Order 2003-9-14
Served: September 17, 2003

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

Issued by the Department of Transportation
on the 17th day of September, 2003

In the Matter of the **SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM** under 49 U.S.C. 41743 *et seq.*	**DOCKET OST-2003-15065**

ORDER AWARDING GRANTS

Summary

By this order, the Department awards financial grants under the Small Community Air Service Development Pilot Program (Pilot Program) to the communities listed in the attached Appendix to implement the air service initiatives proposed in their respective grant applications. Award recipients must execute a grant agreement with the Department before they can begin to spend funds provided under this order.

Background

On April 5, 2000, the President signed the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), P.L. 106-181. Among other things, the statute established a new pilot program, to be administered by the Department of Transportation, designed to help smaller communities enhance their air service. To fund the program, the statute authorized a funding level of $20.0 million for fiscal year 2001 and $27.5 million for each of fiscal years 2002 and 2003. No funds were appropriated for the first year. Congress appropriated $20 million for the program in FY 2002 and in FY 2003.

The law authorizes the Secretary to provide financial assistance to a maximum of 40 communities in each year, though no more than four may be from the same state.[1] While no community is required to contribute to the projects proposed under this program, the law directs the Secretary to give priority to those communities or consortia of communities 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; and 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.

For fiscal year 2002, the Department made grant awards to 40 communities in 37 states. (Orders 2002-6-14 and 2002-12-16). With the exception of two of the grant awards--those to Baker, Oregon, and Casper/Gillette, Wyoming--all of the communities are proceeding with their grant projects. As a result of these grants, 19 of the communities have received new or upgraded services, two are conducting feasibility studies, and several others have completed and implemented marketing and promotional initiatives that have increased enplanements at their airports. Other communities are continuing their projects to recruit additional services at their communities.

In the Department's appropriation in P.L. 108-7, 117 Stat. 11, 392, February 20, 2003, and the Emergency Wartime Supplemental Appropriations Act, P.L. 108-11, 117 Stat. 559, 601, April 16, 2003, Congress respectively appropriated $20 million to the Pilot Program for FY 2003 and clarified the Department's authority to make awards to a maximum of 40 communities in <u>each year</u> that funds are appropriated, thereby enabling the Department to institute the grant award process for this fiscal year. On April 29, the Department invited grant applications from interested communities, and requested that applications be filed no later than June 30. Order 2003-4-22. We did not require any particular format for the applications. We did, however, identify information that we wanted communities to include in their applications to help us in our consideration of their grant requests, including information about their existing air services, historical services, current 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. To the extent that they considered it necessary for commercial purposes, we permitted communities to seek confidential treatment of certain portions of their applications, consistent with the Department's procedural regulations. Based on our experience during the first year of the program and questions raised by grant applicants, we also clarified various issues relating to the grant application process, including the sources of local funding, the consideration of in-kind contributions, the use of grant funds, the eligibility of past grant recipients and communities now receiving subsidized air service under the Essential Air Service program to participate. We also emphasized that communities would be expected to meet the financial

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[1] The statute specifies that a consortium of communities should be considered as a single entity. In addition, use of the funds to provide direct subsidy to an air carrier is limited to a period of no more than three years. See also the Emergency Wartime Supplemental Appropriations Act, 2003, P.L. 108-11.

contributions that they include in their proposals. We also reminded communities that any Federal funds received are subject to certain assurances that are standard, and that acceptance of the responsibilities of these assurances is a requirement for receiving a grant under the Pilot Program.

In addition to publishing the order in the Federal Register, we also provided copies of the request for proposals to the American Association of Airport Executives (AAAE), the Airports Council International--North America (ACI-NA), the National Association of State Aviation Officials (NASAO), the National Governors Association (NGA), the Association of County Executives, the Council of Mayors, and the National League of Cities to facilitate awareness of the program at as many communities as possible.

