



**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 24th day of February, 2020

In the Matter of the

**SMALL COMMUNITY AIR SERVICE  
DEVELOPMENT PROGRAM**

**DOCKET DOT-OST-2019-0071**

under 49 U.S.C. § 41743 *et seq.*

**ORDER AWARDING GRANTS**

**Summary**

By this Order, the U.S. Department of Transportation (the Department) awards 18 grants under the Small Community Air Service Development Program (“Small Community Program” or “SCASDP”) benefitting communities in 18 states to assist with the implementation of the air service initiatives proposed in their grant applications. The communities, the amount of funding awarded to the communities, and brief descriptions of the projects are listed in the Appendix to this Order. Award recipients must affirm their grant awards by entering into grant agreements, obligating the funds, with the Department. Award recipients may not seek to be reimbursed funds under the Small Community Program until they affirm their grant awards.

**Background**

The Small Community Program was established by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (Pub. L. No. 106-181), reauthorized by the Vision 100-Century of Aviation Reauthorization Act (Pub. L. No. 108-176), and subsequently reauthorized by the FAA Modernization and Reform Act of 2012 (Pub. L. No. 112-95), as amended, the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. No. 115-63), and the FAA Reauthorization Act of 2018 (Pub. L. No. 115-254) (FAA 2018).<sup>1</sup> Authorization for this program is codified at 49 U.S.C. § 41743.

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<sup>1</sup> FAA 2018 made a number of structural and technical changes to the program that apply to grants beginning in FY 2018 and that are reflected in this Order.

The Small Community Program is authorized to receive appropriations under 49 U.S.C. § 41743(e)(2). Appropriations are provided for this program for award selection in FY 2018 pursuant to the Consolidated Appropriations Act, 2018 (Pub. L. No. 115-141). The Consolidated Appropriations Act, 2018 provided the Department \$10 million for FY 2018 grant awards to carry out this program. An additional \$2.5 million is available in recovery funding.

When selecting applicants to participate in the Small Community Program, the Department is statutorily required to apply the following criteria for participation:

1. The airport serving the community or consortium is not larger than a small hub airport, as determined using the FAA's most recently published classification effective on the date that the community or consortium files an application (Order 2019-5-1);
2. The airport has insufficient air carrier service or unreasonably high air fares;
3. The airport presents characteristics, such as geographic diversity or unique circumstances, that demonstrate the need for, and feasibility of, the Small Community Program;
4. An applicant may not receive an additional grant to support the same project more than once in a 10-year period, except in certain circumstances;<sup>2</sup> and
5. An applicant may not receive an additional grant prior to the completion of its previous grant.<sup>3</sup>

The statute further provides that no more than four communities or consortia of communities, or a combination thereof, from the same state may be selected to participate in the program in any fiscal year, and no more than 40 communities or consortia of communities, or a combination thereof, may be selected to participate in the program in each year for which the funds are appropriated.

In addition, the statute directs the Department to give priority to those communities or consortia of communities<sup>4</sup> where: (a) air fares are higher than the average air fares for all communities; (b) a portion of the cost of the activity contemplated by the community is provided from local, non-airport revenue sources; (c) a public-private partnership has been or will be established to facilitate air carrier service to the public; (d) improved service will bring the material benefits of scheduled air transportation to a broad section of the traveling public, including businesses, educational institutions, and other enterprises whose access to the national air transportation system is limited; (e) the assistance will be used to help restore scheduled passenger air service that has been terminated;<sup>5</sup> (f) the funds will be used in a timely manner;<sup>6</sup> and (g) multiple communities cooperate to submit a regional or multistate application to consolidate air service into one regional airport.

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<sup>2</sup> As provided under 49 U.S.C. § 41743(c)(4)(C), the Department may waive the same project limitation. We granted such waivers to three of the 18 communities selected for grants in this proceeding.

<sup>3</sup> 49 U.S.C. § 41743(c)(1)-(4).

<sup>4</sup> A consortium of communities is defined as a single entity. 49 U.S.C. § 41743.

<sup>5</sup> 49 U.S.C. § 41743(c)(5)(E).

<sup>6</sup> 49 U.S.C. § 41743(c)(5)(F).

