

RESOLUTION NO. 31195

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN INTERLOCAL AGREEMENT WITH HAMILTON COUNTY, TENNESSEE, TO MEET, STUDY, AND REPORT TO THE CITY COUNCIL AND THE HAMILTON COUNTY COMMISSION RELATED TO THE BENEFITS OF APPLYING FOR A SEVEN HUNDRED FIFTY THOUSAND DOLLAR (\$750,000.00) GRANT FROM THE FEDERAL AVIATION ADMINISTRATION (FAA) TO SECURE A NEW ROUTE FROM UNITED OR FRONTIER AIRLINES FOR TRAVEL TO DENVER, COLORADO, AND OTHER DESTINATIONS IN THE WEST, AS WELL AS ASIA, AND TO PROVIDE FOR THE JOINT FUNDING AND OPERATION OF THIS PROJECT, IN THE AMOUNT OF ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00) EACH BY THE CITY OF CHATTANOOGA AND HAMILTON COUNTY, TENNESSEE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that it is hereby authorizing the Mayor to execute an Interlocal Agreement with Hamilton County, Tennessee, to meet, study, and report to the City Council and the Hamilton County Commission related to the benefits of applying for a \$750,000.00 grant from the Federal Aviation Administration (FAA) to secure a new route from United or Frontier Airlines for travel to Denver, Colorado, and other destinations in the West, as well as Asia, and to provide for the joint funding and operation of this Project, in the amount of \$150,000.00 each by the City of Chattanooga and Hamilton County, Tennessee.

A copy of the Small Community Air Service Development Program Proposal by the Chattanooga Metropolitan Airport Authority, Docket DOT-ost-2022-0003 is attached hereto and made a part of the Interlocal Agreement with the letters approved by Mayor Tim Kelly and Mayor Jim Coppinger as part of that proposal.

ADOPTED: July 26, 2022

PAN/mem/v2

INTERLOCAL AGREEMENT
BETWEEN
THE CITY OF CHATTANOOGA, TENNESSEE, AND
HAMILTON COUNTY, TENNESSEE

THIS INTERLOCAL AGREEMENT ("Agreement") entered into between the CITY OF CHATTANOOGA, TENNESSEE, a municipal corporation located in Hamilton County, Tennessee, organized and existing under the laws of the State of Tennessee (hereinafter referred to as "Chattanooga" or "City"), HAMILTON COUNTY, TENNESSEE (hereinafter referred to as "HAMILTON COUNTY"), are sometimes referred to in this Agreement individually as "Party" and collectively as the "Parties."

WHEREAS, Denver is currently the most visited destination from the Chattanooga Airport not served by a nonstop route. The Chattanooga Airport, with support from the city, county, state and federal representatives, as well as community members, applied for a \$750,000 grant from the FAA, which will be combined with \$367,000 in locally committed funds (including \$150,000 each from the city and county) to secure a new route from United or Frontier; and

WHEREAS, the elected Mayors of Chattanooga and Hamilton County have requested that we draft and circulate an interlocal agreement to solidify the commitments from the City and County, as additional support to the SCASD grant proposal for air service to Denver; and to ensure that in the event that the FAA grants the request for grant fund, that we are prepared to act quickly in the public interest: and

WHEREAS, through this FAA grant, service to Denver will offer convenient access not only to Colorado, but as a gateway to many other destinations in the West as well as Asia. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities through this new gateway; and

WHEREAS, The Chattanooga Airport is an important driver of economic growth for the City and Hamilton County, both in terms of attracting new businesses as well as helping existing businesses grow in place, and securing this important route will make it easier for investors to visit Chattanooga, and for our companies to expand westward.

WHEREAS, this agreement is in the public interest because it expands service for our residents, supports local jobs, and stimulates job growth; and

WHEREAS, by virtue of the authority of the laws of Tennessee, particularly T.C.A. §§ 7-35-301 through 7-35-304, Chattanooga and Hamilton County are authorized to enter into such an agreement.

NOW, THEREFORE, IN CONSIDERATION of the premises and mutual undertakings as hereinafter set forth, it is mutually agreed by and between Chattanooga and Hamilton County, each acting by and through its duly authorized officials, pursuant to resolutions duly, legally, and properly adopted, as follows:

1. Purpose. This Agreement is to authorize and approve Chattanooga and Hamilton County, to meet, study, and report to the City Council, and Hamilton County Commission, the benefits of applying for the \$750,000 grant from the FAA to secure a new route from United or Frontier Airlines for travel to Denver, CO and other destinations in the West as well as Asia. The general purpose of this Agreement is to provide for the joint funding and operation of this Project and to provide for payment if outside professional services are needed for this study. A copy of the Small Community Air Service Development Program Proposal by Chattanooga Metropolitan Airport Authority, Docket DOT-ost-2022-0003 is attached and made part of this Interlocal Agreement with the letters approved by Mayor Tim Kelly and Mayor Jim Coppinger as part of that proposal.

2. Term and Required Modifications.

A. Term. This Agreement shall become effective on the date signed by all Parties (“Effective Date”), and shall remain in effect for such period as necessary for the FAA to fully consider this grant request. The Agreement may be extended through mutual agreement in a writing signed by both Parties.

B. Status Meeting. In October of 2022, City, and Hamilton County representatives will meet to discuss any progress on obtaining FAA grant funds based on the terms agreed. The City has pledged to contribute \$150,000 toward the Denver route if the FAA grants our request for \$750,000 and Hamilton County will contribute \$150,000 toward the Denver route if the FAA grants our request for \$750,000.

C. In the event that the FAA grants the mutual grant request for \$750,000 to establish this new destination route, the City and Hamilton County will each make payment of the pledged amount at a time and place requested by the Chattanooga Airport immediately in order to take the next step toward securing the route to Denver.

3. Approval of work and reports to be performed.

A. The Parties recognize that from time to time there may be changes in federal or state law and regulations relating to the obtaining FAA grant funding for new air travel routes that may necessitate the modification of this Agreement. Either Party may petition the other Party by sending a request for modification in writing. The Parties agree to fully cooperate and take all reasonable measures to modify this Agreement as shall be required under such circumstances. If there is a disagreement regarding the terms of such proposed modification, such disagreement shall be subject to the dispute resolution procedures set forth herein.

B. If there is a disagreement regarding the terms of a proposed extension or modification described in Paragraph A, the Mayor of Hamilton County and the Mayor of Chattanooga agree to meet to resolve the issue in good faith.

4. Except as necessary to implement the terms of this Agreement, nothing in this Agreement shall be construed as changing the existing rights, responsibilities, and obligations of the Parties, whether arising from contract, ordinance, statute, or otherwise.

5. This is the entire agreement between the Parties. Any changes, modifications, additions and/or amendments are to be in writing and signed by each party hereto.

6. All notices pertaining to this Agreement shall be in writing, delivered to the parties hereto personally by hand, by United States mail, certified or registered, with return receipt requested. All notices shall be deemed given when so delivered. The parties may, by notice as provided above, designate a different address to which notice shall be given.

[signatures to follow on next page]

IN WITNESS WHEREOF this ____ day of _____, 2022.

CITY OF CHATTANOOGA

By: _____

Tim Kelly, Mayor
City Hall, Third Floor
101 East 11th Street
Chattanooga, TN 37402

With a copy to:
City Attorney
100 East 11th Street, Suite 200
Chattanooga, TN 37402

HAMILTON COUNTY, TENNESSEE

By:  _____

Jim Coppinger, Mayor (or Current Mayor)
208 Hamilton County Courthouse
Chattanooga, TN 37402

With a copy to:
County Attorney
Room 204, County Courthouse
Chattanooga, TN 37402

CHA Chattanooga Metropolitan Airport Chattanooga, Tennessee

Small Community Air Service Development Program Proposal

Docket DOT-OST-2022-0003



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LETTER OF INTRODUCTION



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Chattanooga, TN 37421
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Donna Roddy
Tom Snow
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Terry L. Hart, *President*

March 15, 2022

Brooke Chapman
Associate Director
Small Community Air Service Development Program
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Ms. Chapman,

Chattanooga Metropolitan Airport serves the residents and visitors to Chattanooga and the region surrounding our community. The Airport is submitting the attached proposal for a Small Community Air Service Development Grant in the amount of \$750,000 for a minimum revenue guarantee (MRG) to improve connectivity to the Western United States with service to Denver on United or Frontier or service to Houston on United.

Airlines have yet to restore approximately 30% of the capacity scheduled at Chattanooga prior to the pandemic, and the average fare paid at Chattanooga remains high. Seat capacity on all four airlines serving Chattanooga is down; United recently exited the Houston market, and Delta has not restored service to New York LaGuardia.

The Airport has partnered with community-based organizations with donations totaling \$367,000 in cash for minimum revenue guarantee funding to supplement the proposed federal funding. The airport will provide up \$50,000 for marketing and promotion of the proposed service and provide in-kind fee waivers of up to \$227,677.

The Airport meets frequently with targeted airlines to discuss additional air service. We most recently met with United and Frontier at the Routes Americas conference in San Antonio in February 2022.

We appreciate your consideration of our proposal.

Sincerely,

Terry L. Hart
President & CEO
Chattanooga Metropolitan Airport Authority

EXECUTIVE SUMMARY

The Chattanooga Metropolitan Airport Authority is seeking a federal grant in the amount of \$750,000 under the Small Community Air Service Development Program to fund a minimum revenue guarantee to improve connectivity to destinations in the Western United States via a large connecting hub such as Denver International Airport or Houston Intercontinental Airport. In addition to the amount requested from the Department, the City of Chattanooga, Hamilton County and the Chattanooga Chamber Foundation have pledged \$367,000 in cash, or 48.9% of the federal amount requested, that can be applied to the minimum revenue guarantee. Chattanooga Metropolitan Airport will provide \$50,000 in cash for marketing and promotion of the proposed service, waive landing fees, into-plane fuel fees and terminal rent valued at \$227,677 over the first two years of service.

Based on Department of Transportation data, the Chattanooga-Denver market size was 30.7 passengers per day each way (PDEW) in 2019, and the average fare was \$182. Based on a leakage study using year-end first quarter 2019 data, the Chattanooga-Denver true market size was 95.5 PDEW at an average fare of \$160 in the study period; 67.9% of the Denver traffic generated in Chattanooga catchment area leaks to other airports in the region. In addition to serving the local Chattanooga-Denver market, the proposed service would also enable connections on United and other carriers beyond Denver. United could logically connect at least 83 markets via Denver, and Frontier could logically connect with at least 22 markets via Denver.

The Chattanooga-Houston market was 28.3 (PDEW) in 2019, at an average fare of \$188. The Chattanooga-Houston true market size was 70.1 PDEW at an average fare of \$160 in the study period, and 59.9% of the Houston traffic generated in Chattanooga catchment area leaked to other airports in the region. In third quarter 2021, the Houston market generated 16.5 PDEW at an average fare of \$185. Chattanooga-Houston service would provide connections on United in up to 85 connecting markets beyond Houston.

The proposed air service to Denver or Houston will enable Chattanooga to recapture some of the traffic leaked to other airports, put downward pressure on air fares and increase tourism to the region around Chattanooga.

Chattanooga meets the Department's primary and secondary selection criteria for SCASDP funding:

- Air fares are higher than the national average air fares for all communities. Chattanooga's average domestic air fare was \$192 in 2019 and \$176 in the first three quarters of 2021; the average domestic air fare for all communities in the U.S. was \$172 in 2019 and \$142 in the first three quarters of 2021. Additional air service on a network carrier in Chattanooga will likely put downward pressure on Chattanooga's fares.