Grant Applications

The Department received 170 grant proposals, involving communities in 46 states, as well as Puerto Rico and the U.S. Virgin Islands. Collectively these communities seek over $104 million in Federal assistance to support their grant proposals. With few exceptions, the communities have also proposed to contribute substantial local and state resources (cash from local/state sources, airport revenues, and in-kind contributions) to assist in implementing their proposed projects. The majority of communities filed individual applications. However, in some states, as well as among neighboring states, several communities filed proposals as members of a consortium, including communities in Alaska (the Aleutians), Arkansas, Arizona, California, Colorado, Florida, Georgia/South Carolina, Illinois, Iowa/Illinois/Wisconsin, Massachusetts, Minnesota, Mississippi, Nevada, Nevada/Utah, New Mexico, New York, North Carolina, North Dakota, Ohio/West Virginia, Oregon, Pennsylvania, Texas, Virginia, West Virginia, and Wyoming. Although, under the statute, we can award grants to no more than four communities in any one state, we received more than four proposals from communities in 13 states--Arizona, California, Colorado, Florida, Iowa, Illinois, Michigan, Mississippi, New York, Oregon, Pennsylvania, Texas, and Virginia. We also received a number of applications from communities now receiving subsidized air service under the Department's Essential Air Service program seeking funds to promote those services or to expand their current air services by increasing frequencies, adding new routes, or upgrading equipment to increase capacity. All of these proposals are publicly available in the docket.[2]

Many of the applications received this year were from communities that filed applications last year. Thirteen applications were filed by communities that received grant awards in 2002; 89 were filed by communities that applied, but did not receive, a grant award in 2002; and 68 of the applications were from new applicants.

Similar to our experience last year, it is evident that air service issues are of great concern to many small communities. The communities' applications provided substantial information on

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[2] In certain instances, communities have sought confidential treatment of certain portions of their applications. That material is not included in the public docket. Under our rules (14 CFR 302.12), all of these confidentiality requests are deemed granted unless and until we decide otherwise.

historical and current air service issues facing them, the benefits of air service locally, their proposed initiatives to remedy their current air service problems, and the factors they believe support a grant award for their proposal. Nearly all of the communities seeking grant funds cited both service deficiencies and high airfares as problems affecting patronage of their air services, to the extent that they currently have service. Many applicants noted that passengers often drive to other, frequently distant, airports where a wider range of services is offered to more destinations and/or lower airfares are available, but contend that there is sufficient demand for service at the community and that service at the local airport would be more convenient. Many other applicants cited the reduction of air service that has persisted since September 11, 2001, as well as the need and desire for larger, regional jet equipment to stimulate demand and increase use of local services, particularly by the business community.

Because the size and needs of each community differ widely, we received a range of proposals to address both service and fare issues. Some communities that currently do not have air service seek funds for air service feasibility studies; others seek funds to secure air service and access to the national air transportation system. Communities that now have some air service seek funds to expand those services by securing services by additional air carriers, service on new routes by either incumbent carriers or new airlines, more frequent service in existing markets, and increased capacity by upgrading the aircraft used in the service from turboprop to regional jets. Communities seeking competitive services not only stress the local market benefits to travelers from the increased service, but also the potential to reduce circuity and air travel time for many travelers.

Many communities seeking grants also seek lower airfares than now available from their airports in order to recapture passengers that are now driving to better-served, but less convenient airports and/or airports that offer lower fares. Several communities are seeking funds to attract low-fare carriers, such as AirTran, Jet Blue, and Frontier, to provide a low-fare option to travelers and also to put competitive pressure on the other airlines serving the community to reduce their airfares. Others seek to attract new competitors to their communities, whether or not they are classified as "low-fare" carriers, to encourage incumbent carriers to lower airfares for local and connecting services. Some communities have also proposed to subsidize airfares temporarily to stimulate demand and, potentially, reduce fare levels at the community on a longer-term basis without the need for subsidy support.

Similar to our experience last year, a critical component to most proposals is a provision for funds (Federal, State, and local) to support aggressive, community-based marketing and promotional initiatives to stimulate demand and community awareness of services at the local airport. These efforts are directed not only at the availability of the services, but also the convenience of using the local airport compared to more congested air service hubs or other nearby airports.

The overwhelming majority of applicants seek to attract new and/or additional air services to their communities. While last year, communities proposed a variety of methods to achieve their goals, an overwhelming majority of applicants this year have proposed to implement their projects using revenue guarantees or subsidy, together with marketing.

