

broad section of the traveling public, including businesses, educational institutions, and other enterprises whose access to the National air transportation system is limited.

The statute authorized the Pilot Program for a period of three years beginning in fiscal year 2001. No funds were appropriated for the first year the program was authorized, but in the Department's FY 2002 appropriation bill, Public Law 107-87, Congress appropriated \$20 million for the program, to remain available until expended. After soliciting proposals from interested communities, in June 2002, the Department made grant awards to 40 of the 180 communities that had submitted grant proposals. Order 2002-6-14. Those awards were subject to the communities completing a formal grant agreement with the Department for implementation of their grant projects. Two grant recipients did not execute agreements with the Department, and by Order 2002-12-16, the Department reallocated those grant funds to two other communities.⁴

On February 20, 2003, as part of the Department's FY 2003 appropriations bill, Public Law 108-7, Congress appropriated another \$20 million for the program for FY 2003, also to remain available until expended. Given the overall limitation in the AIR-21 legislation regarding the total number of communities that could participate in the program, it was apparent that the Department could not use the appropriation for grants to additional communities without additional legislative authorization. On April 16, as a provision of the Emergency Wartime Supplemental Appropriations Act, 2003, Public Law 108-11, Congress amended the AIR-21 legislation to clarify that the numerical community limitations in the law were to be applied on a per year basis. Therefore, the Department is now in a position to solicit proposals from interested communities.

Community Proposals

This is the second year that the Department is making grant awards under this program. There was an extraordinary response to the Pilot Program last year, with 180 applications filed. It is still too soon to evaluate the results of the projects authorized under the fiscal year 2002 grant awards. Nonetheless, we believe that the application process worked very well.

Therefore, we generally intend to follow the same approach as we did last year and to provide communities as much flexibility as possible in developing their grant proposals. In this regard, there are a number of aspects about this program that we noted in last year's request for proposals that are important and we believe would be beneficial if they are repeated here.⁵ Also, we clarify some issues that arose as communities were developing their proposals last year, as well as others based on our experience in reviewing those proposals and making the first grant awards.

Types of Proposals/Application Contents

The law is very general about how program funding can be used. Moreover, we recognize that each community's circumstances may be different, and that each community needs some latitude in identifying its own objectives and developing strategies for accomplishing them. What should remain clear, however, is that program funding is intended to improve air service to those communities that are not receiving sufficient air service or are experiencing unreasonably high air fares, and not to shift existing costs from the local or state level to the Federal level.

There are many ways that a community might enhance its current air service or attract new service, such as: By promoting awareness among residents of locally available service; by attracting a new carrier through revenue guarantees or operating cost offsets; by offering an incumbent carrier financial incentives to lower its fares, increase its frequencies, add new routes, or deploy more suitable aircraft, including upgrading its equipment from turboprops to regional jets; by combining traffic support from surrounding communities with regionalized service through one airport; or by providing local ground transportation service to improve the community's access to air service. The core objective of the Pilot Program is to secure enhancements that will be responsive to a community's air transportation/air fare needs and whose benefits can be expected to continue after the initial expenditures.

Consequently, we encourage communities to consider a wide range of initiatives in developing their proposals. At the same time, we will not entertain general, vague, or unsupported proposals. The more highly defined the proposal, the more likely it will receive

favorable consideration. At a minimum, we expect proposals to address specifically the following:

- *A description of the community's existing air service*, including the carrier(s) providing service, service frequency, direct and connecting destinations offered, available fares, and equipment types.
- *A synopsis of the community's historical service* including destinations, traffic levels, service providers, and any extenuating factors that might have affected traffic in the past or that can be expected to influence service needs in the near to intermediate term.
- *An analysis of the community's air service needs or deficiencies*, including a comparison of fares currently offered locally with those offered at similar communities in similarly served markets.

• *A strategic plan for meeting those needs through the Pilot Program*, including the community's specific project goal and a realistic timetable for attaining that goal.⁶ Proposals should clearly identify the target audience of each component of the proposed transportation initiative, including all advertising and promotional efforts. As noted above, we expect that self-sufficiency of the new or improved service will be an integral part of the community's goal. Applicants should keep in mind that this is the last year that the program has been authorized. There is no certainty that the program will be reauthorized beyond fiscal year 2003. Therefore, in developing projects and project goals, communities should recognize that additional funding in subsequent years might not be available. Completion of the proposed transportation initiative should not be dependent upon receiving grant awards in subsequent years. Moreover, many communities may find that a single grant award would be sufficient to finance their projects or resolve their service or fare issues. However, communities do not need to use the funding within a one-year period. Proposed projects may include activities that would extend over a multi-year period under the single grant award to the extent reasonable and practicable.

To the extent that a proposed project is dependent upon or relevant to completion of other Federally funded

⁶ The projected timetable will be an integral part of the grant agreements between the selected communities and the Department. Therefore, there is no advantage to a community in proposing an aggressive timetable that cannot be met and there may be disadvantages if the community finds that it cannot meet its timetable. Rather, communities should carefully consider all factors affecting implementation of their projects and develop realistic timeframes for achieving those objectives.

⁴ Pasco, Washington, and the consortium of Houghton and Pellston, Michigan, declined the grant offers. The funds were reallocated to Chico, California, and Telluride, Colorado.

⁵ Order 2002-2-11, February 19, 2002, and published in the **Federal Register** on July 8, 2002; 67 FR 45168.