs). Eligible costs include relocation expenses of employees from other facilities.

e. Leases. Various forms of lease agreements may be used to procure services, land, structures, or equipment (including aircraft). Decisions to lease or buy must be supported by appropriate lease purchase analyses. Development of these analyses should be a routine part of acquisition planning and must comply with OMB Circular A-11. When analyses do support a lease option, the following standards are to be applied regarding appropriation selection:

(1) The Ops account is to fund:

(a) All operating (including leased services) or capital leases (including lease-purchase) for all administrative offices or related support.

(b) All leased telecommunications costs except those specifically identified for F&E funding under the criteria in 12.e(6).

(2) The F&E account is to fund:

(a) The long-term capital lease at the Mike Monroney Aeronautical Center.

(b) Capital leases (including lease to purchase) or operational leases (including asset costs in leased service agreements) that are for services, equipment, or facilities that are used to provide or maintain air traffic control facility and equipment services or navigation/landing aids or to provide direct support to such services or aids.

(c) For leased service contracts providing air traffic control services or navigation/landing aids, costs are to be divided between asset (capital) and operational expenses and funded from the F&E and Ops accounts respectively.

f. Equipment Maintenance Contracts. Maintenance contracts are to be funded from the Ops account with the following exceptions for NAS Plan Hand-off. These exceptions include certain maintenance contracts, initial training, and spare parts.

(1) Maintenance contracts on new equipment. Maintenance contracts on new equipment procured by the F&E account may be funded from F&E in the fiscal year equipment is deployed and for up to one full fiscal year beyond commissioning and operations in order to allow time to establish new maintenance requirements in the Ops budget. This could entail F&E funding for up to 24 months. Such transition occurs on a site-by-site basis as new systems or equipment are fielded. Because full deployment of new systems may be spread over many years, maintenance contracts may be funded by both F&E and Ops during the NAS hand-off transition period.

(2) Facilities Maintenance, Training and Repairs. Initial training on new systems is paid from the F&E account. All recurring maintenance and training costs for facilities and equipment are to be budgeted for and paid from the Ops account. This may include special maintenance projects identified in the Ops budget as “Critical and Emergency Repairs to Structures and Grounds” (e.g., structure painting, repairs to access roads and fencing, replacement of carpeting, and repaving of parking lots). The following are exceptions to this policy:

(a) System-wide rehabilitation work for operating facilities and equipment is budgeted from the F&E account. Examples include replacing equipment shelters, structural renovations, system-wide operating equipment replacement, technical refresh, and service life extension projects (SLEPs).

(b) Air navigational aids and air traffic control facilities (local projects) are not considered to be routine maintenance projects but instead satisfy requirements unique to a specific region and provide a limited capability to modify, expand, and improve facilities and equipment. These projects are to be funded from the F&E account. Typical projects include minor improvements to ATC workstations, antenna modifications and relocations, correction of fire hazard conditions, provisions for employee safety, projects to correct security problems in operating facilities, and correction of minor design deficiencies unique to an F&E equipment or site.

(3) Spare Parts.

(a) Initial Spares. Initial provisioning equivalent to the first year’s supply of new equipment procured under the F&E account will be budgeted for and paid from the F&E account to allow adequate time to integrate the supply and support requirements in the Ops account. Extraordinary provisioning requirements (relative to design or performance deficiencies in new NAS equipment resulting from modifications to system-wide F&E funded equipment) will be paid from the F&E account.

(b) Replenishment Spares. Replenishment of spare parts inventory, whether specific to a piece of equipment or generic, will be budgeted for and paid from the Ops account.

(4) Software Development and Maintenance. The Ops account will fund all routine software maintenance and revisions to operational systems. The F&E account will fund development and production of software for new F&E funded systems and for new software or major enhancements to existing software that is hosted on F&E procured equipment.

(5) Emergency Restorations. When emergency restoration is required as a result of facilities damaged by unforeseen causes, regions may take immediate action to preserve system safety, life, and property, and to maintain critical services to the public. The immediate actions should be restricted to the minimum necessary to accomplish objectives.

(a) Ops account pays for Ops salaries and expenses, including overtime, travel, and support, including costs to repair.

(b) F&E pays for equipment, construction, and installation costs to repair or replace damaged operational equipment and facilities. F&E also pays for salaries and expenses including overtime, travel, and support.

(6) Leased Telecommunications. Costs of the telecommunications management and operations program are to be funded from the Ops account. All leased operational and administrative telecommunications costs are to be funded from the Ops account with the following exceptions:

(a) The F&E account is to fund non-recurring site preparation and facility-end connection costs associated with leased circuits that are required for the fielding of new F&E equipment. These costs are to be included within the relevant F&E project estimate and budgeted accordingly.