Grant Awards

We have decided to make 35 grant awards to the communities/consortiums identified in the attached Appendix, and, except as noted, have obligated the amounts to be made available under these awards as of the date of issuance of this order.[3] We will proceed to execute grant agreements with each of the selected recipients regarding the approved grant project.[4] Grant recipients must execute a grant agreement with the Department before they can begin to spend funds provided under this order. Also, grant recipients are subject to all grant conditions and assurances specified in Appendix B to this order.[5]

The Small Community Air Service Development Pilot Program was established under the AIR-21 legislation to provide small communities with financial and other types of assistance to address air service issues, particularly those relating to insufficient air service or high airfares. The Pilot Program is unique in that it affords communities the opportunity to develop their own solutions to their air service problems based on their particular needs and circumstances. By providing communities substantial input and participation in the development and implementation of the air service projects, the Pilot Program aims to maximize the potential for success in the communities' endeavors.

In the first year of the Pilot Program, we concentrated our efforts on ensuring that the maximum number of communities permitted under the law could participate; that communities in all areas of the country could benefit from the opportunities under this program, and that we authorize as many different solutions to the problems raised by the communities as possible to test a variety of different approaches to air service issues. As noted above, we generally have been very pleased with the progress made by communities in the first year. Nearly half of the grant recipients have gained new or upgraded services at their communities and reports from these communities indicate very positive patronage of the services. Other communities are continuing with their efforts to recruit additional or upgraded services.

Because we are still in the early stages of this experimental program, we continue to believe that it is important to provide a large number of communities an opportunity to participate in this program. We believe that a broad use of the grant process, including awards to all types of small communities (very small, isolated communities with little or no air service, as well as communities that have higher population bases and may already have some air service) will provide meaningful results that may benefit other similarly situated communities. For similar reasons, we also believe that maintaining a geographical distribution of the opportunities is

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[3] We are proposing to award two grant recipients lesser grant amounts than each had requested. Consequently, those grant awards will become effective, and the grant funds for their proposals will be obligated if they accept the Department's grant offers and execute grant agreements with the Department no later than 5 business days from the date of issuance of this order.

[4] In light of the imminent closing of the fiscal year, it will be necessary to complete this process expeditiously.

[5] Due to the length of FAA Order 5100-38B, it can be found at the following web address: http://www2.faa.gov/arp/aip/order/5100-38B.pdf.

warranted so that all areas of the country benefit and have the opportunity to address the unique issues affecting their air services. Given our desire to authorize a wide variety of projects, as well as the numerical and fiscal limits inherent in the statute, last year we were not able to experiment as much as we would have liked with either the same or different types of projects. For example, last year we authorized one low-fare experiment at Akron-Canton, Ohio, but very few other fare-specific projects. Nor were we able to experiment as much with statewide air service projects to test the benefits of a comprehensive statewide approach to air service issues.

Therefore, we have sought this year to experiment with more statewide and consortium proposals. Our objective is to test more fully the benefits of a more comprehensive approach to air service issues, as well as the regional benefits of proposals from groups of communities joining together to enhance air service in their common service area, some of which involve communities in the same state and some of which involve communities from neighboring states. In addition, given the strong interest of communities with respect to airfare problems, we believe that we should also select a number of proposals that are specifically directed at addressing fare issues. This will permit the program to benefit from the experience of a broad a range of air service and airfare initiatives. As the grant recipients in 2002 are aware, we require the filing of quarterly reports on the progress of the authorized grant projects, as well as a final report at the end of the grant, which will enable us to evaluate both the successes and failures under the grant process.

Finally, Congress appropriated $20 million for the Pilot Program for fiscal year 2003, of which $19,870,000 is available for distribution.[6] We have also sought to use the total funds available in making our grant awards to ensure that the full benefits of this program are available to the participating communities.

With these objectives in mind, we carefully considered the many proposals that were submitted in response to our solicitation order. The award decisions here will provide financial assistance to over 60 communities in 34 states and Puerto Rico.[7] In all cases, the communities are contributing to the grant project from other than airport revenues, which affords them priority consideration under the statute. Indeed, over half of the selected communities are contributing an amount equal to at least 20 per cent of the requested grant amount. Many will also contribute to the project from airport revenues and provide in-kind benefits to further the goals of the service/fare initiative. In addition to their participation and involvement in designing the grant projects, these financial contributions reflect a commitment to the grant projects that we believe is important to the success of the proposed service/fare initiative. Most of the communities either have, or will establish, public/private partnerships to increase community participation and to facilitate access to air service for the community.

