

DATE SUBMITTED 02/25/2016
 SUBMITTED BY BEST
 DATE ACTION REQUIRED 03/02/2015

COUNCIL ACTION ☒
 PUBLIC HEARING REQUIRED ☐
 RESOLUTION ☐
 ORDINANCE 1ST READING ☐
 ORDINANCE 2ND READING ☐
 CITY CLERK'S INITIALS ☐

IMPERIAL CITY COUNCIL AGENDA ITEM

SUBJECT: **DISCUSSION/ACTION: Essential Air Service Community Response**

DEPARTMENT INVOLVED: City Manager

BACKGROUND/SUMMARY: The City Council took action at their meeting of February 17 to support Mokulele Airlines in their bid to replace SeaPort Airlines with commuter air service from Imperial County Airport to LAX. El Centro City Council took similar action. The Imperial County Board of Supervisors had presentations by each of the three airlines competing for the EAS contract. They voted to support Boutique Airlines. The EAS program staff in the federal Department of Transportation has allowed additional time for the community to respond due to this difference of opinion. Their hope is that reconsideration may bring all jurisdictions behind a single carrier. The City has an opportunity to reconsider its action and respond to the Department staff by March 3, 2016. Staff has discussed this issue with Jamie Jones of our lobbying firm David Turch and Associates for additional information. Additional information will be presented at the Council meeting as staff discussions will occur between the time of agenda posting and the Council meeting.

FISCAL IMPACT: None directly to the City of Imperial.

F.O. INITIALS JS

STAFF RECOMMENDATION:

MANAGER'S RECOMMENDATION:

MANAGER'S INITIALS MSB

The City Manager recommends the City Council hear the information presented and provide direction to staff on the continuing support of Mokulele or another airline.

MOTION:

SECONDED:
 AYES:
 NAYES:
 ABSENT:

APPROVED ☐
 DISAPPROVED ☐

REJECTED ☐
 DEFERRED ☐

REFERRED TO:

Marlene D Best

From: Scott.Faulk@dot.gov
Sent: Thursday, February 25, 2016 6:10 AM
To: RalphCordova@co.imperial.ca.us; Debra Jackson; gconnor@ci.el-centro.ca.us; Marlene D Best; 'gdale@cityofimperial.org'; 'mgran@cityofimperial.org'; ABenavides@brawley-ca.gov; EZarate@ci.el-centro.ca.us; jjackson@cityofelcentro.org; RDuran@ci.el-centro.ca.us; DCaldwell@ci.el-centro.ca.us; MPiedra@ci.el-centro.ca.us; NWyles@ci.el-centro.ca.us
Cc: shawn@boutiqueair.com; chowell@flygreatlakes.com; DVoss@flygreatlakes.com; sgadek@flygreatlakes.com; mmatthews@flygreatlakes.com; ron.hansen@mokulelehawaii.com; Kevin.Schlemmer@dot.gov
Subject: One Week Extension for Comments on EAS Proposals at IPL
Attachments: Boutique Air ElCentroCAIPLBid.pdf; Great Lakes IPL VIS Beech1900D EAS bid as of 020316 final.pdf; Mokulele IPL VIS.pdf

Greetings All,

Today, the County of Imperial requested a one week extension to submit formal comments regarding the attached proposals to provide EAS at El Centro. The Department finds it in the public's best interest to grant Imperial County's request. Therefore, the new due date for formal comments is March 3, 2016. If the community requires additional time, please let me know at your earliest convenience. Also, please do not hesitate to contact me with any questions or concerns.

Kind Regards,
Scott Faulk
Transportation Industry Analyst
U.S. Department of Transportation
Office of Aviation Analysis
EAS & Domestic Analysis Division
202-366-9967

From: Faulk, Scott (OST)
Sent: Thursday, February 04, 2016 9:26 AM
To: 'Ralph Cordova'; 'Mario Cifuentez'; 'Debra Jackson'; 'Alma Benavides'; 'Grace Connor'; 'Marlene D Best'; 'Burns, Greg'; 'blink@ci.visalia.ca.us'; 'gdale@cityofimperial.org'; 'mgran@cityofimperial.org'
Cc: Jamie Jones (Jamie.Jones@Davidturch.com); Shawn Simpson ; Great Lakes, Chuck Howell (chowell@flygreatlakes.com); Great Lakes, Doug Voss (DVoss@flygreatlakes.com); sgadek@flygreatlakes.com; 'Mike Matthews'; 'Ron Hansen'; Schlemmer, Kevin (OST)
Subject: EAS Update at El Centro and Visalia

Greetings All:

I would like to update you on the Essential Air Service (EAS) situation at El Centro and Visalia, as well as give you an opportunity to offer any comments for the formal record before we submit a recommendation to the Assistant Secretary for Aviation and International Affairs. As you may know, the Department issued Order 2016-1-9, on January 20, 2016, requesting proposals from air carriers interested in providing emergency replacement EAS at El Centro and Visalia for a new term. In response to the Department's request, Boutique Air, Inc., Great Lakes Aviation, Ltd., and Mokulele Airlines submitted proposals for consideration.