- The community will provide a portion of the project cost from community-based organizations. The City of Chattanooga, Hamilton County and the Chattanooga Chamber Foundation have pledged cash funding for the revenue guarantee totaling \$367,000 an amount equal to 48.9% of the \$750,000 in federal funding requested.
- The community has established a public-private partnership. Chattanooga Metropolitan Airport has partnered with the City of Chattanooga, Hamilton County and the Chattanooga Chamber Foundation for this project.
- The assistance will provide material benefits to a broad segment of the traveling public. The proposed service to Denver or Houston would benefit business, government and leisure travelers not only in the local Chattanooga-Denver or Houston markets, but also benefit business and leisure travelers with connecting opportunities beyond Denver or Houston.
- The assistance would be used in a timely manner. Chattanooga Metropolitan Airport has been actively engaged in a dialogue with United regarding Denver service for several years, and has been engaged with United regarding the restoration of Houston service since learning its regional airline partner, SkyWest, would discontinue Houston service in September 2021; The *likely* scenario for starting the new service is Summer 2023, assuming the Department announces awards in Summer 2022. June 2022 is the mostly likely scenario for the proposed service to begin because demand for travel to and from all Tennessee markets peaks in the summer, and the industry's summer season schedule change in the first half of June coincides with the seasonal uptick in summer demand.
- Innovation. While Chattanooga's proposal for a minimum revenue guarantee isn't necessarily innovative, minimum revenue guarantees have proven to be the most effective tool for establishing and maintaining new air service in other communities.
- Community Participation. Chattanooga Metropolitan Airport has partnered with the City of Chattanooga, Hamilton County and the Chattanooga Chamber Foundation for this project.
- Location. Chattanooga is isolated and is not within a larger metropolitan area. The closest large hub airport is Atlanta International Airport, located 124 road miles south of Chattanooga. Other airports in the region are located in Knoxville (104 miles), Huntsville (123 miles), Nashville (141 miles) and Birmingham (152 miles).

AIR SERVICE OVERVIEW

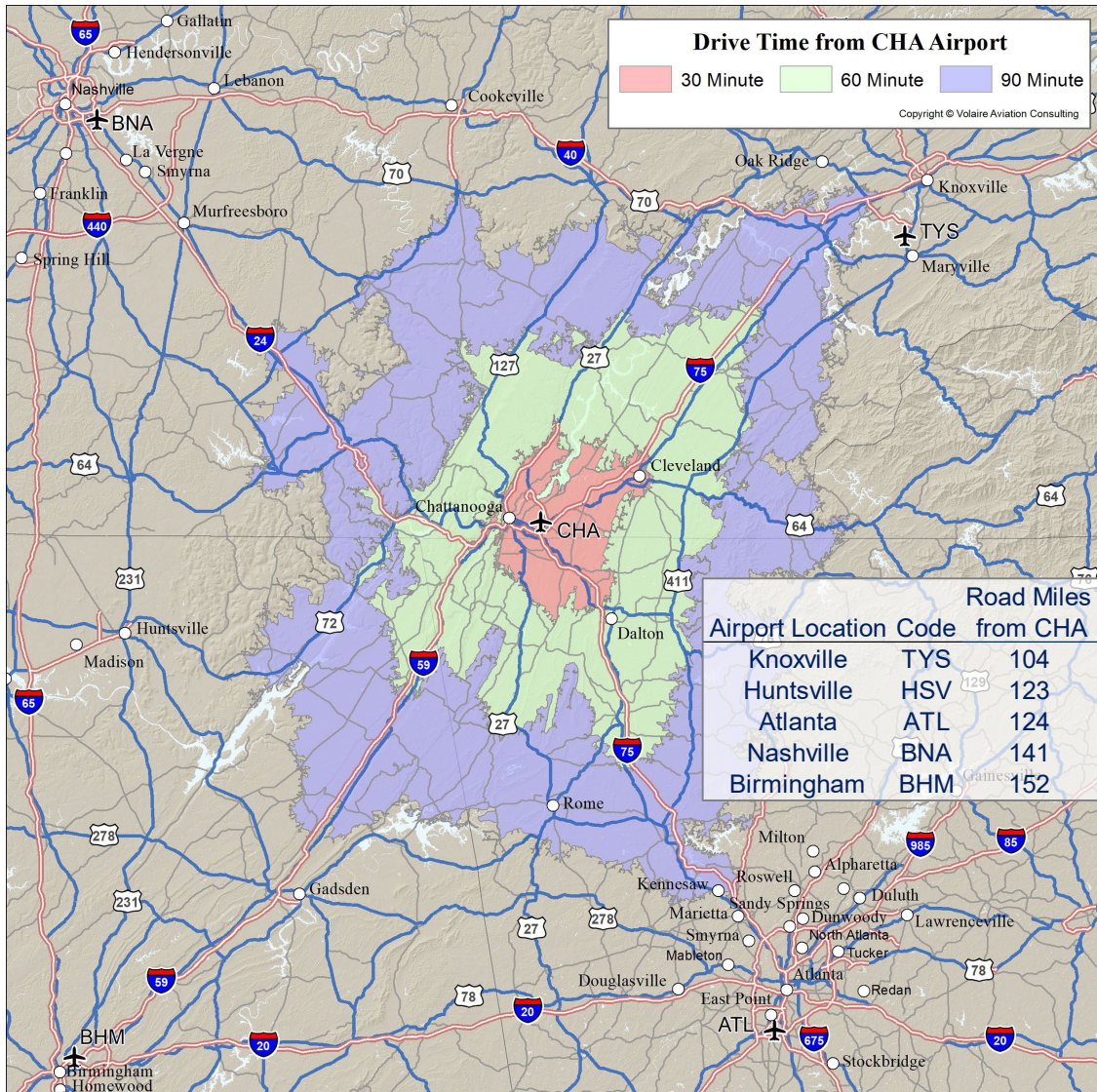
Catchment Area and Access to Alternate Airports

As illustrated on the drive time map in Exhibit 1, Chattanooga Metropolitan Airport is the closest airport to all residents within a 30-minute drive of the airport and most residents within a 60-minute drive of the airport. 520,737 residents live within a 30-minute drive of the airport, and 981,983 residents live within a 60-minute drive of the airport.

Chattanooga Metropolitan Airport is relatively isolated. The closest alternate airport is Knoxville McGhee Tyson Airport, located 104 to the north of Chattanooga. Atlanta Hartsfield Jackson International Airport is located 124 miles to the south of Chattanooga and is the second-closest airport; Huntsville International Airport is located 123 miles to the southwest of Chattanooga and is the third-

closest airport; Nashville International Airport is the fourth-closest airport at 141 to the northwest of Chattanooga.

Exhibit 1. 30, 60 and 90-minute drive times and drive times from Chattanooga Metropolitan Airport and locations of other airports in the region.



The table in Exhibit 2 summarizes the distance to each of the other airports in the region, the number of airlines, the number of destinations, the average seats per flight in the first three quarters of 2021. All five of the alternate airports in the region have service to more destinations and more seats per flight than Chattanooga. While both Chattanooga and Birmingham also have service on just four airlines, Birmingham has Southwest service and service to 19 destinations – ten more destinations than Chattanooga.

Exhibit 2. YTD third quarter 2021 number of airlines, number of destinations and average seats/flight at Chattanooga and other airports in the region. (Airline Data Inc. data: January 26, 2022).

Airport Location	Road Miles		Airlines	Destinations	Seats/Flight
	from CHA				
Chattanooga	N/A		4	9	69.1
Knoxville	104		5	29	83.6
Huntsville	123		6	14	73.0
Atlanta	124		21	208	147.1
Nashville	141		15	92	133.5
Birmingham	152		4	19	96.7

As shown in Exhibit 3, Chattanooga generated 905 domestic PDEW and 45 international PDEW for a total of 950 PDEW at an average domestic one-way fare of \$176, an average international one-way fare of \$375 and an average blended domestic and international one-way fare of \$185 in the first three quarters of 2021. Each of the alternate airports in the region generated more traffic, and all of the alternate airports, except Huntsville, generated a lower average one-way fare than Chattanooga.

Exhibit 3. YTD Third Quarter 2021 domestic and international passengers per day each way (PDEW) and average one-way fare at Chattanooga and other airports in the region (DOT DB1B data)

Airport Location	Road Miles from CHA	Domestic		International		Domestic+International	
		PDEW	Fare	PDEW	Fare	PDEW	Fare
Chattanooga	N/A	904	\$176	45	\$375	950	\$185
Knoxville	104	2,324	\$157	96	\$442	2,420	\$168
Huntsville	123	1,039	\$201	65	\$575	1,103	\$223
Atlanta	124	36,317	\$131	3,437	\$394	39,754	\$154
Nashville	141	15,008	\$127	552	\$343	15,560	\$135
Birmingham	152	2,537	\$172	147	\$377	2,684	\$183

Existing Air Service

Exhibit 4 illustrates airlines have scheduled an average of 1,310 seats per day each way at Chattanooga in March 2022, a decline of 31.8% versus March 2019. In March 2022, Chattanooga will have service on American to Charlotte, Dallas/Ft. Worth and Washington; Delta service to Atlanta and Detroit, United service to Chicago, and Allegiant service to Sanford/Orlando and St. Petersburg/Tampa. American will operate 38.8% of the scheduled capacity, Delta will operate 46.2% of the scheduled capacity, United will operate 7.6% of the scheduled capacity, and Allegiant will operate 7.4% of the scheduled capacity in March 2022.

Exhibit 4. Chattanooga March 2019 and March 2022 departures per day, seats per departure, seats per day and percent of total capacity and year-over-year change by airline and market (Airline Data Inc. data: January 26, 2022).

Airline	Destination	March 2019			March 2022			Seat Share	Seat Change	% Seat Change
		Flights per Day Each Way	Seats per Flight	Seats per Day Each Way	Flights per Day Each Way	Seats per Flight	Seats per Day Each Way			
American	CLT	6 4/7	71	462	4 3/7	54	237	18.1%	-225	-48.6%
	DCA	1	50	50	1	65	65	5.0%	15	30.0%
	DFW	2	79	155	2 5/7	76	206	15.7%	50	32.5%
	ORD	1 4/7	50	79				0.0%	-79	-100.0%
	Total	11 1/7	67	746	8 1/7	63	508	38.8%	-238	-31.9%
Delta	ATL	9 1/7	73	668	7 2/7	78	565	43.1%	-103	-15.4%
	DTW	1 4/7	50	76	6/7	50	40	3.1%	-35	-46.8%
	LGA	1	76	76				0.0%	-76	-100.0%
	Total	11 5/7	70	820	8	75	605	46.2%	-214	-26.1%
United	IAD	2	50	100				0.0%	-100	-100.0%
	ORD	2 6/7	50	145	2	50	100	7.6%	-45	-31.1%
	Total	4 6/7	50	245	2	50	100	7.6%	-145	-59.2%
Legacy Carrier Total		27 5/7	65	1,811	18 1/7	67	1,213	92.6%	-598	-33.0%
Allegiant	PIE	2/7	177	51	2/7	177	51	3.9%	0	0.0%
	SFB	2/7	166	59	2/7	177	46	3.5%	-13	-22.2%
	Total	5/7	171	110	4/7	177	97	7.4%	-13	-11.9%
All Carriers		28 2/7	68	1,921	18 5/7	70	1,310	100.0%	-611	-31.8%

Air Service Development Efforts

The Airport has an active air service development program, and the airport's air service development team has met in-person with eight airlines on 14 occasions in the nine month period from June 2021 through February 2022. These meetings included two meetings with both Frontier and United – the two airlines that would most likely enable the airport achieve its objective of improving connectivity to the Western United States with service to Denver or Houston. The number of meetings with each airline is summarized in Exhibit 5.

Exhibit 5. Summary of Chattanooga Metropolitan Airport airline meetings in 2021 and 2022.