The Department is authorized to award grants to communities that seek to provide assistance to:

- An air carrier to subsidize service to and from an underserved airport for a period not to exceed three years;
- An underserved airport to obtain service to and from the underserved airport; and/or
- An underserved airport to implement such other measures to improve air service both in terms of the cost of such service to consumers and the availability of such service, including improving air service through marketing and promotion of air service and enhanced utilization of airport facilities.<sup>7</sup>

On May 6, 2019, the Department issued an Order Soliciting Small Community Grant Proposals (Solicitation Order) from communities interested in receiving grant funding this year, and requested that such proposals be filed no later than July 15, 2019 (Order 2019-5-1). The Solicitation Order required each applicant to submit a completed Standard Form 424 and a Summary Information schedule to [www.grants.gov](http://www.grants.gov). Communities were requested to provide information that would help in the consideration of their grant requests, including details about their existing air services, historical air services, current air service needs and deficiencies, a full description of the community's proposal, plans for implementation, funding requirements, and plans for monitoring the success of the project, including modifying or discontinuing funding if the project is not meeting expectations.

Drawing on the Department's learnings and experience from previous years, the Solicitation Order discussed various issues relating to project types and the grant application process, including the sources of local funding, the consideration of in-kind contribution, the use of grant funds, and the eligibility to participate by past grant recipients. The Solicitation Order further emphasized that communities would be expected to meet the financial-contribution commitments that they include in their proposals.

### **FY 2018 Grant Applications**

In response to the Solicitation Order, the Department received 57 grant applications from communities in 30 states. Collectively, these communities sought more than \$37 million in Federal assistance to support new and ongoing air service development projects. Of the 57 applications, eight applications were from communities with small-hub airports. Three of the 57 applications did not meet the basic eligibility criteria for participation outlined above and were determined ineligible for consideration.

As in previous years, this year's eligible applications included proposals for feasibility studies, new or expanded service initiatives, marketing, and assorted combinations thereof. These applicants provided information on historical and current air service and air fare issues facing their communities, the economic benefits of air service, proposed initiatives to remedy air service or air fare problems, and arguments in support of their proposals. Nearly all the communities pledged local cash and/or in-kind contributions from local, state, airport, or private sources to complement their requests for Federal assistance.

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<sup>7</sup> 49 U.S.C. § 41743(d).

The large majority of applicants specified the need to attract new and/or additional air services to their communities. Similar to previous years, a majority of applicants also proposed to implement their projects using revenue guarantees or subsidies, together with a variety of marketing and promotional initiatives. A critical component of most proposals was funding to support community-based marketing and promotional initiatives to stimulate demand and community awareness of local airport services. These efforts are directed at publicizing not only the availability of air services, but also the convenience of using the local airport compared to more congested air service hubs or other larger airports in the region. A number of applicants argued that certain industry issues, including network rationalization, pilot shortages and scheduling/workload requirements, prompted the need for Federal assistance in order to help the communities compete for new services and retain current services.

### **FY 2018 Grant Awards**

The Small Community Program is unique in that it encourages and affords communities the opportunity to develop their own solutions to their air service problems based on their particular needs and circumstances. By providing communities the opportunity to develop and implement air service projects tailored to their individual needs, the program aims to maximize the potential for success in the communities' endeavors. Since the program's inception, the Department has sought to maximize the number of participating communities, promote geographic diversity of the selections, and support a variety of solutions to the problems identified by applicants in order to provide a wide range of approaches for dealing with the challenges faced by similarly-situated communities.

With these considerations in mind, we are selecting 18 grant proposals with the objective of entering into grant agreements with the communities identified in the Appendix to this Order. Award recipients must enter into grant agreements with the Department before the recipients may seek to be reimbursed expenses under their Small Community Program projects. In addition, grant recipients are subject to all grant conditions and assurances required by Federal law, regulations, and executive orders.<sup>8</sup> The Department's grant agreements will be transmitted to the selected communities subsequent to the issuance of this Order.<sup>9</sup>

The proposals we selected meet the purpose of the statute, and provide opportunities to test a variety of approaches to improving small community air service in many regions of the country. The attached Appendix provides a brief description of each project and the amount of funding each community requested. As an overview, all of the awards are being made to communities proposing revenue guarantees or marketing, or revenue guarantees with marketing, as a means to attract new service, to support existing service, or to restore lost service.

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<sup>8</sup> See <http://www.transportation.gov/policy/aviation-policy/small-community-rural-air-service/SCASDP> for applicable conditions and assurances.

