



Board of Aviation

Commercial Air Service Development Policy

August 1, 2016	NUMBER OAB-01-2016
SUPERCEDES N/A	PAGE NUMBER 1 of 10
APPROVED SIGNATURE Signature on File at ODA	

PURPOSE: The purpose of this policy is to provide policy guidance from the Oregon Aviation Board to the Department of Aviation on policy to implement the funding of grants for commercial air service to rural Oregon

AUTHORITY: ORS 319.020, ORS 836.015, ORS 836.020. OAR 738 Division 124

As authorized by the referenced ORS above, the Director of the Oregon Department of Aviation as authorized by the State Aviation Board may render financial assistance by grant to any municipality or municipalities acting jointly in the planning, improvement, or operation of an airport owned or controlled, or to be owned or controlled by such municipality or municipalities, out of appropriation made by the legislature for such purposes. The financial assistance may be furnished in connection with federal or other financial aid for the same purposes.

APPLICABILITY: This policy provides guidelines for implementation of grants and funding for commercial air service to rural Oregon as directed under ORS 219.020. . The rural air service program (ROAR) - **Rural Oregon Aviation Relief** fund provides funding to support commercial air service to rural parts of the state. This policy provides guidelines from the Oregon Aviation Board to the Oregon Department of Aviation on implementation of grants to applicants

Parties affected by the rules include public use airport owners and airport sponsors (both private and public), including Oregon municipalities as defined by ORS 836.005. Applicants whose projects are selected to receive grant funding will economically benefit from this policy.

Definitions: The following terms have the following definitions, unless the context clearly indicates otherwise:

- (1) "Agreement" means a legally binding contract between the Department and Recipient that contains the terms and conditions under which the Department is providing funds from the Aviation System Action Program Fund for an Approved Project.
- (2) "Applicant" means a Person or Public Body that applies for funds from the Aviation System Action Program Fund.
- (3) "Approved Project" means a Project that the Board has selected to receive funding through a grant or Selection Process from the Aviation System Action Program Fund.
- (4) "Area Commissions on Transportation" means advisory bodies chartered by the Oregon Transportation Commission (OTC) through the Policy on Formation and Operation of Area Commissions on Transportation (ACTs) approved by the OTC on June 18, 2003.
- (5) "Aviation" is defined in ORS 836.005(5).
- (6) "Board" means the Oregon Aviation Board.
- (7) "Department" means the Oregon Department of Aviation.
- (8) "Director" means the Director of the Oregon Department of Aviation.
- (9) "Department of Aviation" means the Oregon Department of Aviation (ODA).
- (10) "Oregon Business Development Department" means the department defined in ORS 285A.070.
- (11) "Freight Advisory Committee" means the committee created in ORS 366.212.
- (12) "Municipality" as defined by ORS 836.005, refers to the applicant or airport sponsor.
- (12) "Person" has the meaning given in ORS 174.100(6), limited to those Persons that are registered with the Oregon Secretary of State to conduct business within the State of Oregon.
- (13) "Program" means the Aviation System Action Program Fund established by division 124 rules to administer the Aviation System Action Program Fund.
- (14) "Public Body" is defined in ORS 174.109.
- (15) "Recipient" means an Applicant that enters into Agreement with the Department to receive funds from the Aviation System Action Program Fund.
- (16) "Recipient's Total Project Costs" means the funds received from the Aviation System Action Program Fund program plus the Recipients matching funds, and any additional funds, if applicable.
- (17) "Receive Federal Grants" means execution of a grant agreement with any agency of the United States.
- (18) "Rural Airport" means an airport that principally serves a city or metropolitan statistical area with a population of 500,000 or fewer.
- (19) "State Aviation Board" means the board created in ORS 835.102.
- (20) "Aviation Project" or "project" is defined by projects including but not limited to airport safety and emergency preparedness, enhancements, rural air service development, capital improvement and maintenance projects critical and essential to airports statewide connectivity.
- (21) Project applications for projects requesting grant funding described in ORS 319.020 Section 7(5), are known as part of the Critical Oregon Aviation Relief,

“COAR” Grants, to be administered through the Financial Aid to Municipalities Grant Program, “FAM Grants”.

(22) Project applications for the sole purpose of assisting commercial air service to rural Oregon, known as Rural Oregon Aviation Relief, “ROAR” Fund, as defined by ORS 319.020 Section 7 (6).

(23) State Owned Airport Reserve Fund known as “SOAR” as defined by ORS 319.020 Section 7 (7).

(24) Airport Review Committee known as “ARC” in accordance with ORS 319.020 Section 7 (3)

Background: HB 2075 (2015) mandates the Department of Aviation (ODA) to adopt rules in order to administer financial assistance programs for aviation related purposes throughout the State of Oregon funded by the fuels tax revenue derived from the Aviation System Action Program (ASAP) Fund.