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[6] Section 601 of Title VI of the Miscellaneous Appropriations Act (Division N of P.L. 108-7, 117 Stat. 11, 550) provided a 0.65 per cent across the board rescission of all appropriations, thereby reducing the funds available for this year by $130,000.

[7] Under the statute, a consortium counts as a single entity, which enables the grants to benefit more communities without exceeding the limitations in the statute.

While many of the applications that we received were meritorious, we believe that the 35 proposals that we have selected best further the intent of Congress and the goals of the statute, and provide an expanded opportunity to test a variety of approaches to improving small community air service in all regions of the country.

Our awards to the consortiums of Arizona and New Mexico communities will afford these states the opportunity to address their air service issues in a comprehensive manner. Both of these consortiums include communities that are currently subsidized under the Essential Air Service program. Subsidy for those services will continue to be provided from the EAS funds. However, the goal of both grant projects is to provide more efficient and responsive service to all the communities involved. Doing so may serve to increase enplanements and reduce or eliminate the subsidy needs of these communities. The award to the New Mexico consortium will allow those communities to receive service with more efficient, pressurized aircraft, hopefully leading to service at all communities that is self-sustaining.

Last year, our award to Akron-Canton, Ohio, for the expansion of Air Tran's low-fare service at that community successfully resulting in increased services by other carriers as well, and an overall increase in enplanements at the airport. This year, our awards to Fresno, Knoxville, and Charleston (South Carolina) will enable these communities to pursue their goal to secure low-fare air services. Fresno seeks service by Frontier to Denver and Knoxville and Charleston seek service by Air Tran. These awards will facilitate the first ever low-cost service at these communities or a restoration of low-fare service, providing a material benefit to a large segment of the public.

Our awards to Dothan, Alabama; Tupelo, Mississippi; Parkersburg, West Virginia; and Morgantown, West Virginia will enable these communities to secure service from a second carrier, thereby enhancing competition, providing local access to the systems of other airlines and their partners, and potentially placing downward pressure on existing airfares at the communities, most of which now experience airfares higher than the national average.

Similarly, Dubuque, Iowa; Bangor, Maine; and Aguadilla, Puerto Rico seek to secure service by additional airlines. All are currently served by more than one carrier. By expanding service from different airlines to more destinations, the communities hope to increase the service options for travelers and to increase competition at their communities generating both service and fare benefits.

Greenville, Mississippi; Dickinson and Williston, North Dakota; and Friday Harbor, Washington seek to experiment with subsidizing airfares now available at their communities in order to increase use of the services to a level that will provide sufficient revenues for the services to be self-sustaining. We believe that these experiments will be valuable in testing the effectiveness of limited subsidies in addressing fare issues at small communities.

The consortium of Baxter County and communities in northern Arkansas and southern Missouri and Athens, Ohio, currently do not have any air service. Our awards to these communities will provide them the opportunity to obtain air service.

Our awards to Bakersfield, California; Gainesville, Florida; Savannah, Georgia/Hilton Head, South Carolina; Lewiston, Idaho; Shreveport, Louisiana; Joplin, Missouri; Erie, Pennsylvania; and Redmond, Oregon will support the efforts of these communities to expand their services to new routes. For Erie, it will provide the community with service to a hub with greater access to international air services. Awards to Lewiston, Redmond, and Bakersfield will support the efforts of these communities to secure greater and less circuitous access to the eastern part of the country. In addition to a new destination, Shreveport will also receive a new carrier, further increasing competition at the community.

Cut Bank and the Aleutians seek to conduct studies on the demand for and feasibility of various types of air service at their communities. For Cut Bank, our award will enable the community to perform such a study. For the Aleutians, our award will allow this very isolated area the opportunity to continue with its review of the service requirements of this unique region.