<sup>9</sup> As in previous years, the Department's staff will, at the request of any non-selected applicant community, conduct a debriefing with representatives of that community to review and provide feedback on its application in this proceeding. Any affected community wishing to avail itself of a debriefing should contact the Associate Director, Brooke Chapman, at [Brooke.Chapman@dot.gov](mailto:Brooke.Chapman@dot.gov).

The selected communities are: Tuscaloosa, AL; Yuma, AZ; Chico, CA; Grand Junction, CO; Athens, GA; Dubuque, IA; Twin Falls, ID; Lake Charles, LA; Rochester, MN; Columbia, MO; Greenville, NC; Atlantic City, NJ; Roswell, NM; North Bend, OR; Erie, PA; Abilene, TX; St. George, UT; and Pullman, WA.

All of the selected communities are contributing financial resources to their respective grant projects. The local resources reflect a commitment that is important to the potential success of the proposed initiatives. Moreover, nearly all of the communities have (1) established robust public-private partnerships to enhance community participation and facilitate access to air services, (2) provided a specific plan and timetable for using their grant funds in a timely manner, and (3) have provided a letter of support from an interested air carrier.

### **Air Service Development Zone**

The statute directs the Department to designate an airport in one community awarded a grant under this program as an “Air Service Development Zone” (ASDZ), and to work with the community or consortium on means to attract business to the area surrounding the airport, to develop land-use options for the area, and to provide data, working with the Department of Commerce and other Federal agencies.<sup>10</sup> We are designating Grand Junction Regional Airport, Grand Junction, CO, as an ASDZ. Grand Junction was the only community that applied for the ASDZ designation this year. The designation does not entail any additional financial assistance.

### **Grant Agreements**

As noted above, the Department will execute grant agreements with each recipient. The Department stated in the Solicitation Order that communities must establish milestones to monitor the progress of the proposed projects to determine whether amendments are necessary or whether the grant agreement should be terminated. As done in the past, milestones and progress reporting requirements (modified as discussed below) will be included in the grant agreements. Federal funds under this grant program are disbursed on a reimbursable basis, with the communities expending funds for the grant project and then seeking reimbursement. Expenditures incurred by third parties are not directly reimbursable to such third parties under this grant program.<sup>11</sup> In seeking reimbursements, grant recipients must provide invoices or other evidence of the expenditure, details about the expenditure and how it relates to the grant project, and evidence of payment. In addition, the legal sponsor is required to certify that each invoice is relevant to the authorized grant project and has been paid. Communities will be required to comply fully with the terms of their proposals and the grant agreements.

As we did for the FY 2017 grants, we will issue Small Community Program grants for three different durations: two years for grants involving studies, three years for those involving marketing, and four years for those including revenue guarantees.<sup>12</sup>

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<sup>10</sup> 49 U.S.C. § 41743(h).

<sup>11</sup> The legal sponsor must have paid all costs associated with eligible invoices, including costs incurred by third parties, prior to seeking reimbursement from the Department.

<sup>12</sup> See Order 2018-7-10, p. 6. Title 49 U.S.C. § 41743(d)(1) states that the Secretary may issue grants “to provide assistance to an air carrier to subsidize service to and from an underserved airport for a period not to exceed 3

In addition, as we likewise did for the FY 2017 grants, we will provide for a community to seek and obtain a first grant extension (if it deems such an extension necessary) by allowing it to obtain a self-initiated one-year extension of its grant if it files with the Department, no later than 60 days prior to the expiration date of its grant agreement, a written request for such extension.<sup>13</sup>

### **Reporting Requirements**

Unless otherwise noted, each grantee must submit semi-annual reports on the progress made during the previous period in implementing its grant project. In addition, each community will be required to submit a final report on its project to the Department, and 10 percent of the grant funds will not be reimbursed to the community until such a final report is received. Additional information on award administration for selected communities will be provided in their grant agreements.