Airline/Entity	Discussion/Meeting Forum and Number of Contacts			
	Routes Americas 2021	Volare Forum	Routes Americas 2022	Total
Allegiant	1			1
American			1	1
Avelo		1	1	2
Delta	1		1	2
Frontier		1	1	2
SkyWest		1		1
Southwest	1	1	1	3
United		1	1	2
Totals	3	5	6	14

Chattanooga has been relatively successful in attracting new air service. Exhibit 6 illustrates both new air service inaugurated and service discontinued at Chattanooga since September 2016 when United began service at Chattanooga. Since September 2016, airlines added service from Chattanooga to Philadelphia, Miami (service begins May 7, 2022), New York LaGuardia, Chicago,

Houston, Newark and Washington Dulles. Unfortunately, all but the United service to Chicago, and the yet-to-begin Miami service, have been discontinued.

Exhibit 6. Effective dates of new markets added at Chattanooga and discontinue dates of markets no longer served from Chattanooga; September 2016 through May 2022.

Airline	Market	Effective Date	Discontinue Date
American	Chicago	N/A	May 2, 2019
	Philadelphia	May 4, 2019	December 17, 2019
	Miami	May 7, 2022	N/A
Delta	New York LaGuardia	July 9, 2018	May 28, 2020
United	Chicago	September 7, 2016	N/A
	Houston	October 1, 2020	September 30, 2021
	Newark	September 7, 2016	October 3, 2018
	Washington Dulles	October 4, 2018	December 3, 2019

Marketing and Promotion of Air Service

Chattanooga Metropolitan Airport’s marketing and promotion programs are aimed at increasing travel and promoting completion among the airlines serving Chattanooga. The proposed Chattanooga-Denver or Houston service will qualify for \$50,000 in marketing and advertising incentives. These incentives include newspaper, television, radio and billboard advertising. This amount can be spent at the airline’s discretion at a rate of \$25,000 per year over the first two years of the new route using any combination of the available incentives.

AIR SERVICE DEVELOPMENT NEEDS AND DEFICIENCIES

Capacity Trend

Airline capacity in Chattanooga was on an upward trend through the end of 2019 prior to the beginning of the pandemic in early 2020, but it has declined sharply and is being restored at a rate much lower than overall U.S. domestic capacity is being restored. Exhibit 7 illustrates capacity on all carriers at Chattanooga increased to 1,905 seats per day each way in 2019 and has declined 30.7% to just 1,321 seats per day each way in first quarter 2022. When indexed to first quarter 2019 and compared to all U.S. airports, as illustrated in Exhibit 8, scheduled seat capacity at all U.S. airports in first quarter 2022 has recovered to 91% of first quarter 2019 scheduled seat capacity, but scheduled seat capacity at Chattanooga has recovered to only 70% of first quarter 2019 seat capacity – a gap of 21 percentage points. Exhibit 8 also illustrates Chattanooga’s scheduled seat capacity has lagged all U.S. airports seat capacity in each of the last four quarters dating back to second quarter 2021.

Exhibit 7. Chattanooga network carrier and Allegiant published seats per day each way 2011 – YTD 1Q 2022. (Airline Data Inc. data as of February 21, 2022)

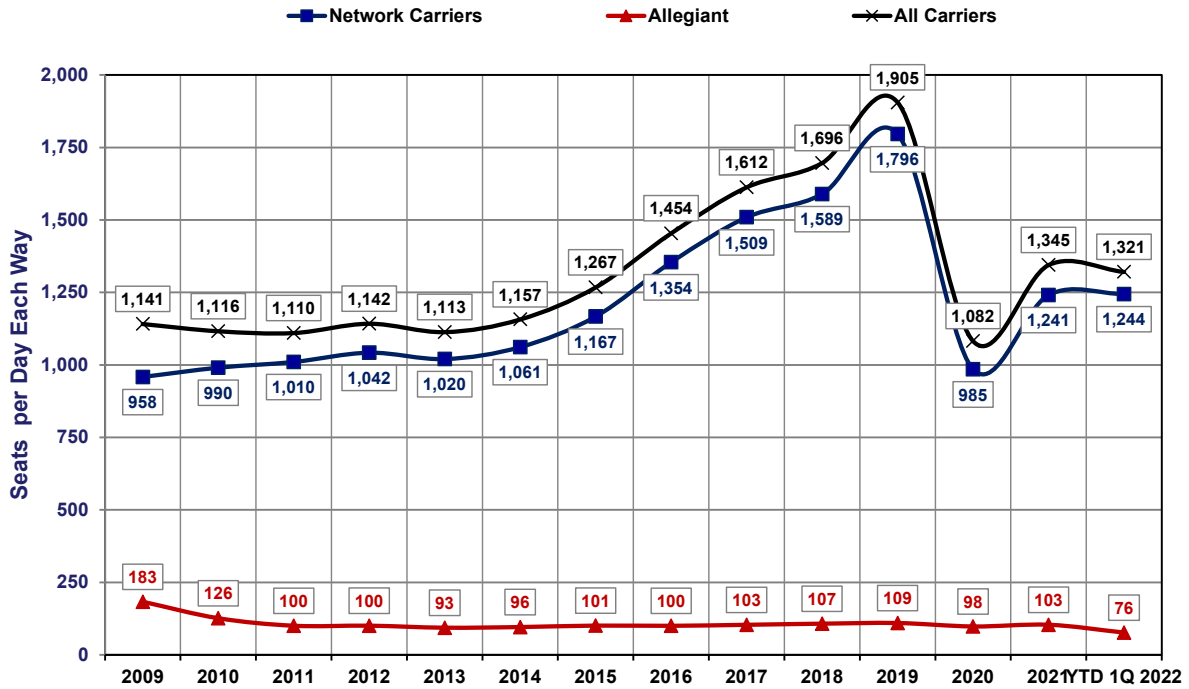
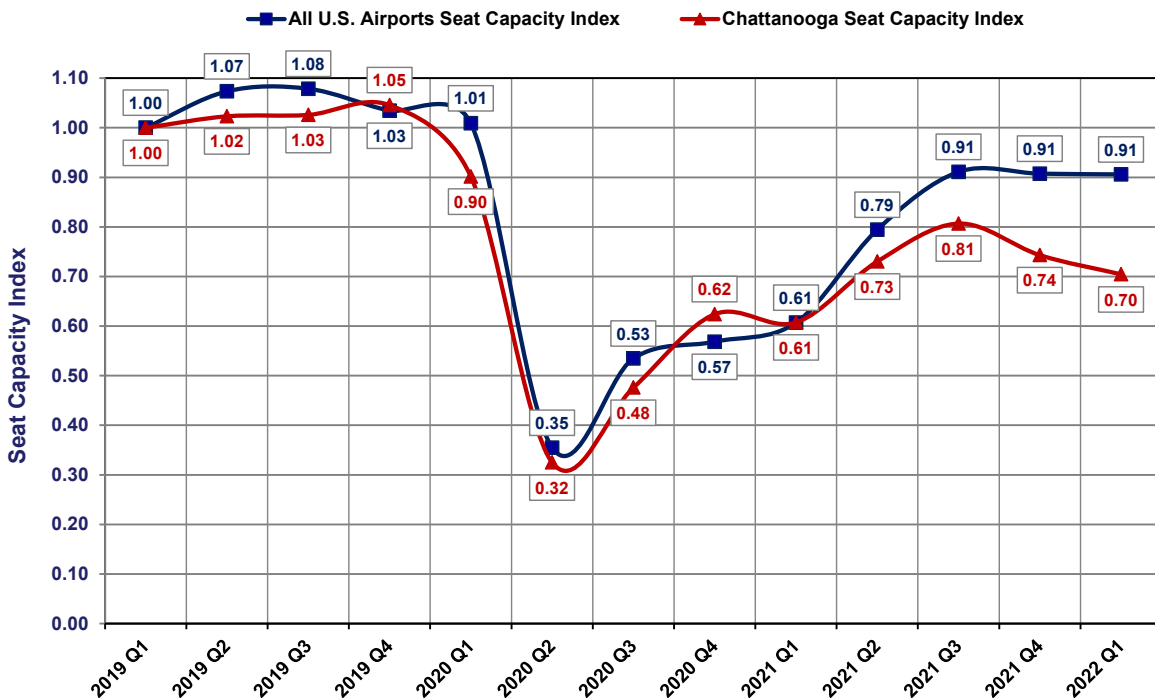


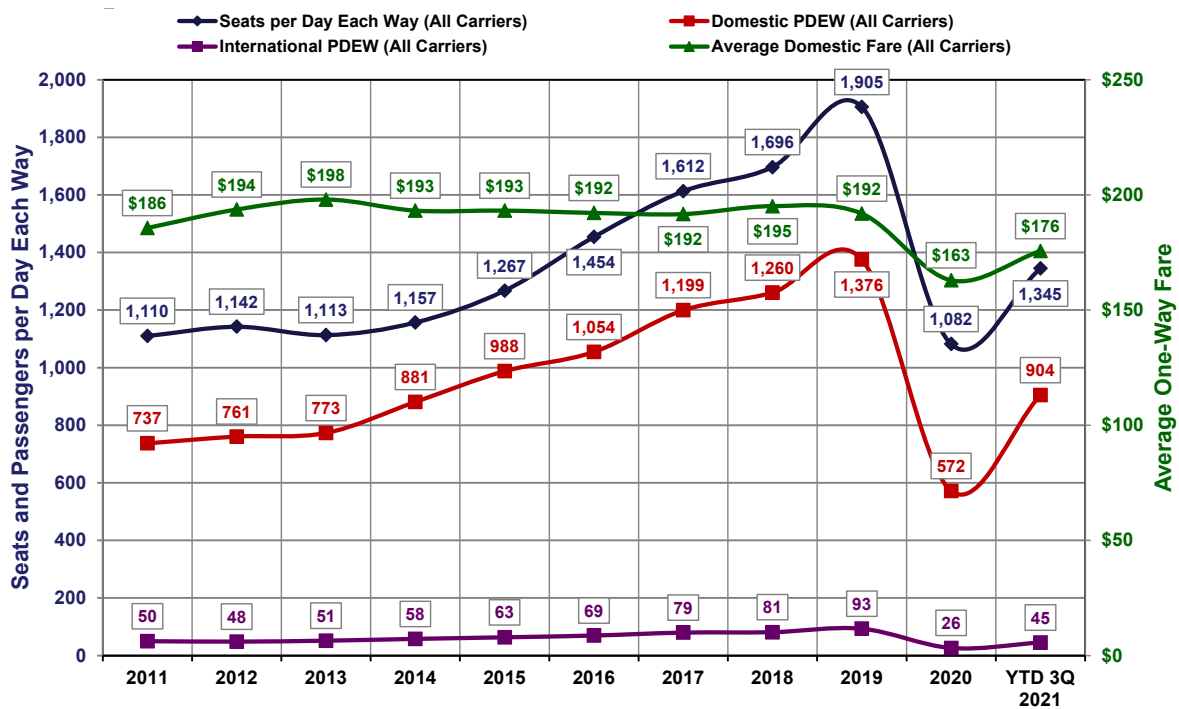
Exhibit 8. All U.S. Airports Seat Capacity and Chattanooga Seat Capacity Indexed to First Quarter 2019; First Quarter 2019 through First Quarter 2022. (Airline Data Inc. data as of February 21, 2022)



Traffic and Fare Trends

Exhibit 9 illustrates as capacity and domestic traffic at Chattanooga trended up through 2019, the average domestic one-way fare declined only modestly from \$198 in 2013 to \$192 in 2019. The relatively small decline in the average one-way domestic fare, despite the relatively large increase in capacity, strongly indicates sufficient demand existed over this period of time to absorb the additional capacity. Exhibit 9 also illustrates Chattanooga’s domestic traffic, 904 PDEW, recovered to just 65.7% of its 2019 domestic traffic through the first three quarters of 2021. The average domestic fare made a stronger recovery; at \$176, the average domestic fare through the first three quarters of 2021 was 91.5% of the 2019 average domestic fare of \$192. International traffic has also been slow to recover. Through the first three quarters of 2021, international traffic, at 45 PDEW, had recovered to just 48.6% of the 93 PDEW generated in 2019.