We are also making awards to six communities now receiving air service under the EAS program. Pierre, South Dakota; Victoria, Texas; and Staunton, Virginia all seek grant funds to market their EAS services to support those services. Our experience at Moab, Utah, has suggested that marketing has been very useful in increasing patronage of the service. Our experiments at these three communities, in different areas of the country, will further test the benefits of increased marketing of these services. Our award to Grand Island, Nebraska will facilitate a regional approach to air service in the eastern part of Nebraska in which Grand Island would provide service to the east for all surrounding communities and Kearney, Nebraska, would continue to provide the communities service to the west. As discussed above, our award to Dickinson/Williston, North Dakota to subsidize airfares at the community will test another approach to the airfare/patronage issue that affects many communities. Finally, our award to Owensboro, Kentucky, will enable that community to test the ability of increased frequencies to increase patronage of the services overall, with ultimate goal being self-sustaining service.

The consortium of Gunnison and Crested Butte, Colorado, seek year-round service in markets now served on a seasonal basis. Our grant to these communities will support their efforts to demonstrate through the use of revenue guarantees and extensive marketing that they can support year-round service.

Muskegon, Michigan, seeks to increase traffic on its service to Detroit by upgrading that service to regional jet aircraft. Our awards to other communities last year for equipment upgrades have been very successful. Our award to Muskegon will test the ability of such upgrades at a community in a different region of the country.

Grant Agreements

As we noted above, the Department will execute grant agreements with each recipient and will contact the communities receiving grants to complete the execution of those agreements upon the issuance of this order. In our order inviting proposals, we stated that we expected communities to establish milestones to monitor the progress of the proposed projects to determine whether modifications are necessary or whether funding should be suspended prior to the end of the

funding period if the project is not attaining the desired results. As we did last year, we intend to include milestones and progress reporting requirements in the grant agreements.

We remind communities Federal funds under this grant program are disbursed on a reimbursable basis, with the communities expending funds for the grant project and seeking reimbursement. Communities should not proceed with their plans or expend funds for which they would seek reimbursement from the Federal government until the grant agreements have been signed. In seeking reimbursements, grant recipients will be expected to provide invoices or other evidence of the expenditure as well as details about the expenditure and how it relates to the grant project and evidence of payment of the expenditure. To the extent that such payment indicia are not available, due to electronic banking methods, the sponsor is also certifying that each invoice is relevant to the authorized grant project and has been paid.[8]

While we expect that the majority of the service and fare initiatives under this grant program will be successful, this is an experimental program that provides for interim measures of progress as requirements for continued funding. It is possible that one or more of the projects will not succeed and, therefore, not all of the funds will be expended for those projects. It is also possible that some communities will not accept the conditions in the grant agreements. Should this occur, it would then be possible for us to use the available funds to make grant offers to additional communities. It is also possible that some of the funds that are awarded for revenue guarantees will not be used fully if projected traffic levels exceed expectations. The law provides that we can continue to make awards, within the other overall community and statewide limitations set forth in the statute. If such additional funds and opportunities do become available, we will make awards to one or more communities, choosing from the other applications already filed in this docket. Before doing so, we would first contact the community to determine if it continues to be interested in an award. As communities may still receive a grant award under this program, we do not intend to entertain petitions for reconsideration of this order.

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," and to provide assistance, in coordination with other government agencies, to the community to facilitate land use and economic development of the area surrounding the airport.

We have decided to designate the Dothan Regional Airport in Dothan, Alabama, as an air service development zone. The airport serves a tri-state metropolitan market, encompassing several counties in southeastern Alabama, northern Florida, and southwestern Georgia. In addition, the airport has a catchment area of nearly 600,000 people within a 90-mile radius of the community. Dothan is also the home of Fort Rucker-the Army Aviation Center and the Wallace Community College-Ozark Campus, which specializes in avionics and aviation mechanic training. Many aviation related and other businesses are located in the area. The airport has a 240 acre industrial

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[8] We take this certification seriously. A false certification could subject the sponsor to criminal penalties.

park with access by air, rail, and highway and the infrastructure and land to accommodate aviation-related projects with runway access to facilities. This designation will facilitate the stated efforts of the community and the airport to make the Dothan Regional Airport the central focus for economic development of the tri-state area. We will contact the community to discuss its plans and our joint partnership in this economic development effort.

