

Order 2024-10-17
Served: October 31, 2024



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

Issued by the Department of Transportation
on the 31st day of October, 2024

In the Matter of the

**SMALL COMMUNITY AIR SERVICE
DEVELOPMENT PROGRAM**

under 49 U.S.C. § 41743 *et seq.*

DOCKET DOT-OST-2024-0066

ORDER AWARDING GRANTS

Summary

By this Order, the U.S. Department of Transportation (the Department) awards fourteen grants under the Small Community Air Service Development Program (“Small Community Program” or “SCASDP”) benefitting communities in fourteen 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 with the Department obligating the funds. Award recipients may not seek to be reimbursed funds under the Small Community Program until grant awards are issued and dually signed.

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), the FAA Reauthorization Act of 2018 (Pub. L. No. 115-254) (FAA 2018), and the FAA Reauthorization Act of 2024 (Pub. L. No. 118-63) (FAA 2024). Authorization for this program is codified at 49 U.S.C. § 41743.

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 Fiscal Year (FY) 2023 pursuant to the Consolidated Appropriations Act, 2023 (Pub. L. No. 117-328).¹

When selecting applicants to participate in the Small Community Program, the Department is statutorily² 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 Department of Transportation's most recently published classification effective on the date that the community or consortium submits an application;
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 five-year period, except in certain circumstances;³ and
5. An applicant may not receive an additional grant prior to the completion of its previous grant.⁴

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 communities⁵ where: (a) air fares are higher than the average air fares for all communities; (b) the community has demonstrated support from at least one air carrier to provide service; (c) the community or consortium will provide a portion of the cost of the activity from local sources other than airport revenues; (d) the community or consortium has established, or will establish, a public-private partnership to facilitate air carrier service to the public; (e) the assistance will provide material benefits to a broad segment of the traveling public, including business, educational institutions, and other enterprises whose access to the national air transportation system is limited; (f) the assistance will be used to help restore scheduled passenger air service that has been terminated or substantially reduced (as measured by enplanements, capacity (seats), schedule, connections, or routes); (g) the assistance will be used in a timely manner; and (h) multiple communities cooperate to submit a regional or multistate application to consolidate

¹ Pub. L. No. 117-328 was extended by the Continuing Appropriations Act, 2024 and Other Extensions Act (Pub. L. No. 118-15), the Further Continuing Appropriations and Other Extension Act, Pub. L. No. 118-22, the Further Additional Continuing Appropriations and Other Extensions Act, 2024 (Pub. L. No. 118-35), and by subsequent extensions, as applicable.

² 49 U.S.C. § 41743(c).

³ As provided under 49 U.S.C. § 41743(c)(4)(C), the Department may waive the same project limitation.

⁴ 49 U.S.C. § 41743(c)(1)-(4).

⁵ A consortium of communities is considered a single entity for purposes of SCASDP. 49 U.S.C. § 41743.

air service into one regional airport.⁶

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;
- 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.⁷

On June 10, 2024, the Department issued Order 2024-6-8 in this Docket, soliciting grant proposals from communities interested in receiving grant funding for FY 2023.

Order 2024-6-8 will be referred to as the “Notice of Funding Opportunity” (NOFO) in the context of this proceeding.

The NOFO required each applicant to submit a completed Standard Form 424 and a Summary Information schedule to 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. Finally, communities were encouraged to address how their projects would consider Department priorities relating to climate change and environmental justice in their project planning and delivery stages.⁸

Drawing on the Department’s experience from previous years, the NOFO 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 NOFO further emphasized that communities would be expected to meet the financial-contribution commitments that they include in their proposals.

Grant Applications

In response to the NOFO, the Department received grant applications from 46 communities in 26 States. One applicant withdrew its application. Five of the remaining 45 applications did not meet the basic eligibility criteria for participation outlined above and were determined ineligible for consideration. Collectively, the eligible communities in this proceeding sought more than \$31 million in Federal assistance to support new and ongoing air service development projects.

⁶ 49 U.S.C. § 41743(c)(5)(A)-(H).

⁷ 49 U.S.C. § 41743(d).

⁸ For a further discussion of Department priorities of safety, climate change and sustainability, and equity that are relevant to this proceeding, see Order 2023-3-9, p.13 and 17.

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.

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 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. Several applicants cited reductions and/or suspensions of service due to ongoing effects of the coronavirus pandemic, while others noted ongoing industry issues, including pilot shortages, to support their view that Federal assistance is needed.