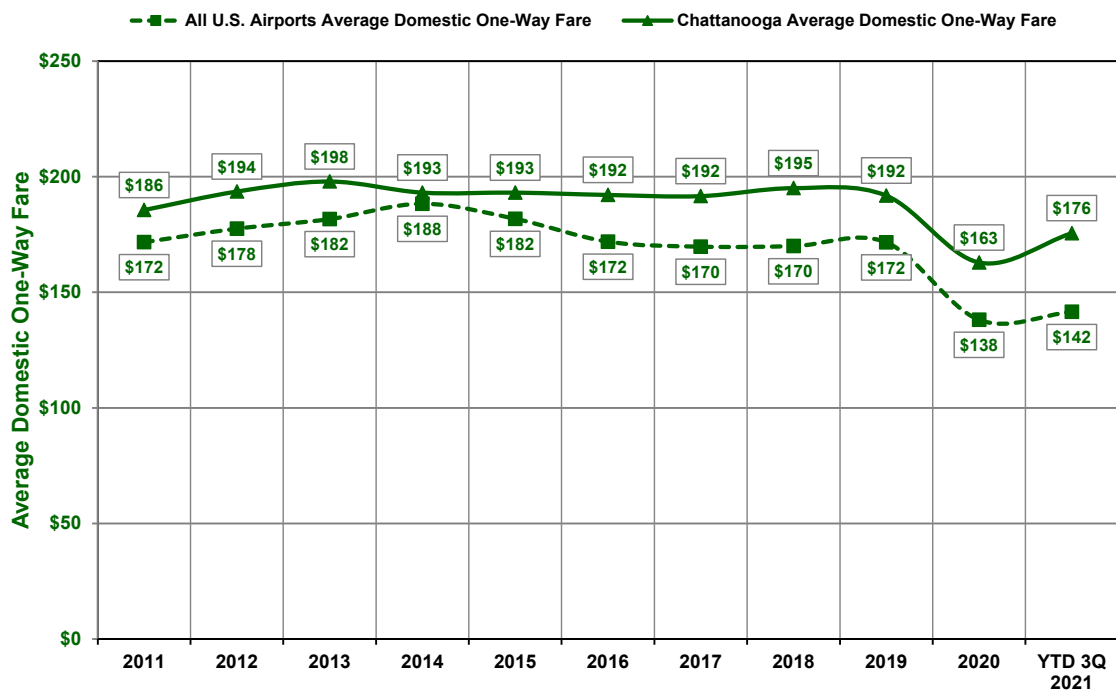
Exhibit 9. Chattanooga published seats per day each way domestic PDEW and international PDEW – 2011 – YTD 3Q 2021. (Airline Data Inc. and DOT DB1B data).



Domestic Fare and Yield Trends Relative to Other U.S. Airports

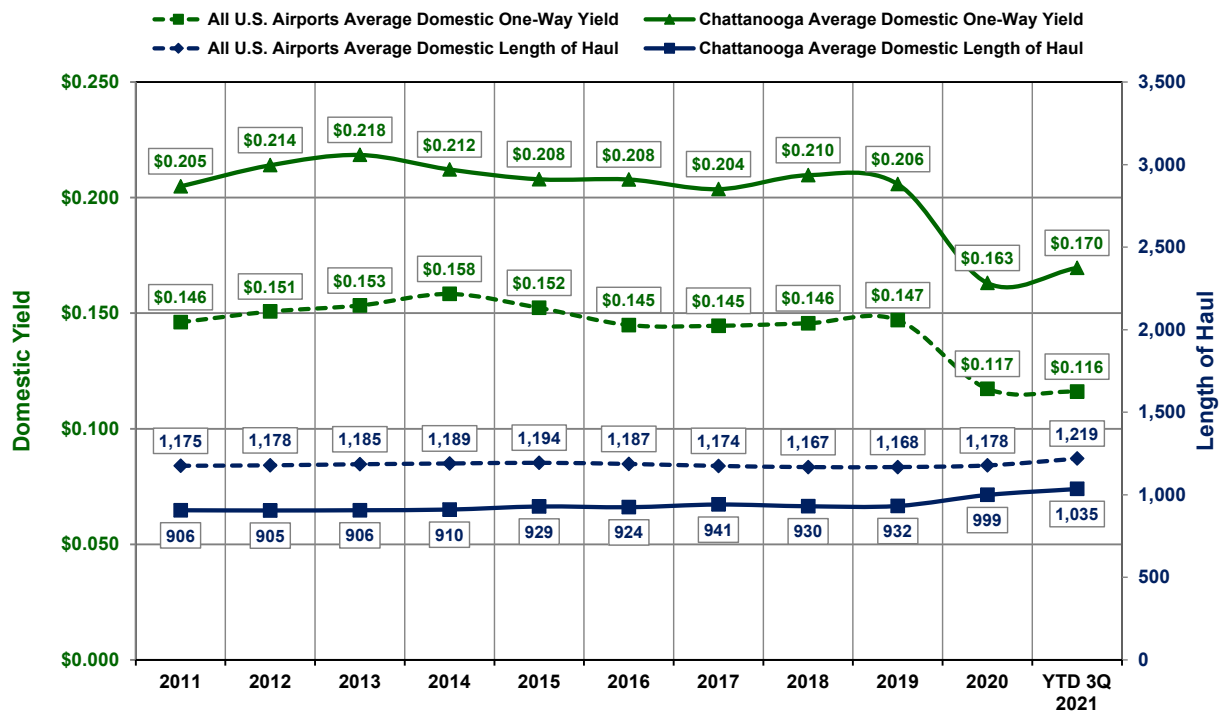
Domestic fares at Chattanooga are high relative to Chattanooga’s average passenger length of haul and relative to the average U.S. airport domestic fare. Chattanooga’s average domestic fare exceeded the U.S. average domestic fare for all airports in the United States from 2011 through 2019 and for the first three quarters in 2021. Exhibit 10 illustrates the average Chattanooga domestic fare of \$192 in 2019 exceeded the average U.S. domestic fare of \$172 by \$20 or 11.8%. During the first three quarters in 2021, the average Chattanooga domestic fare of \$176 exceeded the average U.S. domestic fare of \$142 by \$34 or 24.1%. Exhibit 9 further illustrates while Chattanooga’s average domestic fare fell 8.5% from 2019 through the first three quarters of 2021, the average U.S. domestic fare fell at a greater rate of 17.5%.

Exhibit 10. Chattanooga average domestic one-way fare and U.S. airport average domestic fare 2011 – YTD 3Q 2021 (U.S. DOT data).



Chattanooga’s domestic yield has also exceeded the average U.S. domestic yield for Lower 48 communities by a wide margin in each of the last ten years and the first three quarters of 2021, as illustrated in Exhibit 11. Although Chattanooga’s domestic length of haul of 932 miles in 2019 was 20.2% shorter than the average U.S. length of haul of 1,168 miles, Chattanooga’s domestic yield of \$0.206 was 40.1% higher than the U.S. average domestic yield of \$0.147 in 2019. Likewise, Chattanooga’s domestic length of haul of 1,035 miles in the first three quarters of 2021 was 15.1% shorter than the average U.S. length of haul of 1,219 miles, and Chattanooga’s domestic yield of \$0.170 was 46.2% higher than the U.S. average domestic yield of \$0.116 in the first three quarters of 2021.

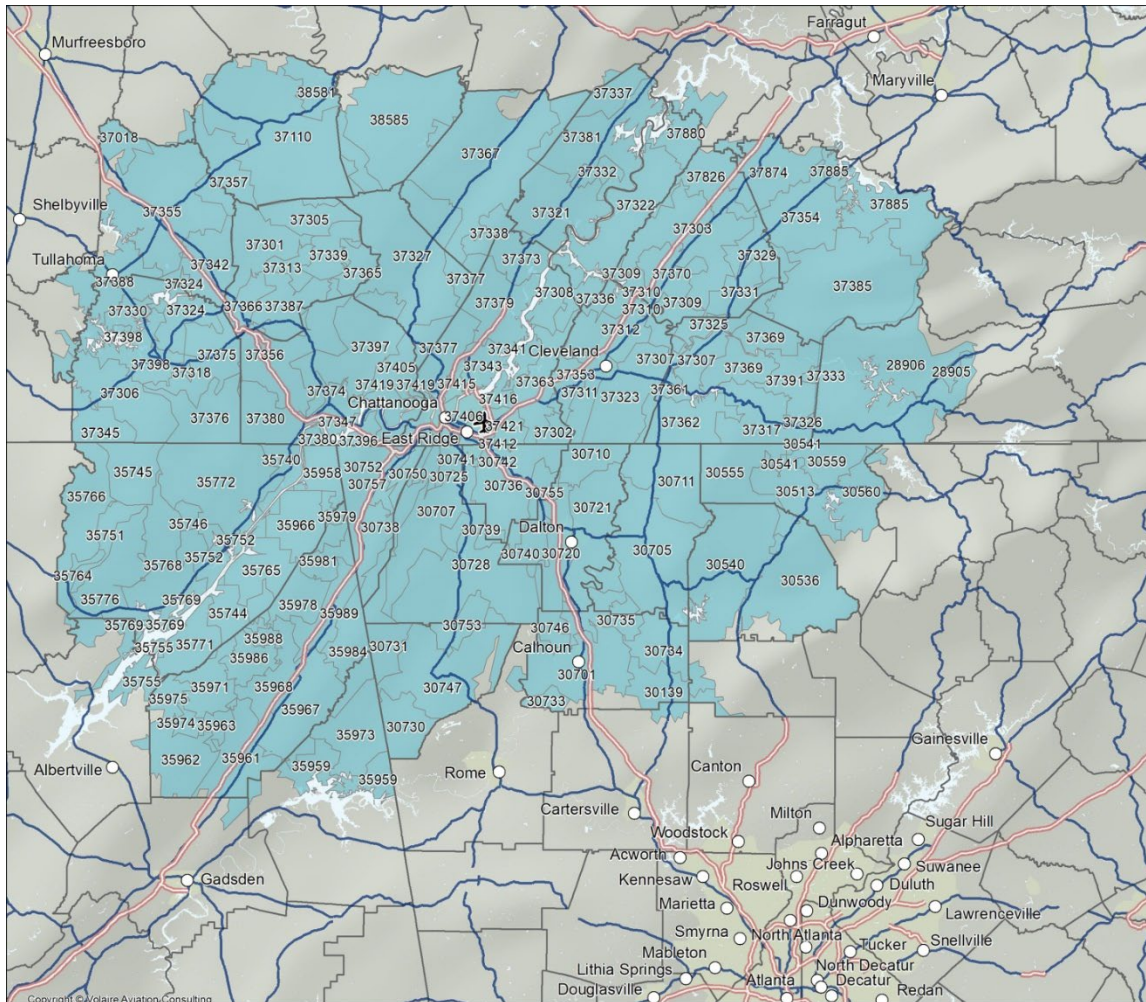
Exhibit 11. Chattanooga and average U.S. domestic yield and Chattanooga and average U.S. airport length of haul: 2011 – YTD 3Q 2021 (U.S. DOT data).



Leakage to Other Airports in the Region

The primary catchment area of Chattanooga Metropolitan Airport is illustrated in the Exhibit 12 and includes 184 zip codes in Southeast Tennessee, Northwest Georgia and Northeast Alabama. The population of the catchment area is 1,351,468.

Exhibit 12. Catchment area of Chattanooga Metropolitan Airport.