ACCORDINGLY,

1. This order hereby obligates Small Community Air Service Development Pilot Program fiscal year 2003 funds for the communities/consortiums listed in Appendix A;

2. Grant recipients are subject to all grant conditions and assurances specified in Appendix B to this order and FAA Order 5100-38B;

3. Grant recipients must execute a grant agreement with the Department before they can begin to spend funds provided under this order;

4. We require the grant recipients awarded less than the amount that they requested in their proposals to execute grant agreements with the Department of Transportation, or to notify the Department that they do not accept the Department's grant offer no later than 5 business days from the issuance of this order;

5. We designate Dothan Regional Airport in Dothan, Alabama, as an Air Service Development Zone under 49 U.S.C. 41743, section 203(h);

6. We will serve a copy of this order on the legal sponsor for each of the communities that submitted applications in this docket; and

7. We will not entertain petitions for reconsideration of this order.

By:

MICHAEL W. REYNOLDS
Acting Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at http://dms.dot.gov

SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM GRANT SELECTIONS

Count	City	State	Federal Grant Award
1	King Cove, Sand Point, Akutan, Cold Bay, False Pass, Nelson Lagoon	AK	$70,000
2	Dothan	AL	$200,000
3	Baxter County/West Plains/Gainesville	AR/MO	$574,875
4	Arizona Rural Consortium	AZ	$1,500,000
5	Bakersfield	CA	$982,513
6	Fresno	CA	$1,000,000
7	Gunnison/Crested Butte	CO	$200,000
8	Gainesville	FL	$660,000
9	Savannah/Hilton Head	GA/SC	$523,495
10	Dubuque/East Dubuque/Platteville	IA/IL/WI	$610,000
11	Lewiston	ID	$675,000
12	Owensboro	KY	$500,000
13	Shreveport	LA	$500,000
14	Bangor	ME	$310,000
15	Muskegon	MI	$500,000
16	Duluth	MN	$1,000,000*
17	Cut Bank	MT	$90,000
18	Joplin	MO	$500,000
19	Greenville	MS	$400,000
20	Tupelo	MS	$475,000
21	North Carolina Consortium	NC	$1,200,000*
22	Dickinson/Williston	ND	$750,000
23	Grand Island	NE	$380,000
24	Taos Consortium	NM	$1,400,000
25	Athens/Morgantown	OH/WV	$587,224
26	Marietta/Parkersburg	OH/WV	$500,000
27	Redmond	OR	$515,000
28	Erie	PA	$500,000
29	Aguadilla	PR	$626,700
30	Charleston	SC	$1,000,000
31	Pierre	SD	$150,000
32	Knoxville	TN	$500,000
33	Victoria	TX	$20,000
34	Staunton	VA	$100,000
35	Friday Harbor	WA	$350,000
	Total		$19,849,807

* Grant award will become effective and the applicable grant funds will be obligated only if the community accepts the Department's grant offer and executes a grant agreement with the Department no later than 5 business days from the date of issuance of this order.

APPENDIX B

OFFICE OF THE SECRETARY

DEPARTMENT OF TRANSPORTATION

TITLE VI ASSURANCE

(Implementing Title VI of the Civil Rights Act of 1964, as amended)

ASSURANCE CONCERNING NONDISCRIMINATION ON THE BASIS OF DISABILITY IN FEDERALLY-ASSISTED PROGRAMS AND ACTIVITIES RECEIVING OR BENEFITING FROM FEDERAL FINANCIAL ASSISTANCE

(Implementing the Rehabilitation Act of 1973, as amended, and the Air Carrier Access Act of 1986)

49 CFR Parts 21 and 27 and 14 CFR Parts 271 and 382

_____ (the Grant Recipient) HEREBY AGREES THAT,
(Name of Grant Recipient)

I. As a condition to receiving any Federal financial assistance from the Department of Transportation, it will comply: with Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d--42 U.S.C. 2000d-4; all requirements imposed by or pursuant to: Title 49, Code of Federal Regulations, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; and other pertinent directives so that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Recipient receives Federal financial assistance from the Department of Transportation. This assurance is required by Title 49, Code of Federal Regulations, section 21.7(a) and Title 14, Code of Federal Regulations, section 271.9(c).