(b) F&E may fund recurring leased telecommunications costs for new F&E equipment coming into the system for up to one full fiscal year following the year of initial operation. This could entail F&E funding for up to 24 months.

(7) Technical Center Facilities. The William J. Hughes Technical Center, located in Atlantic City, New Jersey, provides test and evaluation support to the R,E&D, F&E and Ops funded activities. Support for the Technical Center is budgeted on a shared basis contingent on facility usage.



Ramesh K. Punwani
Assistant Administrator
for Financial Services/CFO

Appendix 1
Summary of Funding Standards and Exceptions
For Selected Items of Cost

This appendix is intended as a quick reference to funding standards and exceptions on selected costs that are common to and may cut across accounts. See paragraphs 8, 9, 10, 11, and 12 of this order for details on these items. The subparagraphs of paragraph 12 are outlined below:

<u>Paragraph 12 Reference</u>	<u>Standard</u>	<u>Exception</u>
a.	PC&B – Paid from account where position is authorized.	Ops pays for other account personnel performing work on Ops requirements. F&E pays for other account personnel performing direct work on F&E projects. R,E&D pays for other account personnel performing direct work on R,E&D projects
b.	Travel – Paid from account where salary is paid.	Same exception as for PC&B above.
c..	Training Equipment, Course Development, and Contractor Provided Instruction – Paid from account from which trainees' salaries are paid.	F&E pays for: (a) Equipment for new and recurrent training on F&E procured equipment. (b) Course development and course materials for new equipment. (c) Initial contractor provided instruction on new equipment until moved in-house.
d.	PCS – Paid from gaining account in which transferee's salary is to be paid.	F&E may pay PCS for major facility consolidation efforts regardless of where transferee's salary is to be paid such as Northern and Southern California TRACON. A separate budget line item must be requested to fund this requirement.

Paragraph 12 Reference	Standard	Exceptions
e.	Leases – Paid from all accounts.	<p>Ops pays for:</p> <p>(1) All operating (including leased services) or capital leases (including lease-purchase) for all administrative offices or related support.</p> <p>(2) All leased telecommunications costs except as provided under F&E in subparagraph 12.e.(6).</p> <p>F&E pays for:</p> <p>(1) Long-term capital leases at AMC .</p> <p>(2) Capital leases (including lease to purchase), or operational leases (including asset costs in leased service agreements) that are for services, equipment, or facilities used to provide or maintain air traffic control services or navigation/landing aids or to provide direct support to such services or aids.</p> <p>(3) For leased service contracts providing air traffic control services or navigation/landing aids, costs are to be divided between asset (capital) and operational expenses and funded from the F&E and Ops accounts respectively.</p>
f.1	Equipment and Other Maintenance Contracts – Paid from the Ops account.	F&E pays for contract cost for new system and capabilities for up to one full fiscal year beyond commissioning and operation. This could entail F&E funding for up to 24 months.

Paragraph 12 Reference	Standard	Exceptions
f.2	Facilities Maintenance, Recurring Training, and Repair – Paid from Ops Account.	<p>F&E pays for:</p> <p>(1) Initial training on new systems.</p> <p>(2) System-wide rehabilitation work for operating facilities and equipment.</p> <p>(3) Minor improvements and modifications may be budgeted in F&E Budget as “Local Projects.”</p>
f.3.	<p>Spare Parts.</p> <p>a. Initial Spares: Paid from the F&E account.</p> <p>b. Replenishment Spares: Paid from the Ops account.</p>	
f.4.	Software Development and Maintenance – Paid from the Ops account for routine maintenance and revisions to operational systems.	<p>F&E pays for:</p> <p>(1) Development and production of software for new systems related to new F&E projects.</p> <p>(2) New software or major enhancements to current software that is to be hosted on existing F&E equipment.</p>

Paragraph 12 Reference	Standard	Exceptions
f.5.	Emergency Restoration – Paid from Ops or F&E based on guidance in this order.	<p>Ops pays for:</p> <p>Ops salaries and expenses, including overtime, travel, and support, including costs to repair.</p> <p>F&E pays for:</p> <p>Equipment, construction, and installation costs to repair or replace damaged operational equipment and facilities. F&E also pays for salaries and expenses, including overtime, travel, and support.</p>
f.6.	Leased Telecommunications – Paid from Ops account.	<p>F&E pays for:</p> <p>(1) Non-recurring site preparation and facility-end connection costs for leased circuits required for fielding new F&E equipment.</p> <p>(2) Recurring leased telecommunications costs for new F&E equipment for up to one full fiscal year beyond commissioning/operation. This could entail F&E funding for up to 24 months.</p> <p>(3) Non-recurring costs for change-over of existing circuits.</p>
f.7.	Technical Center Facilities – paid on a shared basis from all accounts. Ops, F&E, and R,E&D pay costs on a shared facility usage basis.	