- The Overarching umbrella rule for the Aviation System Action Program (to be known also as ASAP) fund is the enabling rule for implementation of HB 2075 covering the 3 programs: COAR grants (paid for via FAM legislation), Rural Oregon Aviation Relief fund, ROAR (for commercial air service links to rural Oregon), and SOAR State-Owned Airports Relief fund for maintenance projects benefitting the 28 state owned airport facilities and sites.

Acronyms

ASAP – Aviation System Action Program – 95% of revenue from HB2075

COAR – Critical Oregon Aviation Relief fund – 50% of the 95% revenue

ROAR – Rural Oregon Aviation Relief fund – 25% of the 95% revenue

SOAR – State Owned Airport Reserve fund – 25% of the 95% revenue

5%	<ul style="list-style-type: none"> • Oregon Department of Aviation program administration <p style="text-align: center;">The remaining 95% (\$19 million) as follows:</p>
50%	<ul style="list-style-type: none"> • Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant match assistance • Emergency preparedness per Oregon Resilience Plan • Fuel, sewer, water and weather equipment • Economic Development, hangars, facilities, marketing
25%	<ul style="list-style-type: none"> • Rural commercial air service assistance
25%	<ul style="list-style-type: none"> • State owned airports (28 total) • Safety • Infrastructure

This policy will direct ODA to implement program funds to be allocated in accordance with ORS 319.020 and OAR 124 which states the need for air service to rural parts of the state may be provided to enhance commercial air service under the Rural Oregon Aviation Relief Fund (ROAR).

GUIDELINES:

ROAR - Rural Oregon Aviation Relief fund provides funding to support commercial air service to rural parts of the state.

Twenty-five percent of the amounts described in ORS 319.020 shall be distributed for the purpose of assisting commercial air service to rural Oregon. "Rural Airport" means an airport that principally serves a city or metropolitan statistical area with a population of 500,000 or fewer.

Who's eligible to apply?

Airport sponsors, local communities, Chambers of Commerce, community organizations that promote economic development that support existing or proposed new commercial air service

What types of services are eligible under ROAR? (not all inclusive)

Marketing

Travel bank

Feasibility studies

Discount coupons

Travel guarantees

Offset airline costs of infrastructure

Matching Requirements

(1) All applicants must show the ability to provide a dollar match if awarded a grant. This match can be either in cash or in-kind services.

(2) ROAR grants may be made to the applicant for up to a maximum of \$150,000 per application per airport, per grant cycle.

(3) ROAR grant funds may be used as local match for other federal grants such as SCASD grants.

(4) Grant match requirements are based on the airport's category as listed in the current OAP. This match will be:

(a) Category 1a — Commercial Primary: 50%

(b) Category 1b — Other Commercial Non-Primary (less than 10,000 enplanements): 35%

(c) Category 2 — Business: 25%

(d) Category 3 — Regional: 10%

(e) Category 4 — Community: 10%

(f) Category 5 — Low Activity: 5%

Application Process

(1) The Department shall provide potential applicants with an application package for the ROAR Grant Program, to include:

(a) A copy of OAR 738-124 “Aviation System Action Program Fund”

(b) An application form requiring full disclosure of all information needed to fairly evaluate the applicant’s need for a grant;

(c) Clear instructions for completing the grant application;

(d) A list and samples of mandatory supporting documents and addenda, including instructions for their preparation; and

(e) A sample grant agreement.

(2) The Department shall, on an annual basis, inform all Oregon municipalities with public use airports, and sponsors of privately owned public-use airports, that ROAR grants are available, and how to obtain an application packet. The notice shall include a list of all application deadlines.

(3) To be considered for a ROAR grant, a completed application package, including all required information, materials, attachments and addenda must be submitted to the Department by the application deadline.

(4) If additional ROAR grant funds become available between annual grant cycle deadlines, the Department will:

(a) Award grants to applicants who submitted an eligible grant application but did not receive a another grant in the same grant cycle.

(b) If all applicants received funding in the first-round, inform all eligible municipalities, and establish a supplemental application cycle. The supplemental application process shall conform to this rule.

(c) Award no more than \$150,000 per application, per airport.

Stat. Auth.: ORS 835.035, 835.040, 835.112

Grant Agreements

(1) The Department shall enter into a Grant Agreement with municipality selected to receive a ROAR grant prior to distributing program funds.

(2) ROAR Grant Agreements shall include the following elements:

(a) General terms of agreement, including but not limited to:

(A) The specific airport project receiving grant funding;

(B) Maximum dollar allocation;

(C) Effective dates of the grant;

(D) Rights to terminate the grant agreement;

(E) Inspection and reporting requirements to verify project work and expenditures before distribution of grant program funds; and

(F) Other terms and conditions as specified in the Sample Grant Agreement provided with the application packet.