As shown in Exhibit 13 on the following page, 2019 leakage data indicates the true market size of the Chattanooga catchment area was 3,056 PDEW, and Chattanooga Metropolitan Airport retains only 44.9% of the traffic generated in its catchment area. Atlanta Hartsfield Jackson International Airport captures 963 PDEW, or 31.5% of the traffic; Nashville International Airports captures 557 PDEW, or 18.2% of the traffic; Knoxville McGhee Tyson Airport captures 89 PDEW, or 2.9% of the traffic; the airports in Birmingham and Huntsville each capture less than 2% of the traffic.

Exhibit 13. Chattanooga catchment area domestic and international passengers per day each way (PDEW), airport share and average one-way fare by airport. (year-end first quarter 2019 leakage data).

<u>Airport Location and Name</u>	<u>Airport Code</u>	<u>PDEW</u>	<u>Airport Share</u>	<u>One-Way Fare</u>
Chattanooga Metropolitan Airport	CHA	1,373	44.9%	\$215
Atlanta Hartsfield Jackson Int'l Airport	ATL	963	31.5%	\$257
Nashville International Airport	BNA	557	18.2%	\$200
Knoxville McGhee Tyson Airport	TYS	89	2.9%	\$269
Birmingham Shuttlesworth Int'l Airport	BHM	38	1.2%	\$211
Huntsville International Airport	HSV	36	1.2%	\$268
All Airports		3,056	100.0%	\$228

STRATEGIC PLAN

Proposed New Service

Seat capacity and passenger traffic at Chattanooga have each declined precipitously since the beginning of the pandemic. Through the first three quarters of 2021, capacity was down 29.4% relative to 2019 and is down 30.7% in first quarter 2020 relative to 2019. Combined domestic and international passenger traffic was down 35.3% through the first three quarters of 2021. A primary component in the community’s plan to help address these deficiencies is to offer a minimum revenue guarantee to improve connectivity to the Western United States with service to Denver or Houston. The proposed new service would benefit a mix of business and leisure travelers by providing nonstop service to Denver or Houston and connecting service beyond Denver or Houston.

Self-Sufficiency of the Proposed New Route

We believe the proposed Chattanooga-Denver or the proposed Houston route will become self-sufficient during the revenue guarantee period and continue to operate beyond the revenue guarantee period.

Goals and Objectives

Chattanooga has four goals and objectives for its Small Community Air Service Development Grant proposal for better connectivity to the Western United States.

- Improved connectivity to the Western United States .
- Traffic growth in Western U.S. O&D markets served via the large connecting hubs in Denver or Houston.
- Increased competition and lower fares in Western U.S. O&D markets served via Denver or Houston and in the local Chattanooga-Denver or Houston markets.
- Recapture catchment area traffic leaked to other airports in the region.

Chattanooga-Denver Traffic and Fare Trends

The case for nonstop Denver service is strong; the market size has recovered to a pre-pandemic level and the average fare has almost fully recovered. Based on DOT data as illustrated in Exhibit 14, the Chattanooga-Denver market generated 30.8 PDEW at an average fare of \$193 each way prior to the COVID-19 pandemic in 2019. Through the first three quarters of 2022, the Chattanooga-Denver recovered to 89.3% of its 2019 level and generated 27.5 PDEW and the average fare of \$169 was 87.6% of its 2019 level. Traffic and fare data at the quarterly level, as shown in Exhibit 15, shows the market generated 33.3 PDEW in third quarter 2021, a level slightly higher than the 32.6 PDEW generated in third quarter 2019. The average fare of \$195 in third quarter 2022 is 94.9% of the average fare of \$207 generated in third quarter 2019.

Based on year-end first quarter 2019 leakage study data, the Chattanooga-Denver true market size is 95.5 PDEW at an average fare of \$160; 67.9% of the traffic leaked to other airports in the region. Nonstop service would naturally stimulate demand, retain some traffic currently leaked to other airports, and put downward pressure on the Chattanooga-Denver fare.

Exhibit 14. 2011 – YTD 3Q 2021 Chattanooga-Denver PDEW and average one-way fare (DOT DB1A data).

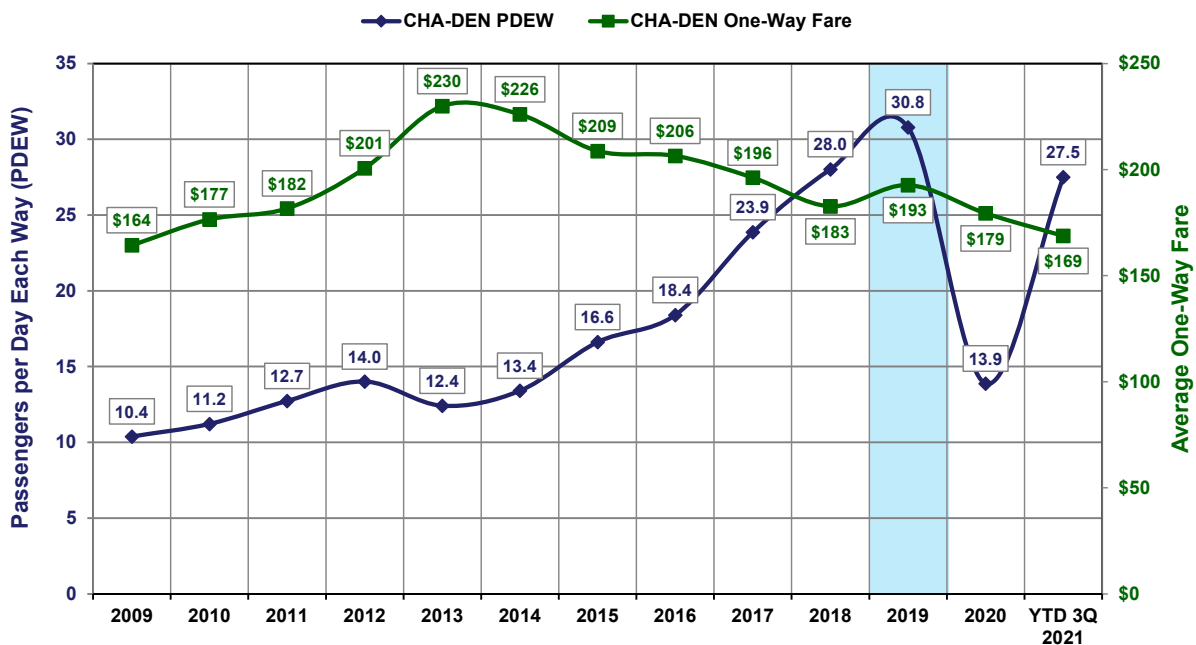
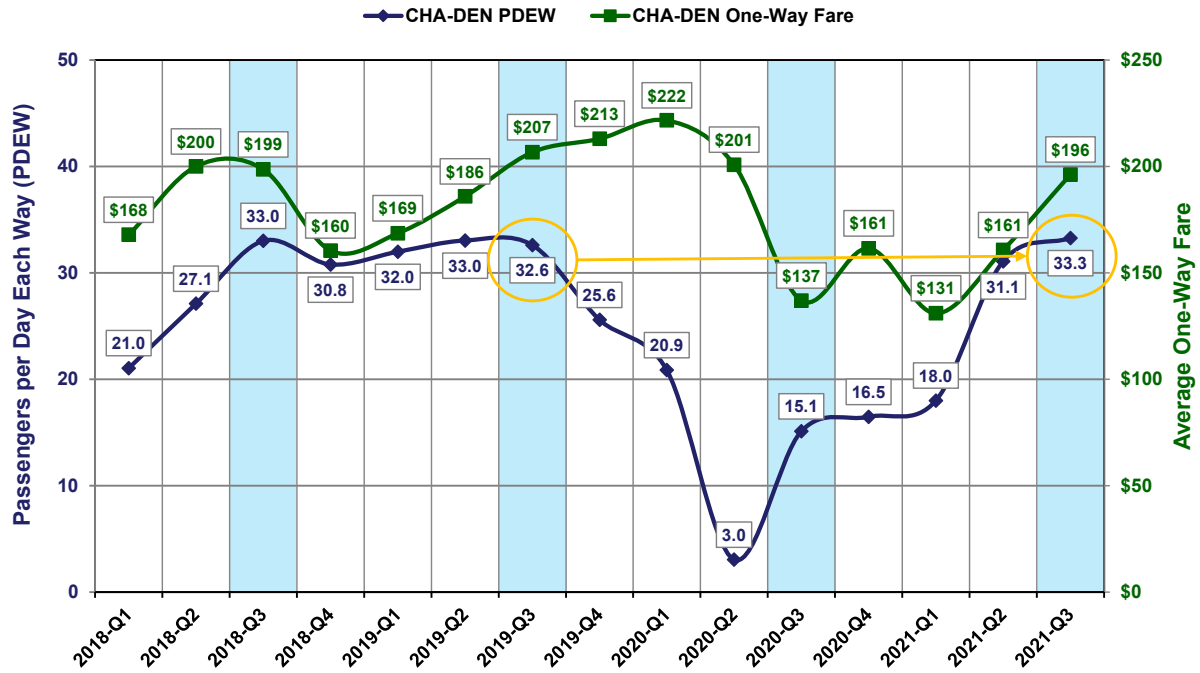


Exhibit 15. First quarter 2018 – third quarter 2021 Chattanooga-Denver PDEW and average one-way fare (DOT DB1A data).



Connecting Traffic Opportunities at Denver

United and Frontier could carry traffic not only in the local Chattanooga - Denver market, but Denver service would also carry traffic connecting beyond each airline's Denver hub. As shown in Exhibit 16, United could carry traffic to at least 83 non-circuitous airports beyond Denver.

Exhibit 16. Connecting markets at United's Denver hub.

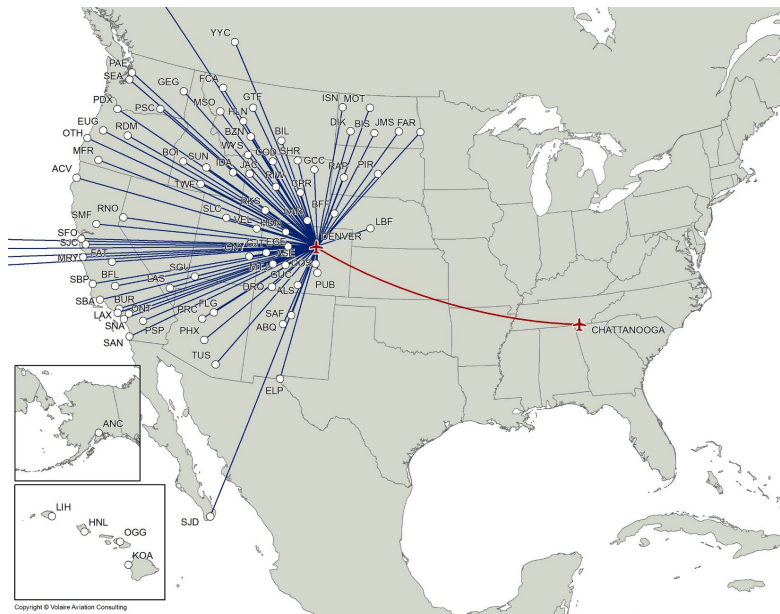
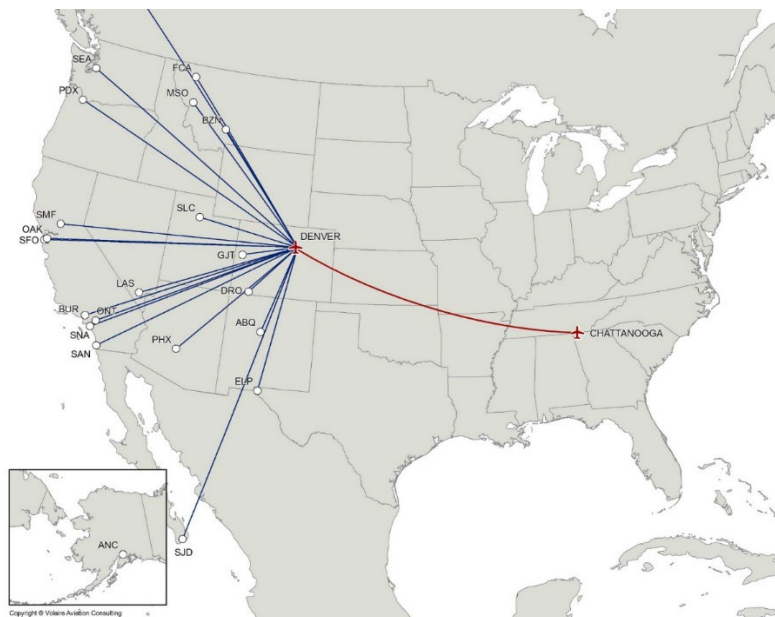


Exhibit 17. Connecting markets at Frontier's Denver hub.