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, the Department is selecting fourteen 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.⁹ The Department's grant agreements will be transmitted to the selected communities subsequent to the issuance of this Order.¹⁰

⁹ See <http://www.transportation.gov/policy/aviation-policy/small-community-rural-air-service/SCASDP> for applicable conditions and assurances.

¹⁰ 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.

The proposals 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, 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.

The selected communities are Huntsville, AL; Fairbanks, AK; Safford, AZ; Chico, CA; Columbus, GA; Alexandria, LA; Salisbury, MD; Lansing, MI; Columbia, MO; Missoula, MT; Elko, NV; Grand Forks, ND; Toledo, OH; and Medford, OR.

All 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.

Grant Agreements

As noted above, the Department will execute grant agreements with each recipient. The Department stated in the NOFO 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.¹¹ 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.

We will issue Small Community Program grants for three different durations: three years for grants involving studies, four years for those involving marketing, and five years for those including revenue guarantees.¹²

¹¹ 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.

¹² See Order 2018-7-10, p. 6, Order 2020-2-14, p. 5, Order 2021-7-13, p. 6, Order 2022-8-5, p. 6, and Order 2023-9-18, 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 years....” The three-year limitation applies only to the duration of the revenue guarantee itself, beginning when the subsidized service commences. Our five-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 it gives additional time for communities and air carriers to complete this preliminary process.

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.¹³

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. 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;
3. An award recipient must affirm this award by entering into a grant agreement with the Department. An award recipient may not seek to be reimbursed under the Small Community Program until it affirms its grant award;
4. 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 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

¹³ See Order 2018-7-10, p. 6, Order 2020-2-13, p. 6, Order 2021-7-13, p. 7, Order 2022-8-5, p. 6, and Order 2023-9-18, p. 6.

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

By:

CAROL A. (ANNIE) PETSONK
Assistant Secretary
for Aviation and International Affairs

(SEAL)

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

Appendix

Appendix		Order 2024-10-17	
State	Community	Federal Amount Awarded	Project Description
AL	Huntsville	\$1,000,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to New York, NY. The community states that the proposed service would provide needed service to the Northeastern U.S., which currently represents its largest unserved market. The community notes that the service would provide significant benefits to its large aerospace and manufacturing base, as well as to the general public. Further, the additional service would help to address the community's high airfares. Breeze Airways and Delta Air Lines provided letters of support for the project.
AK	Fairbanks	\$900,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to Dallas/Ft. Worth, TX (DFW). The community states that it has lost traffic due to lingering effects of the COVID-19 pandemic, and due to economic downturns abroad that have affected its tourism traffic. It believes that the DFW service would help address these traffic losses, as Texas is a major origin point for inbound tourist traffic, and because it will connect two major oil and gas industry strongholds. American Airlines provided a letter of support for the project.
AZ	Safford	\$800,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to Phoenix, AZ. The community currently has no scheduled air service, and its proposal would link the cities with small aircraft service sized to anticipated demand. It would provide Safford's citizens and businesses access not only to Phoenix but also to the broader air transportation system via connections. The community has put in place a strong public-private partnership and is providing very substantial local funding. Advanced Air and Grand Canyon Airlines have provided letters of support for the project.
CA	Chico	\$1,000,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to Los Angeles, CA. The community currently has no scheduled air service. The community states that Los Angeles represents its largest origin/destination market and passengers now must drive long distances to connect to this major hub. The proposed service would alleviate this burden and provide benefits to a broad sector of the community's local economy. The community has a strong public-private partnership and is providing substantial local funding. SkyWest Airlines has provided a letter of support of the project.

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State	Community	Federal Amount Awarded	Project Description
GA	Columbus	\$220,000	The funding will be used for a marketing program to support existing service to Atlanta, GA, by Delta Air Lines, to assure passenger retention during and after an upcoming multi-month runway closure to complete essential repairs to the runway. The community states that it faces a challenge in dealing with the runway closure and temporary cessation of service to Atlanta by Delta during that period. It has proposed a very specific marketing plan to increase the likelihood that traffic returns after the runway reopens. Its plan contains timelines and promotional activities to ensure the public is aware of the upcoming closure, is updated on the project during the closure, and encouraged to return to using the air service after the runway reopens. The community notes that it already faces significant traffic leakage to Atlanta and is concerned that it may permanently lose passengers who switch to Atlanta during the runway repairs.
LA	Alexandria	\$1,000,000	The funding will be used for a revenue guarantee and marketing to restore service to Houston, TX. The community states that it lost its previous Houston service in 2022 due to effects of the COVID-19 pandemic and that this loss has forced Houston-bound passengers to drive long distances to access the Houston hub. It states that this situation, coupled with the high airfares at Alexandria, has adversely affected the community's economy. The community has a public-private partnership and has received significant funding from the State of Louisiana for the project. United Airlines has provided a letter of support for the project.
MD	Salisbury	\$800,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to a Central Florida airport, specifically targeting Orlando, FL, using Breeze Airways. The community states that it currently faces very high airfares, in part due to its relative isolation. It states that Orlando and other Florida cities are top origin and destination markets for the community, and that the service it proposes would therefore result in benefits to the community at large. It further notes that the proposed service, using an ultra low-cost carrier, could increase competition and lower airfares. The community has a strong public-private partnership providing sizeable local funding. Breeze Airways has provided a letter of support for the project.

