

selections we will take into consideration the relative size of each applicant community; the geographic location of each applicant, including the community's proximity to larger centers of air service and low-fare service alternatives; the number of passengers expected to benefit from the proposed transportation initiative; the grant amount requested compared with total funds available for all communities; the proposed Federal grant amount compared with the local share offered; the uniqueness of applicants' claimed problem(s); the uniqueness of the applicant's proposed solution(s) to solving the problem(s); and the relative ability of the applicant to implement its proposed project and resolve or address the claimed problem(s). Finally, as stated above, we will consider whether the applicant community received a grant award under last year's appropriation.

An important overreaching objective of the Pilot Program is to find solutions to transportation problems of small communities that could serve as models for other small communities to improve their access to air service and to the Nation's air transportation system. To this end, we hope to approve, as we did last year, a variety of different and innovative proposals at many communities experiencing different types of transportation issues, challenges, and opportunities.

Given the highly competitive nature of the grant process, the Department does not intend to meet with grant applicants with respect to their grant proposals, a process that is sometimes used in other grant programs. The Department's selection of communities for grant awards will be based on the community's written submissions to the Department.

Communities awarded grants will be expected to execute a grant agreement with the Department *before* they begin to spend funds under the grant award. We also remind communities that the grant funds will be provided on a reimbursable basis only and only for expenses incurred and billed during the period that the grant agreement is in effect. Applicants therefore should not assume they have received a grant, nor obligate or spend local funds prior to receiving and fully executing a grant agreement under this program. Expenditures made prior to the execution of a grant agreement cannot and will not be reimbursed for any reason. We also remind communities that numerous assurances are required to be made and honored when Federal funds are awarded (such as, non-discrimination, etc.); acceptance of the

responsibilities of these assurances is a requirement for receiving a grant under the Pilot Program.

This order is issued under authority delegated in 49 CFR 1.56a(f).

Accordingly,

1. Community proposals for funding under the Small Community Air Service Development Pilot Program should be submitted no later than June 30, 2003;¹¹ and

2. This order will be published in the **Federal Register** and also will be served on the Council of Mayors, the National League of Cities, the National Governors Association, the National Association of State Aviation Officials, the Association of County Executives, the American Association of Airport Executives (AAAE), and the Airports Council International-North America (ACI).

Read C. Van de Water,

Assistant Secretary for Aviation and International Affairs.

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Appendix A

Sec. 203. Improved Air Carrier Service to Airports Not Receiving Sufficient Service

(a) *In General*—Subchapter II of chapter 417 is amended by adding at the end the following:

Sec. 41743. Airports not receiving sufficient service

(a) *Small Community Air Service Development Pilot Program*—The Secretary of Transportation shall establish a pilot program that meets the requirements of this section for improving air carrier service to airports not receiving sufficient air carrier service.

(b) *Application Required*—In order to participate in the program established under subsection (a), a community or consortium of communities shall submit an application to the Secretary in such form, at such time, and containing such information as the Secretary may require, including—

(1) an assessment of the need of the community or consortium for access, or improved access, to the national air transportation system; and

(2) an analysis of the application of the criteria in subsection (c) to that community or consortium.

(c) *Criteria for Participation*—In selecting communities, or consortia of communities, for participation in the program established under subsection (a), the Secretary shall apply the following criteria:

(1) *Size*—For calendar year 1997, the airport serving the community or consortium was not larger than a small hub airport (as

that term is defined in section 41731(a)(5)), and—

(A) had insufficient air carrier service; or

(B) had unreasonably high air fares.

(2) *Characteristics*—The airport presents characteristics, such as geographic diversity or unique circumstances, that will demonstrate the need for, and feasibility of, the program established under subsection (a).

(3) *State Limit*—No more than four communities or consortia of communities, or a combination thereof, may be located in the same State.

(4) *Overall Limit*—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 funds are appropriated for the program]. Note: Bracketed language was added by the Emergency Wartime Supplemental Appropriations Act, 2003, Pub. L. 108–11.

(5) *Priorities*—The Secretary shall give priority to communities or consortia of communities where—

(A) air fares are higher than the average air fares for all communities;

(B) the community or consortium will provide a portion of the cost of the activity to be assisted under the program from local sources other than airport revenues;

(C) the community or consortium has established, or will establish, a public-private partnership to facilitate air carrier service to the public; and

(D) 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.

(d) *Types of Assistance*—The Secretary may use amounts made available under this section—

(1) to provide assistance to an air carrier to subsidize service to and from an underserved airport for a period not to exceed 3 years;

(2) to provide assistance to an underserved airport to obtain service to and from the underserved airport; and

(3) to provide assistance to an underserved airport to implement such other measures as the Secretary, in consultation with such airport, considers appropriate 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.

(e) *Authority to Make Agreements*—

(1) *In General*—The Secretary may make agreements to provide assistance under this section.

(2) *Authorization of Appropriations*—There is authorized to be appropriated to the Secretary \$20,000,000 for fiscal year 2001 and \$27,500,000 for each of fiscal years 2002 and 2003 to carry out this section. Such sums shall remain available until expended.

(f) *Additional Action*—Under the pilot program established under subsection (a), the Secretary shall work with air carriers providing service to participating communities and major air carriers (as defined in section 41716(a)(2)) serving large

¹¹ Proposals must be postmarked no later than June 30. The original application should be submitted on 8.5" x 11" paper, in dark ink (not green) and without tabs to facilitate inclusion in the Department's docket management system. The remaining copies may be tabbed and include use of any color ink.