### **ACCORDINGLY,**

1. We select the communities listed in the Appendix to receive grant awards under the Small Community Air Service Development Program as described in this Order;
2. We designate Grand Junction Regional Airport, Grand Junction, CO, as an Air Service Development Zone;
3. Grant recipients shall be subject to all grant conditions and assurances that will be attached to and incorporated in the grant agreements (also available at <http://www.transportation.gov/policy/aviation-policy/small-community-rural-air-service/SCASDP>). In addition, to the extent that the grant agreement permits expenditure of the awarded Small Community Program funds in any manner that would not be permitted for funds received as part of Federal Aviation Administration's Airport Improvement Program (AIP), such permission is strictly limited to the expenditure of the Small Community Program funds awarded under the grant agreement. Nothing in the grant agreement negates the recipient's obligations to fully comply with FAA Order 5100.38D and all applicable federal law;
4. Each award recipient must affirm this award by entering into a grant agreement with the Department. Award recipients may not seek to be reimbursed under the Small Community Program until they affirm their grant awards;
5. Each award recipient whose grant agreement has not yet reached its initial termination date may obtain a self-initiated one-year extension of its grant if it files with the Department (Office

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years...." The three-year limitation applies only to the duration of the revenue guarantee itself, beginning when the subsidized service actually commences. Our four-year grant duration recognizes that significant time is often spent by communities in arranging for a revenue guarantee with an air carrier before such service can begin, and gives additional time for communities and air carriers to complete this preliminary process.

<sup>13</sup> See Order 2018-7-10, p. 6.

of Aviation Analysis, X-55), no later than 60 days prior to the expiration date of its grant agreement, a written request for such extension; and

6. A copy of this Order will be served on the legal sponsor for each applicant in this proceeding.

By:

**DAVID E. SHORT**  
Deputy Assistant Secretary  
Aviation and International Affairs

(SEAL)

*An electronic version of this document is available  
at <http://www.regulations.gov>*

Appendix

Appendix		Order 2020-2-13	
State	Community	Federal Amount Awarded	Project Description
AL	Tuscaloosa	\$750,000.00	The funding will be used for a revenue guarantee and marketing for new nonstop service to Atlanta, GA, using SkyWest Airlines. The community notes that it has no air service at present, and that the proposal is critical to the continued growth of the regional economy, which includes the University of Alabama, based in Tuscaloosa. The community will provide significant local funding for the proposal.
AZ	Yuma	\$775,000.00	The funding will be used for a revenue guarantee for new nonstop service to Denver, CO, on United Airlines. The community notes that its proposal would introduce a second air carrier to a geographically isolated city that has limited access to the national air transportation system. The community will provide significant local funding for the proposal.
CA	Chico	\$500,000.00	The funding will be used for a revenue guarantee and marketing for new nonstop service to Los Angeles, CA. The community states that the service would re-establish scheduled air service to the community, which currently has none. The community states that its proposal is supported by SkyWest Airlines, has strong community support, and would provide a needed transportation option to new residents who have relocated to Chico from nearby areas that have been devastated by recent wildfires.
CO	Grand Junction	\$950,000.00	The funding will be used for a revenue guarantee and marketing for new nonstop service to San Francisco, CA, on United Airlines. The community states that its proposal will replace service in other markets in recent years, and provide needed access to the Bay Area and connections beyond. The community has arranged for a large amount of local funding, demonstrating strong community support for the proposal. The community has also requested designation as an Air Service Development Zone, which it states will provide another tool for its business development efforts.
GA	Athens	\$750,000.00	The funding will be used for a revenue guarantee and marketing for new non-stop service to Charlotte, NC, using American Airlines. The community seeks to restore commercial air service to Athens, which it lost with the cessation of its Essential Air Service operations in 2014. The community has arranged for large amount of local funding, demonstrating strong community support for the proposal.

Appendix		Order 2020-2-13	
State	Community	Federal Amount Awarded	Project Description
IA	Dubuque	\$775,000.00	The funding will be used for a revenue guarantee, marketing, and fee waivers for new nonstop service to Denver, CO. The community states that Denver represents its largest unserved destination, and that the service will provide better, non-circuitous access to the western United States. The community has limited air service to only one destination. The community has arranged for large amount of local funding, demonstrating strong community support for the proposal.
ID	Twin Falls	\$900,000.00	The funding will be used for a revenue guarantee and marketing for new nonstop service to Denver, CO, on United Express/SkyWest Airlines. The community states that it suffers from high airfares, and that its proposal will add a second air carrier and a second destination, increasing competition and providing improved access to the national air transportation system. The community will provide significant local funding for the proposal.
LA	Lake Charles	\$200,000.00	The funding will be used for a marketing program, which is part of the community's comprehensive air service development initiative. The community states that the goal of the marketing effort is to reduce passenger leakage to other airports and to increase the community's awareness of existing air services at Lake Charles. The community is remote.
MN	Rochester	\$750,000.00	The funding will be used for a revenue guarantee and marketing for new nonstop service to Denver, CO, on United Airlines. The community notes that fares at neighboring airports are low enough to divert significant traffic away from Rochester. The community will provide significant local funding for the proposal, and states that the presence of the Mayo Clinic adds to that support. It notes that Denver is one of Rochester's largest unserved destinations, and that service to United's Denver hub will allow access to a variety of connecting services.
MO	Columbia	\$800,000.00	The funding will be used for a revenue guarantee for new nonstop service to Charlotte, NC, on American Airlines. The community states that it currently has no air service to the east, resulting in passenger leakage to other airports requiring additional driving time. It states that its proposal would serve to alleviate that situation, and that it will provide significant local funding for the proposal. The community is remote.