Appendix		Order 2024-10-17	
State	Community	Federal Amount Awarded	Project Description
MI	Lansing	\$1,000,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to New York, NY/Newark, NJ, or in the alternative, Las Vegas, NV. The community believes that additional air service is needed because of the growth of industrial and other business activities in and around Lansing. The community states that its future economic well-being depends on its proposed expanded air service. The community has assembled a strong public-private partnership and is committing very substantial local funding sourced from a tax levy. Breeze Airways has provided a letter of support for the project.
MO	Columbia	\$1,000,000	The funding will be used for a revenue guarantee and marketing to restore air service to Denver, CO. The community states that it lost its previous Denver service during the COVID-19 pandemic and that it faces a continuing deficit in flight operations compared to 2019. The community states that restoration of its Denver service will address these concerns. It has established a strong public-private partnership that is providing significant local cash, and the State of Missouri is also contributing funds to the project. United Airlines has provided a letter of support for the project.
MT	Missoula	\$875,000	The funding will be used for a revenue guarantee and marketing to support expansion of current seasonal service to Chicago to operate year-round. The community notes that both American Airlines and United Airlines now serve Chicago on a seasonal basis. It states that year-round access to the Chicago hub is necessary as it will enhance connectivity to Midwest, East Coast, and international markets. The community further states that the increase in efficiency afforded by the expanded service will put downward pressure on airfares, which are above the national average. The community is providing significant local funding, and American Airlines has provided a letter of support for the project.
NV	Elko	\$800,000	The funding will be used for a revenue guarantee and marketing to restore a second daily, year-round flight to Salt Lake City, UT, operated by SkyWest Airlines/Delta Connection. The community states that the daily frequency of SkyWest/Delta Connection's service to Salt Lake City was reduced from two to one in January 2022 due to industry factors, including the effects of the COVID-19 pandemic and pilot shortages. The community states that a single daily Salt Lake City flight cannot meet the needs of the community's growing economy and that restoration of the second frequency is vital. Moreover, Elko's airfares are significantly higher than the national average. The community is providing a very high level of local funding, and SkyWest has provided a letter of support for the project.

Appendix		Order 2024-10-17	
State	Community	Federal Amount Awarded	Project Description
ND	Grand Forks	\$1,000,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service by a major air carrier to a hub market, with a primary focus on service to Denver, CO, by SkyWest/United Airlines. The community is experiencing higher than average airfares and states that it is isolated and has limited access to the national air transportation system. It states the proposed westward service to Denver would complement its existing eastward service to Minneapolis/St. Paul, MN, and it notes that Denver is Grand Forks' largest unserved market. The community is providing a very high level of local funding, and SkyWest has provided a letter of support for the project.
OH	Toledo	\$1,000,000	The funding will be used for a revenue guarantee and marketing to re-establish service to a large hub airport. The community states that it lost network air service in 2022 when American Airlines ceased Toledo operations to Charlotte, NC, and Chicago, IL, and has since had only limited operations performed by Allegiant Air. It states that this loss of service isolated the region from the global air network and eliminated access to major economic centers. The community further states that its aim is service to one of nineteen large markets. The community is providing a very high level of local funding, and American Airlines has provided a letter of support for the project.
OR	Medford	\$600,000	The funding will be used for a revenue guarantee and marketing to initiate and support new service to Dallas/Ft. Worth, TX. The community states that it seeks nonstop service to a major hub, as it currently lacks any major-hub destinations. It notes that it is extremely isolated, especially during winter months, and that the proposed service would provide broad economic benefits and connectivity to the community at large. The community has in place a public-private partnership and is providing local funding to the project. American Airlines has provided a letter of support for the project.