Chattanooga-Houston Traffic and Fare Trends

Like the case for Denver service, the case for Houston service is strong. The Chattanooga-Houston market generated 28.3 PDEW at an average fare of \$188 each way in 2019 prior to the COVID-19 pandemic. Through the first three quarters of 2022, the Chattanooga-Houston recovered to 65.0% of its 2019 level and generated 18.4 PDEW at an average fare of \$138. Traffic and fare data at the quarterly level, as shown in Exhibit 18, shows the market generated 16.5 PDEW at an average fare of \$185 in third quarter 2021.

Based on year-end first quarter 2019 leakage study data, the Chattanooga-Houston true market size was 70.1 PDEW at an average fare of \$160 – 59.9% of the traffic leaked to other airports in the region.

Exhibit 18. 2011 – YTD 3Q 2021 Chattanooga-Houston PDEW and average one-way fare (DOT DB1A data).

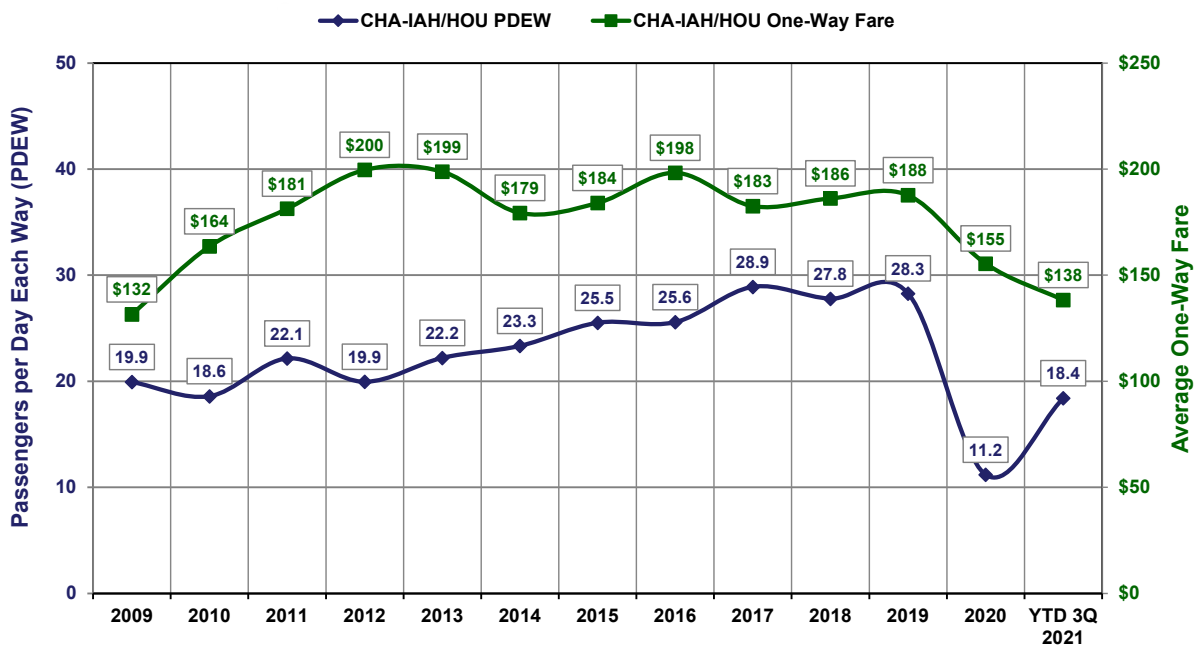
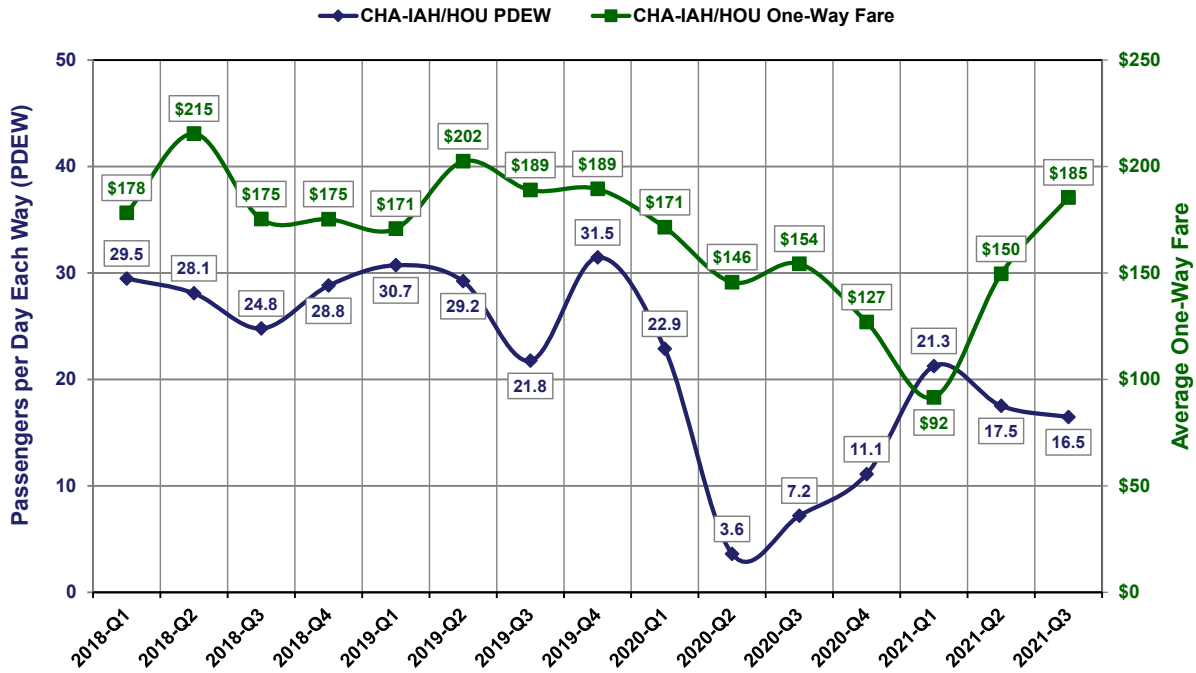


Exhibit 19. First quarter 2018 – third quarter 2021 Chattanooga-Houston PDEW and average one-way fare (DOT DB1A data).



Connecting Traffic Opportunities at Houston

Chattanooga-Houston service would also carry traffic connecting beyond United’s Houston hub. As shown in Exhibit 20, United could carry traffic to at least 85 non-circuitous airports beyond Houston.

Exhibit 20. Connecting markets at United’s Houston hub.



Grant Amendments/Alternate Strategies

If a grant is awarded for Chattanooga-Houston service, and the community is not successful in its effort to recruit United or Frontier to Denver or United to Houston, Chattanooga Metropolitan Airport would ask the Department to consider reallocation of the award funds for service to an alternate destination in the West.

PROJECT IMPLEMENTATION, MONITORING AND FUNDING

Public/Private Partnerships

The Chattanooga Metropolitan Airport Authority has partnered with the Chattanooga Chamber Foundation, to promote and advance the community’s air service objectives and this project.

Project Funding

Chattanooga Metropolitan Airport is requesting Small Community Air Service funding of \$750,000 for its proposed minimum revenue guarantee and marketing support for service between Chattanooga and Denver on United or Frontier or to Houston on Frontier. The City of Chattanooga, Hamilton County and the Chattanooga Chamber Foundation have pledged funds totaling \$367,000 in cash for minimum revenue guarantee funding to supplement the proposed federal funding. The Airport will contribute a total of \$50,000 to be applied to marketing and promotion of the new service. The Airport will also waive landing fees and into-plane fuel fees for a period of two years after service begins and waive rent for two years (for a new entrant carrier only). The landing fee in-kind contribution is estimated at \$113,257, and the into-plane fuel fee in-kind contribution is estimated at \$39,420, and the in-kind value of the waived rent is estimated to be \$75,000 for a total in-kind contribution of \$227,667. The sources and uses of the project funding are illustrated in Exhibit 16.

Exhibit 16. Sources and uses of project funding.

Funding Source	Cash Revenue Guarantee	Cash Marketing	In-Kind Waiver Landing Fee	In-Kind Waiver Into Plane Fee	In-Kind Waiver Terminal Rent	Total Project Value
Department of Transportation	\$750,000					\$750,000
Community-Based Funding	\$367,000					\$367,000
Chattanooga Metropolitan Airport		\$50,000	\$113,257	\$39,420	\$75,000	\$277,677
Total	\$1,117,000	\$50,000	\$113,257	\$39,420	\$75,000	\$1,394,677

Implementation Timeline

The proposed implementation timeline for the project is illustrated in Exhibit 17. Chattanooga Metropolitan Airport will advise United and Frontier immediately after learning the Department will award a SCASDP grant for the proposed service. Assuming grant awards are not announced by June

2022, and even if the grant agreement with DOT is executed relatively quickly, neither United nor Frontier will likely be willing to launch the service until the summer of 2023. United will likely want to begin the proposed service to capture peak demand beginning in June, but the timing of a DOT award announcement in June 2022 would not give United an opportunity to publish its schedule, take advance bookings and begin service in the summer of 2023. We anticipate meeting with United in Summer 2022 to discuss service and negotiating an MRG for service beginning in the summer of 2023. An agreement could likely be finalized by the end of 2022 or in early 2023, for United or Frontier to begin service and publish the schedule in late first quarter 2023, and the Airport would begin marketing and promoting the route in the spring of 2023.

Exhibit 17. Proposed project timeline.

Activity/Project Milestone	Potential Dates
SCASD Grant Award Announcement	June 2022
Execute Grant Agreement with DOT	June 2022
Negotiate Minimum Revenue Guarantee with Airline	Winter 2022/2023
Announce Service	First Quarter 2023
Publish Schedule	First Quarter 2023
Market Route (Pre-Launch)	April-Early-June 2023
Monitor Advance Bookings	April-Early-June 2023
Adjust Marketing Plan Based on Advance Bookings	April-Early-June 2023
Begin Service	Early-June 2023
Market Route (Post-Launch)	Early-June 2023 and Beyond
Operate Service with MRG	Early-June 2023 - August 2025
Monitor Route Performance	Early-June 2023 - August 2025 and Beyond
Submit Grant Status Reports to DOT	Quarterly 3Q 2022 - 3Q 2025

PROJECT MONITORING AND FINANCIAL CONTROL

Success Metrics

Four goals have been established to measure the success of the proposed project and are illustrated in Exhibit 16. The goals of the project are aimed at increased traffic and lower fares. These goals are objective and can be measured by comparing year-over-year market size changes and changes in fares on a quarterly basis as DOT traffic and revenue data is published. Another measure of success will be the load factor performance on the flights operated in the proposed market. High load factors (defined as load factors in the upper 70s or greater) will constitute traffic metric success. The amount of subsidy required by United will also provide an indication of the route's financial success.

Exhibit 16. Project goals and success metrics.