I have attached those proposals to this email and expect them to be uploaded on www.regulations.gov sometime this afternoon. I request that you review the proposals and submit any comments you may have as soon as possible, but no later than February 25, 2016. Please send your comments directly to me via e-mail at scott.faulk@dot.gov. Also, please forward this to all relevant parties that I have not included on the distribution list.

If you have any questions, feel free to contact me.

Regards,
Scott Faulk
U.S. Department of Transportation
EAS & Domestic Analysis Division
1200 New Jersey Ave., SE
Washington, DC 20590
202-366-9967



Hawaii's Favorite Island Hopper

Proposal to provide subsidized Essential Air
Service for:

El Centro / Imperial, California
Visalia, California

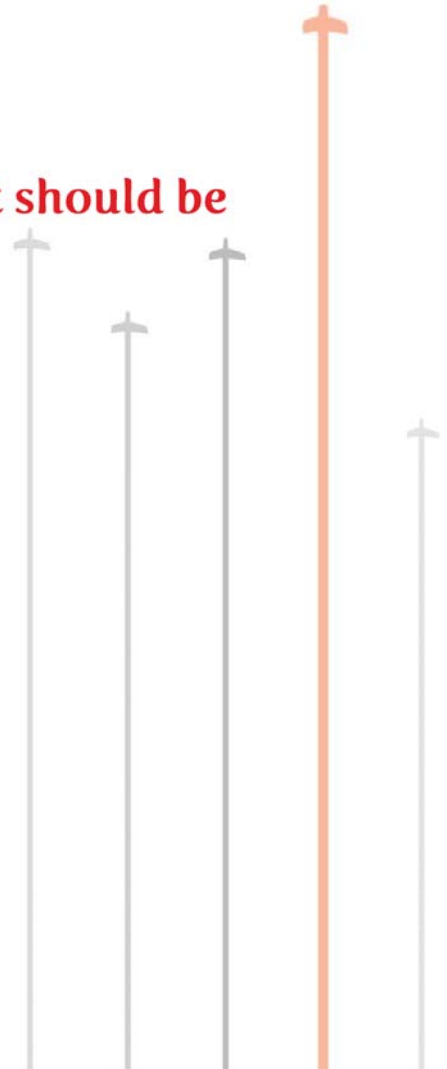
OST – 2008 – 0299

OST – 2004 – I99I6



Correspondence with regard to this document should be addressed to:

Mr. Ron Hansen, CEO
Mokulele Airlines
P O Box 4409, Kailua-Kona, HI 96745
Telephone: 808.840.9002
Fax: 808.326.1266
E-mail: ron.hansen@mokulelehawaii.com





Mokulele Flight Service Inc, dba Mokulele Airlines hereby proposes the following response to DOT Emergency Order 2016-I-9 to provide Essential Air Service to the communities of El Centro and Visalia, California. Mokulele is pleased to present two options for service.

Please note that El Centro and Visalia are inseparable as presented. Should DOT only select Mokulele for only ONE community, the subsidy rate will need to increase \$200,000 per year in order to offset higher maintenance costs.

Option #1: Standard Two Year Bid

48 weekly frequencies between El Centro and Los Angeles Intl Airport for a cost of \$2,240,634
48 weekly frequencies between Visalia and Los Angeles Intl Airport for a cost of \$2,128,169

Option #2: Preferred Four Year Bid

48 weekly frequencies between El Centro and Los Angeles Intl Airport for each year –
1st year– \$2,240,634 2 – 4th years: \$2,115,634 – a \$375,000 savings!
48 weekly frequencies between Visalia and Los Angeles Intl Airport for each year –
1st year – \$2,128,169 2 – 4th years: \$2,003,169 – a \$375,000 savings!



Who are we?

Based in Kona, Hawaii, Mokulele was founded in 1994 as an inter-island charter & flight seeing airline, now currently offering service to nine destinations on five islands. The management team of Mokulele is highly experienced in the airline industry and has seized on the opportunity for expansion by providing greater efficiencies and operational controls. Mokulele is a “scheduled” FAA Part 135 Air Carrier with an excellent service record. Mokulele operates more than 120 daily flights and carries 22,000 passengers monthly with its fleet of ELEVEN NEW Cessna Grand Caravan 208EX aircraft and four Cessna Grand Caravan 208B aircraft.