(b) Municipality obligations, including but not limited to:

(A) The cash or in-kind match required from the municipality;

(B) A requirement that grant recipients must maintain and operate the airport as an airport in a usable, safe, and orderly manner at all times for a period of at least 20 years from the date of the agreement;

(C) A financial requirement that grant recipients must deposit all income derived from the airport into an airport account for a period of at least 20 years from the date of the agreement, with those funds used only for the operation, maintenance or capital improvement of the airport;

(D) A prohibition against the applicant and its contractors and lessees or any successor thereto granting any exclusive right to use the airport or airport improvements, or to provide services at the airport during the life of the agreement, or for 20 years, whichever is longer; and

(E) A requirement that applicant will insert provisions in future lease agreements or contracts requiring all aircraft based at the airport to be registered with Department in accordance with ORS 837.040. Based aircraft is defined as those aircraft based at an airport for more than 30 days.

(c) Department's obligations, including but not limited to:

(A) Conditions of disbursement of grant funds including obligation to repay funds if the terms of the agreement are not complied with; and

(B) Other Department obligations as specified in the Sample Grant Agreement provided with the application packet. The Board may, in its discretion and/or upon the recommendation of the Department, waive any provision of this rule upon a finding that there is an imminent and likely loss of a facility, or of funds available to a facility, or that a condition exists causing imminent danger to pilots or aircraft using an airport, and that an immediate FAM grant is reasonably likely to alleviate the loss or danger. The Board may also, in its discretion and/or upon the recommendation of the Department, make exceptions to the minimum and maximum allowable limits of a grant award. In making such a finding the Board must find:

(1) The project proposed meets the overall purpose of the ASAP program, and is consistent with the provisions and policies of the OAP;

(2) There is in the Board's reasonable judgment evidence showing that any of the following would be adversely affected unless ROAR funds were made available:

(a) Aviation safety;

(b) Community safety;

(c) Airport viability;

(d) Availability of federal funds; and

(3) Alternate funding sources are inadequate to meet the need addressed by the proposed exception.

PROCEDURE

A. Commercial Air Service grant process

PROCEDURES FOR PROCESSING AGREEMENTS INVOLVING GRANT APPLICATIONS FOR COMMERCIAL AIR SERVICE PROMOTION AND ASSISTANCE.

<u>RESPONSIBILITY</u>	<u>STEP</u>	<u>ACTION</u>
Oregon Dept of Aviation	1	<u>Announce grant cycle and method of application</u> <u>Direct grant application process</u> <u>Request for Proposals</u>
Applicant	2	<u>Submit Grant application to Oregon Department of Aviation</u> to determine the feasibility of the transfer.
ODA	3	Review Applications for completeness, compliance and feasibility
ODA	4	<u>Takes consolidated list of projects and schedules Aviation board Public Meeting to review and approve projects</u>
Aviation Board	5	<i>Convenes, reviews and approves Grant applications</i>
ODA	6	1. Publishes approved projects 2. Creates Intergovernmental Agreement (IGA)

<u>RESPONSIBILITY</u>	<u>STEP</u>	<u>ACTION</u>
		Or contract (if with private enterprise)
		3. Submits to Department of Justice
Department of Justice	7	Approves IGA or contract
ODA and Applicant	8	1. Signs IGA or Contract 2. ODA Administers grants to selected applicants
Applicant	9	Completes project as required by IGA or contract
ODA	10	Monitors applicant performance and provides phased funding distribution.
Applicant	11	1. Provides completion report 2. Provide follow on economic impact report within 1 year

Preliminary Process Flow Chart

ROAR Program

APPLICANTS APPLY FOR FOR AN ODA GRANT FOR PROJECT FUNDING

Twenty-five percent of the amounts described in subsection of this section shall:

be distributed for the purpose of assisting commercial air service to **rural Oregon**.

This is verbiage specifically from the legislation for HB 2075, what we will be referring to as ROAR. The Board will be able to adopt Policy on how this funding is applied for and awarded.

PRESENT TO THE AVIATION BOARD

The Department of Aviation staff shall complete a review for completeness and forward the applicants to the Board for review.

REVIEW BY THE AVIATION BOARD

The Aviation Board reviews all applications and approves or denies grant applications in accordance with BOARD POLICY (yet to be defined)

AVIATION BOARD VOTES ON PROJECTS

Aviation Board votes on whether to approve the proposed projects as submitted (the Board may set Policy to create a priority funding list).

PROJECT APPROVAL & GRANT AWARD

Upon approval by the Board the application process will mirror funding distributions as set forth for the COAR Grant process.

The BOARD POLICY should reflect if the Board is allowed to partially fund projects.