<b>Appendix</b>		<b>Order 2020-2-13</b>	
<b>State</b>	<b>Community</b>	<b>Federal Amount Awarded</b>	<b>Project Description</b>
NC	Greenville	\$750,000.00	The funding will be used for a revenue guarantee and marketing to recruit a second air carrier to the community, to provide service to Washington Dulles International Airport, using the United Airlines code on SkyWest, or, in the alternative, to another large hub in the eastern United States. The community believes that a second carrier's service will add needed capacity and lower airfares. The community has arranged for large amount of local funding, demonstrating strong community support for the proposal.
NJ	Atlantic City	\$400,000.00	The funding will be used for a marketing program to promote current air services and seek to expand those services. The community states that it is targeting its incumbent air carrier, Spirit Airlines, to increase frequencies to existing destinations, and is also seeking new air services to Boston, MA, Chicago, IL, and Raleigh/Durham, NC.
NM	Roswell	\$750,000.00	The funding will be used for a revenue guarantee, marketing, and fee waivers for new nonstop service to Denver, CO, on United Airlines. The community states that its proposal would address the high airfares its passengers face compared to fares from Albuquerque. It states that service to United's Denver hub will give its citizens greatly improved access to the western and northwestern United States. The community has arranged for a large amount of local funding, demonstrating strong community support for the proposal.
OR	North Bend	\$750,000.00	The funding will be used for a revenue guarantee for nonstop service to Portland, OR, on Contour Airlines; or, in the alternative, to Seattle, WA, if Portland service cannot be achieved. The community states that it currently has limited service to two cities, and its proposal would seek to restore Portland service previously operated by PenAir. This project seeks to restore terminated air service. The community has arranged for large amount of local funding, demonstrating strong community support for the proposal.

<b>Appendix</b>		<b>Order 2020-2-13</b>	
<b>State</b>	<b>Community</b>	<b>Federal Amount Awarded</b>	<b>Project Description</b>
PA	Erie	\$292,000.00	The funding will be used for ground handling and marketing expenses to reduce air carrier operating expenses for new nonstop service to Washington-Dulles International Airport on United Airlines. The community believes that the service will increase capacity and traffic growth at Erie, and that Washington-Dulles represents an important local market for it, and will also provide better connections for east coast and international destinations.
TX	Abilene	\$1,000,000.00	The funding will be used for a revenue guarantee for new nonstop service to Houston, TX, on United Airlines, with service to Denver, CO, on either United or Frontier Airlines being a secondary goal. The community states that at present it has service to only one destination on one air carrier, and that its proposal would give it relief from high airfares. The community has arranged for large amount of local funding, demonstrating strong community support for the proposal.
UT	St. George	\$370,000.00	The funding will be used for a revenue guarantee to support a second daily flight to Los Angeles, CA, on SkyWest Airlines. The community states that a second daily flight in the market would provide better connections, especially to tourists destined for Utah's national parks. The community has arranged for a large amount of local funding, demonstrating strong community support for the proposal.
WA	Pullman	\$780,000.00	The funding will be used for a revenue guarantee and marketing for new nonstop service to Denver, CO, on United Airlines. The proposal was submitted by a consortium comprised of the cities of Pullman, WA, and Moscow, ID. The communities state that their current air service is limited to one destination, Seattle, WA, and that the proposed service to the large hub that Denver represents would greatly expand air service opportunities for their citizens. The community has arranged for large amount of local funding, demonstrating strong community support for the proposal.