CITY OF SALEM

Legislation Details (With Text)

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Type:	Action Item		**Status:**		Passed
			In control:		City Council
On agenda:	11/26/2018		**Final action:**		11/26/2018
Title:	Small Community Air Service Development Grant Application for Commercial Air Service Development				
	Ward(s): 2 Councilor(s): Andersen Neighborhood(s): SEMCA				
Sponsors:					
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result
11/26/2018	1	City Council		
11/26/2018	1	City Council	approved	Pass

TO:	Mayor and City Council
THROUGH:	Steve Powers, City Manager
FROM:	Kristin Retherford, Urban Development Director

SUBJECT:

Small Community Air Service Development Grant Application for Commercial Air Service Development

Ward(s): 2
Councilor(s): Andersen
Neighborhood(s): SEMCA

ISSUE:

Shall City Council authorize the City to apply for a Small Community Air Service Development grant through the U.S. Department of Transportation for commercial air service development at the Salem Municipal Airport?

RECOMMENDATION:

Authorize the Small Community Air Service Development grant application for commercial air service

development at the Salem Municipal Airport.

SUMMARY AND BACKGROUND:

The U.S. Department of Transportation's (DOT) Small Community Air Service Development (SCASD) program is a grant program to help small communities address air service and airfare issues. A grant award will be used for minimum revenue guarantees for new airline service. A coalition of community members, partnering with the Salem Chamber of Commerce (Chamber), is funding consultant efforts to prepare the grant application. City funds will not be expended on this effort. However, the SCASD program requires that the City serve as the grant applicant. This is a reimbursable grant program and would require future budget authority prior to expenditure and requests for reimbursement from the DOT.

The total grant request is $750,000.

Applications must be submitted to the DOT in December of 2018. Awards will likely be announced in July 2019.

Submitting an application does not bind the City to any future obligations or grant assurances. The City can withdraw from the grant application process at any time prior to entering into a formal grant agreement with the DOT.

FACTS AND FINDINGS:

By consenting to this application for SCASD funds, the City of Salem is not incurring any commitment or obligation. Staff will return to Council in the summer of 2019, if and when the City is awarded funds, with either a recommendation to enter into an agreement to accept funds or to decline the grant offer. Should the City be awarded these grant funds and should commercial airline service be successfully re-established at the Salem Municipal Airport, the SCASD grant funds, along with local funding pledged by community members, would be used primarily to provide a revenue guarantee to the airline. These resources would not be expended unless the airline failed to meet their minimum monthly revenue threshold. Should that occur, community-generated funds and SCASD grant funds would be used to reimburse the airline the difference between their minimum required revenue and their actual revenue. Grant funds would then be advanced by the City, and the City would seek reimbursement from the DOT.

The grant timeline allows for the City to confirm that pledges have been raised, matching funds have been identified, budgetary authority has been granted for the expenditure and reimbursement of funds, and agreements are in place with either the Salem Chamber of Commerce or other entity acting on behalf of community members with regards to funding and other obligations. It has not yet been determined if the Chamber or another entity will function as fiduciary agent for pledged revenue guarantee funds or the mechanism for holding these funds in the future. These details will be resolved prior to the City entering into any agreement or obligation relating to SCASD grant funds.

John Paskell
Airport Manager

Attachments:
1)   None