Project Goals	Success Metric
<ul style="list-style-type: none"> • Nonstop service to Denver or Houston. 	<ul style="list-style-type: none"> • Inauguration of nonstop service to Denver or Houston.
<ul style="list-style-type: none"> • Traffic growth in markets served via Denver or Houston, particularly markets in the Southeast and Latin America. 	<ul style="list-style-type: none"> • Chattanooga-Denver or Houston markets size growth and market size growth in markets that could connect beyond Denver or Houston.
<ul style="list-style-type: none"> • More competition and lower fares in the local Chattanooga-Denver or Houston market and the connecting markets beyond Denver or Houston. 	<ul style="list-style-type: none"> • Quarterly year-over-year declines in fares for the local Chattanooga-Denver or Houston market and the largest markets beyond Denver or Houston.
<ul style="list-style-type: none"> • Recapture catchment area traffic leaked to other airports in the region. 	<ul style="list-style-type: none"> • Increased retention (and less leakage) of the traffic generated in Chattanooga's catchment area.

Previous SCASDP Funding

The Chattanooga Metropolitan Airport Authority received SCASDP funding in 2004 the amount of \$750,000 (DOT-OST-2004-17343). The funding was used for a minimum revenue guarantee for Continental Airlines service to Houston. Continental ended the service and discontinued operating in Chattanooga in 2008.

Legal Sponsor

The Chattanooga Metropolitan Airport Authority is the legal sponsor responsible for administering the program, and the Chattanooga Metropolitan Airport Authority Board of Directors is the governing body.

Chattanooga Metropolitan Airport Authority
 Terry Hart
 President & CEO
 423-855-2200 / thart@chattairport.com

Financial Controls

As the sponsor, the Chattanooga Metropolitan Airport Authority will be the responsible party for all fiscal matters and the Department's reporting requirements. The Chattanooga Metropolitan Airport Authority is established as a public governing body. As a public entity, the Department can be assured that proper financial controls are in place to guarantee the Department's Grant will be used in accordance with any agreement. The Chattanooga Metropolitan Airport Authority understands that the Grant is a reimbursable grant, meaning the Authority is responsible for program expenditures and will submit invoices to the Department for reimbursement, based on a percentage of the total grant request.

APPENDIX A: REQUIRED SUMMARY INFORMATION**APPLICATION UNDER
SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM
DOCKET DOT-OST-2022-0003****SUMMARY INFORMATION**

A. PROVIDE THE LEGAL SPONSOR AND ITS DUN AND BRADSTREET (D&B) DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER, INCLUDING +4, EMPLOYEE IDENTIFICATION NUMBER (EIN) OR TAX ID.

Legal Sponsor Name: Chattanooga Metropolitan Airport Authority

Name of Signatory Party for Legal Sponsor: Terry Hart; President & CEO

DUNS Number: 556328334

EIN/Tax ID: 62-1261177

B. LIST THE NAME OF THE COMMUNITY OR CONSORTIUM OF COMMUNITIES APPLYING:

Chattanooga, Tennessee

C. PROVIDE THE FULL AIRPORT NAME AND 3-LETTER IATA AIRPORT CODE FOR THE APPLICANT(S) AIRPORT(S) (ONLY PROVIDE CODES FOR THE AIRPORT(S) THAT ARE ACTUALLY SEEKING SERVICE).

Chattanooga Metropolitan Airport: CHA

THE AIRPORT SEEKING SERVICE IS NOT LARGER THAN A SMALL HUB AIRPORT:

- UNDER FAA HUB CLASSIFICATIONS EFFECTIVE ON THE DATE OF SERVICE OF THE ATTACHED ORDER

- AS OF CALENDAR YEAR 1997

DOES THE AIRPORT SEEKING SERVICE HOLD AN AIRPORT OPERATING CERTIFICATE ISSUED BY THE FEDERAL AVIATION ADMINISTRATION UNDER 14 CFR PART 139? (IF "NO", PLEASE EXPLAIN WHETHER THE AIRPORT INTENDS TO APPLY FOR A CERTIFICATE OR WHETHER AN APPLICATION UNDER PART 139 IS PENDING.)

Yes No (explain)

D. SHOW THE DRIVING DISTANCE FROM THE APPLICANT COMMUNITY TO THE NEAREST:

1. Large hub airport: Atlanta Hartsfield Jackson International Airport (ATL); 124 miles
2. Medium hub airport: Nashville International Airport (BNA); 141 miles
3. Small hub airport: Knoxville McGhee Tyson Airport (TYS); 104 miles
4. Airport with jet service: Chattanooga Metropolitan Airport has jet service; Knoxville McGhee Tyson Airport (TYS) is the closest alternate airport with jet service (104 miles)

E. LIST THE 2-DIGIT CONGRESSIONAL DISTRICT CODE APPLICABLE TO THE SPONSORING ORGANIZATION, AND IF A CONSORTIUM, TO EACH PARTICIPATING COMMUNITY.

1. TN-03

F. APPLICANT INFORMATION: (CHECK ALL THAT APPLY)

- Not a Consortium Interstate Consortium Intrastate Consortium
- Community currently receives subsidized Essential Air Service, receives assistance under the Alternate Essential Air Service Pilot Program, or is a participant in, and has received a grant under, the Community Flexibility Pilot Program
- Community (or Consortium member) previously received a Small Community Air Service Development Program Grant

If previous recipient: Provide year of grant(s): 2004; and, the text of the grant agreement section(s) setting forth the scope of the grant project:

G. PUBLIC/PRIVATE PARTNERSHIPS: (LIST ORGANIZATION NAMES)

PUBLIC

Chattanooga Metropolitan Airport Authority
Hamilton County, Tennessee
City of Chattanooga, Tennessee

PRIVATE

Pinnacle Financial Partners
Allen & Hoshall, Inc.
Weststar Aviation
Young Electric Company, Inc.
Derthick, Henley & Wilkerson Architects
Bridge Public Affairs
Maycreate
Pointe Property Group
Waterhouse Public Relations
Chambliss, Bahner & Stofel

H. PROJECT PROPOSAL

1a. GRANT GOALS: (CHECK ALL THAT APPLY)

- | | | |
|---|---|--|
| <input type="checkbox"/> Launch New Carrier | <input checked="" type="checkbox"/> Secure Additional Service | <input type="checkbox"/> Upgrade Aircraft |
| <input type="checkbox"/> First Service | <input checked="" type="checkbox"/> New Route | <input type="checkbox"/> Service Restoration |
| <input type="checkbox"/> Regional Service | <input type="checkbox"/> Surface Transportation | <input type="checkbox"/> Professional Services |
| <input type="checkbox"/> Other (explain) | | |

1b. GRANT GOALS: (SYNOPSIS)

Concisely describe the scope of the proposed grant project.

Chattanooga Metropolitan Airport Authority is seeking to improve connectivity to the Western United States by providing an airline with a minimum revenue guarantee in exchange for nonstop service to Denver International Airport or Houston Intercontinental Airport. Denver or Houston service would improve connectivity to the Western United States, but it would also provide new nonstop service in the local Denver or Houston market.

2. FINANCIAL TOOLS TO BE USED: (CHECK ALL THAT APPLY)

- Marketing (including Advertising): promotion of the air service to the public
- Start-up Cost Offset: offsetting expenses to assist an air service provider in setting up a new station and starting new service (for example, ticket counter reconfiguration)
- Revenue Guarantee: an agreement with an air service provider setting forth a minimum guaranteed profit margin, a portion of which is eligible for reimbursement by the community

- Recruitment of U.S. Air Carrier: air service development activities to recruit new air service, including expenses for airport marketers to meet with air service providers to make the case for new air service
 - Fee Waivers: waiver of airport fees, such as landing fees, to encourage new air service; counted as in-kind contributions only
 - Ground Handling Fee: reimbursement of expenses for passenger, cabin, and ramp (below wing) services provided by third party ground handlers
 - Travel Bank: travel pledges, or deposited monetary funds, from participating parties for the purchase of air travel on a U.S. air carrier, with defined procedures for the subsequent use of the pledges or the deposited funds; counted as in-kind contributions only
 - Other (explain below)
-

I. EXISTING LANDING AIDS AT LOCAL AIRPORT:

- Full ILS
- Outer/Middle Marker
- Published Instrument Approach
- Localizer
- Other (specify)

J. PROJECT COST: DO NOT ENTER TEXT IN SHADED AREA

REMINDER: LOCAL CASH CONTRIBUTIONS MAY NOT BE PROVIDED BY AN AIR CARRIER (SEE "TYPES OF CONTRIBUTIONS FOR REFERENCE").

Line	Description	Sub Total	Total Amount
1	Federal amount requested		\$750,000
2	State <u>cash</u> financial contribution		\$0
	<i>Local cash financial contribution</i>		
	3a Airport <u>cash</u> funds	\$50,000	
	3b Non-airport <u>cash</u> funds	\$367,000	
3	Total local <u>cash</u> funds (3a + 3b)		\$417,000
4	TOTAL CASH FUNDING (1+2+3)		\$1,167,000
	<i>In-Kind contribution</i>		
	5a Airport <u>In-Kind</u> contribution**	\$227,677	
	5b Other <u>In-Kind</u> contribution**	\$0	
5	TOTAL IN-KIND CONTRIBUTION (5a + 5b)		\$227,677
6	TOTAL PROJECT COST (4+5)		\$1,394,677

K. IN-KIND CONTRIBUTIONS

For funds in lines 5a (Airport In-Kind contribution) and 5b (Other In-Kind contribution), please describe the source(s) of fund(s) and the value (\$) of each.

In-kind landing fee waiver calculation: \$2.07 landing fee rate per 1,000 pounds multiplied by EMB-175 maximum landing weight of 74,950 pounds multiplied by 365 landings per year multiplied by two years = \$113,257. (In-kind landing fee waiver may vary)

In-kind Into plane fuel fee waiver calculation: \$54 per flight multiplied by 365 flights per year multiplied by two years = \$39,420.

In-kind airport rent waiver calculation: \$37,500 per year multiplied by two years = \$75,000.

L. IS THIS APPLICATION SUBJECT TO REVIEW BY AN AFFECTED STATE UNDER EXECUTIVE ORDER 12372 PROCESS?

- a. This application was made available to the State under the Executive Order 12372 Process for review on (date) _____.
- b. Program is subject to E.O. 12372, but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

M. IS THE LEAD APPLICANT OR ANY CO-APPLICANTS DELINQUENT ON ANY FEDERAL DEBT? (IF "YES", PROVIDE EXPLANATION)

- No
 - Yes (explain)
-

APPENDIX B: LETTERS OF SUPPORT

BILL HAGERTY
TENNESSEE

RUSSELL SENATE OFFICE BUILDING
SUITE 248
WASHINGTON, DC 20510-4209
(202) 224-4944

United States Senate

WASHINGTON, DC 20510

February 14, 2022

Brooke Chapman
Associate Director
U.S. Department of Transportation
Small Community Air Service Development Program
Office of Aviation Analysis
8th Floor, Room W86-307
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman,

I write today in support of the Small Community Air Service Grant application that has recently been submitted by the Chattanooga Metropolitan Airport Authority (CHA). CHA has applied for this grant to address air service challenges and obtain federal funding to secure nonstop travel to Denver, Colorado.

Through this grant, service to Denver will offer convenient access to both business and leisure activities for Chattanoogaans. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities through this new gateway to a fast growing part of the country. The Chattanooga Airport, a long-standing proponent of the economic development of our region, will be able to strengthen its commitment to business growth and job creation through service to Denver.

I know firsthand the community's desire for increased air service options from the Chattanooga Airport. As this region continues to grow and the local economy continues to flourish, it is my sincere belief that any new service will achieve self-sufficiency, as the Chattanooga Airport's track record has shown in the past with attracting and retaining air service.

I urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration. Please contact my office at (202) 224-4944 if you have any questions.