II. As a condition to receiving any Federal financial assistance from the Department of Transportation, it will comply with: section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794); the Air Carrier Access Act of 1986 (49 U.S.C. 1374(c)); and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance, Title 14, Code of Federal Regulations, Part 382, Nondiscrimination on the Basis of Handicap in Air Travel; and other pertinent directives so that no otherwise qualified person with a disability, be excluded from participation in, be denied the benefits of, be discriminated against by reason of such handicap in the provision of air transportation, or otherwise be subjected to discrimination under any program for which the Recipient receives Federal finan-

cial assistance from the Department of Transportation. This assurance is required by Title 49, Code of Federal Regulations, section 27.9 and Title 14, Code of Federal Regulations, sections 271.9(c) and 382.9.

III. It will promptly take any measures necessary to effectuate this agreement. The Recipient further agrees that it shall take reasonable actions to guarantee that it, its contractors and subcontractors subject to the Department of Transportation regulations cited above, transferees, and successors in interest will comply with all requirements imposed or pursuant to the statutes and Department of Transportation regulations cited above, other pertinent directives, and the above assurances.

IV. These assurances obligate the Recipient for the period during which Federal financial assistance is extended. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the statutes and Department of Transportation regulations cited above, other pertinent directives, and the above assurances.

V. These assurances are given for the purpose of obtaining Federal grant assistance under the Small Community Air Service Development Pilot Program and are binding on the Recipient, contractors, subcontractors, transferees, successors in interest, and all other participants receiving Federal grant assistance in the Small Community Air Service Development Pilot Program. The person or persons whose signatures appear below are authorized to sign this agreement on behalf of the Grant Recipient.

VI. In addition to these assurances, the Recipient agrees to file: a summary of all complaints filed against it within the past year that allege violation(s) by the Recipient of Title VI of the Civil Rights Act of 1964, as amended, section 504 of the Rehabilitation Act of 1973, as amended, or the Air Carrier Access Act of 1986; or a statement that there have been no complaints filed against it. The summary should include the date the complaint was filed, the nature of the complaint, the status or outcome of the complaint (*i.e.*, whether it is still pending or how it was resolved).

_____ _____

Date Legal Name of Grant Recipient

By: _____

Signature of Authorized Official

UNITED STATES OF AMERICA

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
OFFICE OF AVIATION ANALYSIS

CERTIFICATION REGARDING INFLUENCING ACTIVITIES

Certification for Contracts, Grants, Loans,
and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Influencing Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

_____ _____
Signature Date

_____
Title

_____
Grant Recipient

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
OFFICE OF AVIATION ANALYSIS

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS IN THE PERFORMANCE OF SMALL COMMUNITY AIR SERVICE PURSUANT TO GRANT AWARD UNDER THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM

A. The grant recipient certifies that it will, or will continue, to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grant recipient's workplace, and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about--

(1) The dangers of drug abuse in the workplace;

(2) The grantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of work supported by the grant award be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment supported by the grant award, the employee will--

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of conviction. Employers of convicted employees must provide notice, including position title, to the Office of Aviation Analysis. Notice shall include the order number of the grant award;

(f) Taking one of the following actions, within 30 days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted--

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended, or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grant recipient *may*, but is not required to, insert in the space provided below the site for the performance of work done in connection with the specific grant.

Places of Performance (street address, city, county, state, zip code). For the provision of air service pursuant to the grant award, workplaces include outstations, maintenance sites, headquarters office locations, training sites and any other worksites where work is performed that is supported by the grant award.

_____ _____

_____ _____

_____ _____

_____ _____

Check [ ] if there are workplaces on file that are not identified here.

_____ _____

Grant Recipient Signature Date

_____ _____

OFFICE OF THE SECRETARY OF TRANSPORTATION

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS -- PRIMARY COVERED TRANSACTIONS

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

_____	_____
Name	Affiliation
_____	_____
Title	Date

OFFICE OF THE SECRETARY OF TRANSPORTATION

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION -- LOWER TIER COVERED TRANSACTIONS

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the

department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion -- Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

_____
Name

_____
Title

_____
Affiliation

_____
Date