Each market will receive:

- 24 roundtrip frequencies a week to LAX
- flights operated with 9 seat Cessna Grand Caravan 208B/208EX
- 2 qualified pilots on EVERY flight
- 99% or higher planned dispatch reliability
- Working to go into LAX to Terminal 6*
- Interline connectivity to Alaska, Air New Zealand, and other potentials coming on line**
- Full distribution in all the major booking engines and government travel portals
- Affordable fares
- Mokulele Ali'i program will be extended to California, providing for free changes, baggage fee waivers, and reduced fares depending on productivity
- Spare aircraft in the network
- Extra flight crew placed in system on "reserve" or standby should there be a shortage or illness
- 9 passenger van in each city for guest recovery efforts



*Terminal 6 is our expected location, however this is dependent on finalization of discussions and contracts with LAWA

** We are in active talks with 2 international carriers and a domestic carrier that serve LAX and also feed our Hawai'i network



Business Model & Programs

- Children receive 25% off our regular, everyday fares
- Pets *always* fly free
- Free carry-on luggage, up to 15 pounds
- Baggage fees starting at \$20 per piece – California residents will receive 1st bag free during initial start-up phase
- Ability to carry 2 or more bags per passenger, even when booked to 9
- \$20 fee for phone reservations, PER booking, NOT per passenger
- \$25 change fee for most fares
- \$25 fee to change a name on a reservation
- Ticket counters will be staffed during normal business hours; no fee at counter for purchasing tickets
- Discounts for U.S. Military & Coast Guard
- Social media discounts for last minute tickets
- Fares bookable on our website 24 hours a day, including cancels & changes via our booking portal
- Very active & responsive on social media & email
- Ali'i program rewards our business partners, where they can earn discounts on airfare, change fee waivers and free baggage
- Simple frequent flyer program – fly 12 segments, get 1 free
- Very active in our communities with donations, free tickets
- We advertise in local newspapers, radio, and television
- Partnered with the American Cancer Society to help transport cancer patients & caregivers in Hawai'i **AND** Angel Flight West– we will do the same in your communities



Our statistics....

Planes:

11 NEW build Cessna 208B & EX Grand Caravan
4 late 1990s Cessna 208B Grand Caravans

Pilots:

106, with hundreds of applicants in our "inbox"

Completion Rate for January 2016:

98.8%

On-time rate for January 2016:

94.6%

Flights cancelled due to crew shortage in 2015:

0

Number of EAS routes flown:

1 — Kamuela/Waimea, Big Island

Pax flown to/from Kamuela in 2015:

9,714

Pax flown the year BEFORE Mokulele:

16

Percentage of EAS revenue ratio to total revenue:

1.8%

Year we were born:

1994 by Hawaiian native Kawehi "Rebecca" Inaba

A
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S

MOKULELE



that's right... no pilot shortage at Mokulele

- > 106 pilots currently on payroll
- > over 250 applicants wanting to come fly
- > over 80% of our FO's will upgrade to Captain and continue flying at Mokulele
- > This includes our 3 out-station bases in Pennsylvania
- > We have a large number of captains with 6 years seniority or higher





Everyone has a lot of baggage

"Standard" baggage allowance on Mokulele is...




One carry-on, up to
15#s, free of charge



Up to two CHECKED BAGS, weighing
up to 50#s each for \$20 for the first
bag, \$25 for the 2nd.





some comments from social media...

 **Sikuka Kuresa Tuivailala** I love flying Mokulele Airlines. Service is awesome and it's just so very convenient. Bigger airlines have such bad service. Keep up the good work Mokulele!




Unlike · Reply · Message ·  3 · January 13 at 2:25pm


 **Mokulele Airlines Mahalo!!**

Like · Reply ·  1 · Commented on by Jen Hansen Ladedo (?) · January 26 at 12:50am


 **Sikuka Kuresa Tuivailala** I flew with the owner once, from Kona to Kapalua. Very nice, soft spoken man. I was shocked he spoke to me. It just shows the kind of character leads the airline. Interacts with anyone with a smile. Mokulele, is a certain 5 stars airline. Thank you Mokulele for your awesome customer service and aliha spirit.


Unlike · Reply · Message ·  1 · January 26 at 1:53am

 Write a reply...  


 **Karen Hekekia** It sucks for Hilo people cause we don't have they're flights. We usta' have Aloha Island Air and Pacific Wings too. I loved riding the smaller planes cause the view of the waterfalls, whales etc. was so majestic. Miss out on the bigger planes.