Sincerely,

Bill Hagerty
United States Senator

CHATTANOOGA
JDEL W. SOLOMON
FEDERAL BUILDING
900 GEORGIA AVENUE
SUITE 260
CHATTANOOGA, TN 37402
(423) 752-5937

COOKEVILLE
L. CLAUDE MORTON
FEDERAL BUILDING
9 E BROAD ST
THIRD FLOOR
COOKEVILLE, TN 38503
BY APPOINTMENT
(931) 981-4874

JACKSON
ED JONES
FEDERAL BUILDING
109 S HIGHLAND AVE
SUITE 216
JACKSON, TN 38301
BY APPOINTMENT
(731) 734-9358

KNOXVILLE
HOWARD H. BAKER, JR.
U.S. COURTHOUSE
800 MARKET STREET
SUITE 112
KNOXVILLE, TN 37902
(865) 545-4253

MEMPHIS
CLIFFORD DAVIS ODELL
HORTON FEDERAL BUILDING
167 NORTH MAIN STREET
SUITE 1068
MEMPHIS, TN 38103
(901) 544-4224

NASHVILLE
3322 WEST END
AVENUE
SUITE 120
NASHVILLE, TN 37208
(615) 736-5129

TRI-CITIES
TRI-CITIES REGIONAL
AIRPORT
2525 HIGHWAY 75
SUITE 101
BLOUNTVILLE, TN 37617
(423) 325-6240

HAGERTY.SENATE.GOV

CHARLES J. "CHUCK" FLEISCHMANN
3RD DISTRICT, TENNESSEE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON ENERGY AND WATER

SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN
SERVICES, EDUCATION AND RELATED AGENCIES



Congress of the United States
House of Representatives
Washington, DC 20515-4203

WASHINGTON OFFICE
462 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3271 (202) 225-3494 (FAX)

DISTRICT OFFICES
FEDERAL COURTHOUSE, SUITE 126
900 GEORGIA AVENUE
CHATTANOOGA, TN 37402
(423) 756-2342 (423) 756-6613 (FAX)

200 ADMINISTRATION ROAD, SUITE 100
P.O. BOX 2001
OAK RIDGE, TN 37830
(865) 576-1976 (865) 576-3221 (FAX)

6 EAST MADISON AVENUE COURTHOUSE
ATHENS, TN 37303-4297

March 1, 2022

Ms. Brooke Chapman
Associate Director
U.S. Department of Transportation
Office of Aviation Analysis
Small Community Air Service Development
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman:

Please accept my support of the Chattanooga Metropolitan Airport Authority and its application for funding through the Small Community Air Service Grant Program. The \$1 million requested would address current air service challenges and secure nonstop air travel to Denver, Colorado. Despite the lack of nonstop service, Denver is the most frequently traveled destination from Chattanooga.

A successful award would allow newly convenient access to this destination and gateway to the West. While anticipated to be highly popular for leisure travelers, this direct flight may also facilitate new expansion and growth opportunities for Chattanooga-area businesses. The Chattanooga Airport, a long-standing proponent for economic development in our region, could also strengthen its commitment to business growth and job creation.

Our area communities desire increased air service options from the Chattanooga Airport, and local support for this project is evidenced by the commitment of \$300,000 in matching funds from area businesses and agencies. Furthermore, the Chattanooga Airport has a positive track record of attracting and retaining air service, and as this region grows and the local economy continues to flourish, the new nonstop service could achieve self-sufficiency.

Proudly serving East Tennessee in the U.S. House of Representatives, I applaud the Chattanooga Metropolitan Airport Authority's initiative to increase air transportation service and highlight its suitability to promote economic growth. It is a privilege to lend my support to this worthy proposal, and I ask for your thoughtful consideration of its success.

Sincerely,

Chuck Fleischmann
Member of Congress



Department of Economic and Community Development

Robert O. Rolfe
Commissioner

Bill Lee
Governor

February 15, 2022

Brooke Chapman
Associate Director
Small Community Air Service Department
Office of Aviation Analysis
U.S. Department of Transportation, Room W86-307
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman,

On behalf of the State of Tennessee, I am writing in support of the Small Community Air Service Grant that has been submitted by the Chattanooga Metropolitan Airport Authority.

As the Southeast Tennessee region continues to grow, we think it is critical that non-stop air service is added from Chattanooga to Denver International Airport on United Airlines. The Chattanooga Metropolitan Airport currently has excellent service to major hubs, including Atlanta, Charlotte, Chicago, Dallas/Ft. Worth, Detroit, and Washington D.C. The ability to use this grant to add service to the Denver area would be a tremendous boost to the business community and to our economic development efforts in the State of Tennessee.

The Tennessee Department of Economic and Community Development's mission is to develop strategies to help make Tennessee the No. 1 location in the Southeast for high quality jobs. The department seeks to attract new corporate investment in Tennessee and works with Tennessee companies to facilitate expansion and economic growth. As you know, good air service is a critical part of our efforts.

We urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration.

Sincerely,

A handwritten signature in blue ink that reads "Robert O. Rolfe".

Robert O. Rolfe



HAMILTON COUNTY, TENNESSEE
OFFICE OF THE COUNTY MAYOR
JIM M. COPPINGER

Brooke Chapman
Associate Director
U.S. Department of Transportation
Small Community Air Service Development Program
Office of Aviation Analysis
8th Floor, Room W86-307
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman,

On behalf of Hamilton County, Tennessee, I am writing in support of the Small Community Air Service Grant application that has recently been submitted by the Chattanooga Metropolitan Airport Authority (CHA). CHA has applied for this grant to address air service challenges and obtain federal funding to secure nonstop travel to Denver, one of the most traveled destinations from Chattanooga despite not having nonstop service.

Through this grant, service to Denver will offer convenient access to cities across Colorado, a true perk for nature lovers and ski enthusiasts. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities through this new gateway to the western United States. The Chattanooga Airport, a long-standing proponent of the economic development of our region, will be able to strengthen its commitment to business growth and job creation through service to Denver.

I know firsthand the community's desire for increased air service options from the Chattanooga Airport. As this region continues to grow and the local economy continues to flourish, it is my sincere belief that any new service will achieve self-sufficiency, as the Chattanooga Airport's track record has shown in the past with attracting and retaining air service.

I urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration. Please contact me if you have any questions.

Sincerely,


Jim M. Coppinger
Hamilton County Mayor



City of Chattanooga
Mayor Tim Kelly

Brooke Chapman
Associate Director
U.S. Department of Transportation
Small Community Air Service Development Program
Office of Aviation Analysis
8th Floor, Room W86-307
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman,

On behalf of the City of Chattanooga, I am writing in support of the Small Community Air Service Grant application that has recently been submitted by the Chattanooga Metropolitan Airport Authority (CHA). CHA has applied for this grant to address air service challenges and obtain federal funding to secure nonstop travel to Denver, the most traveled destination from Chattanooga despite not having nonstop service.

Through this grant, service to Denver will offer convenient access not only to Colorado, but as a gateway to many other destinations in the West as well as Asia. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities through this new gateway. The Chattanooga Airport, a long-standing proponent of the economic development of our region, will be able to strengthen its commitment to business growth and job creation through service to the Denver region.

I know firsthand the community's desire for increased air service options from the Chattanooga Airport. As this region continues to grow and the local economy continues to flourish, it is my sincere belief that any new service will achieve self-sufficiency, as the Chattanooga Airport's track record has shown in the past with attracting and retaining air service. In fact, I am convinced that better commercial air service is the single most important factor for our economic growth.

As a sign of my confidence in this venture, the city will be contributing \$150,000 in matching funds.

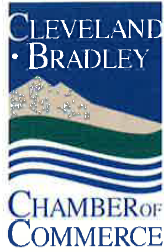
I urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration. Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Kelly", written over a large, stylized blue outline of the letter "D".

Mayor Tim Kelly

101 East 11th Street • Chattanooga, Tennessee 37402
(423) 643-7800 • Fax: (423) 643-7817 • EMAIL: mayor@chattanooga.gov



Brooke Chapman
 Associate Director
 U.S. Department of Transportation
 Small Community Air Service Development Program
 Office of Aviation Analysis
 8th Floor, Room W86-307
 1200 New Jersey Ave., SE
 Washington, DC 20590

Dear Ms. Chapman,

On behalf of the Cleveland/Bradley Chamber of Commerce, I am writing in support of the Small Community Air Service Grant application that has recently been submitted by the Chattanooga Metropolitan Airport Authority (CHA). CHA has applied for this grant to address air service challenges and obtain federal funding to secure nonstop travel to Denver, Colorado, one of the most traveled destinations from Chattanooga despite not having nonstop service.

Through this grant, service to Denver will offer convenient access not only to Denver, but as a gateway to many diverse destinations in the west. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities through this western connection. The Chattanooga Airport, a long-standing proponent of the economic development of our region, will be able to strengthen its commitment to business growth and job creation through service to Denver.

I know firsthand the community's desire for increased air service options from the Chattanooga Airport. As this region continues to grow and the local economy continues to flourish, it is my sincere belief that any new service will achieve self-sufficiency, as the Chattanooga Airport's track record has shown in the past with attracting and retaining air service.

I urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration. Please contact me if you have any questions.

Sincerely,

Mike Griffin
 President & CEO
 Cleveland/Bradley Chamber of Commerce



PO Box 2275
 225 Keith St SW
 Cleveland TN
 37320-2275
 423-472-6587
 Fax: 423-472-2019
info@clevelandchamber.com
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Brooke Chapman
Associate Director
U.S. Department of Transportation
Small Community Air Service Development Program
Office of Aviation Analysis
8th Floor, Room W86-307
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman,

On behalf of CBL Properties, I am writing in support of the Small Community Air Service Grant application that has recently been submitted by the Chattanooga Metropolitan Airport Authority (CHA). CHA has applied for this grant to address air service challenges and obtain federal funding to secure nonstop travel to Denver, Colorado.

Through this grant, service to Denver opens up more access to the West. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities. The Chattanooga Airport, a long-standing proponent of the economic development of our region, will be able to strengthen its commitment to business growth and job creation through service to Colorado.

I know firsthand the community's desire for increased air service options from the Chattanooga Airport. As this region continues to grow and the local economy continues to flourish, it is my sincere belief that any new service will achieve self-sufficiency, as the Chattanooga Airport's track record has shown in the past with attracting and retaining air service.

I urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration. Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Lebovitz", written over a light blue background.

Stephen Lebovitz
CEO

February 18, 2022

Brooke Chapman
Associate Director
U.S. Department of Transportation
Small Community Air Service Development Program
Office of Aviation Analysis
8th Floor, Room W86-307
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Ms. Chapman,

On behalf of CHI Memorial Health Care System, I am writing in support of the Small Community Air Service Grant application that has recently been submitted by the Chattanooga Metropolitan Airport Authority (CHA). CHA has applied for this grant to address air service challenges and obtain federal funding to secure nonstop travel to Denver, Colorado.

Through this grant, service to Denver opens up more access to the West. While highly popular for leisure travelers, Chattanooga-area businesses may now consider new expansion and other growth opportunities. The Chattanooga Airport, a long-standing proponent of the economic development of our region, will be able to strengthen its commitment to business growth and job creation through service to Colorado.

I know firsthand the community's desire for increased air service options from the Chattanooga Airport. As part of CommonSpirit Health, members of CHI Memorial's leadership frequently travel to Denver because one of our corporate offices is located there. As this region continues to grow and the local economy continues to flourish, it is my sincere belief that any new service will achieve self-sufficiency, as the Chattanooga Airport's track record has shown in the past with attracting and retaining air service.

I urge the Department of Transportation to give the Chattanooga Metropolitan Airport Authority's application favorable consideration. Please contact me if you have any questions.

Sincerely,



Janelle Reilly
Market CEO, CHI Memorial