Unlike · Reply · Message ·  4 · January 12 at 2:17am

 **Mokulele Airlines** Karen Hekekia we would love to fly to Hilo but after much market analysis we are not able to provide a competitive rate in that market 😊

Like · Reply ·  1 · Commented on by Wind On Water Communications (?) · January 12 at 3:52pm


 Unlike · Reply · Message ·  3 · January 10 at 9:04pm

 **Mokulele Airlines** Carrie we wish we could fly to Kauai too! But sadly it's a little to far away from Oahu for our current fleet. 😊


Like · Reply ·  1 · Commented on by Wind On Water Communications (?) · January 11 at 7:54pm


 **Alexander S. Petok Jr.** Mokulele Airlines.....I'm flying out of Maui in a week...Any good deals?

Unlike · Reply · Message ·  1 · January 12 at 8:13pm

 **Mokulele Airlines** Always! Which airport are you flying from? Kahului, Kapalua or Hana and what is your final destination?

Like · Reply · Commented on by Wind On Water Communications (?) · January 12 at 8:16pm


 View more replies

 **Jane Jamie McGunn** I don't mind flying out of Waimea, I live in Hilo, mokulele is the only way to go, if can!


Unlike · Reply · Message ·  3 · January 14 at 11:39am


 **Mokulele Airlines Mahalo!!!**


Like · Reply · Commented on by Wind On Water Communications (?) · January 14 at 3:32pm

 **Shane Lono** Do you only fly to Maui and Molokai?

Like · Reply · Message · January 12 at 2:26am


 **Mokulele Airlines** We also fly to Kona and Waimea. 9 airports total!


Like · Reply ·  1 · Commented on by Wind On Water Communications (?) · January 12 at 11:52am

 **Moretta Balai** I never did fly on Mokulele yet...🙄


Unlike · Reply · Message ·  1 · January 11 at 8:42pm

 **Mokulele Airlines** Try us!!

Like · Reply ·  1 · Commented on by Wind On Water Communications (?) · January 12 at 11:52am

 **Kirk Tolai** Id like to take you, yes you pilot, out to dinner. You, me, candle light, and a sunset over the waters of waikiki. What do u say?

Unlike · Reply · Message ·  1 · January 11 at 11:50pm

 **Lance Furuyama** Maybe Friday, I'm working til then.



-  **Jamie Perreira** Tracey Librando Souza Kayzlen Lono Mili Librando ...Just booked my flight from Kona to Kahului!!! Will you be having any evening flights on Sunday, Dec 27? I would love to change my flight to that date. 😊
Unlike · Reply ·  1 · December 17, 2015 at 5:50pm · Edited
↳ 10 Replies
-  **Christine Medeiros** Mahi Please come to Hilo!!!
Unlike · Reply · Message ·  3 · December 17, 2015 at 8:07pm
-  **Jonell O'Brien** What about from Kalaeloa?
Unlike · Reply · Message ·  2 · December 18, 2015 at 10:29am
-  **Charlotte Flanagan** Love this airline!!!
Unlike · Reply · Message ·  2 · December 17, 2015 at 10:20pm
-  **Michele Missy** McFadden Going to book flights
Unlike · Reply · Message ·  2 · December 17, 2015 at 10:37pm
-  **Liana Bishop** Wow come back to see us !!!!
Unlike · Reply · Message ·  1 · December 18, 2015 at 8:53pm
-  **Mamo Lei** Wow, I just got back from Molokai.
Unlike · Reply · Message ·  2 · December 18, 2015 at 5:46pm
-  **Faith Kaolulo** Awesome ... 😊
Unlike · Reply · Message ·  1 · December 18, 2015 at 11:07pm
-  **Arlene Arturo** KahahaneAke Omg....
Unlike · Reply · Message ·  1 · December 19, 2015 at 11:05pm
-  **Mamo Lei** Wow! What a deal.
Unlike · Reply · Message ·  1 · December 18, 2015 at 5:43pm
-  **Gail Martin** Love um
Unlike · Reply · Message ·  1 · December 20, 2015 at 7:15pm
-  **Kehau Cobb-Adams** Kahookano Mokulele nothing from the best destination Kalaeloa?
Like · Reply · Message ·  5 · December 17, 2015 at 6:52pm
-  **Michelle Fitts** I use them from Kapalua to Honolulu and return! So convenient and fun!
Like · Reply · Message · December 20, 2015 at 8:00am
-  **Irene Perrigo** Eklund Love Mokulele Airlines. ❤️



Luc La · Mokulele Airlines

January 28 at 5:35pm · 🌐

Kobe loves fling on Mokulele Airlines



2 Likes · 1 Comment

 Like ·  Comment ·  Share



Leigh Fitzgerald · Mokulele Airlines

January 9 at 7:27am · 🌐

I fly Mokulele with my mom because it helps take her to work everyday but bring her home to my family each night. Love, Nel (age 4 weeks in photo)



24 Likes

A I R L I N E S
MOKULELE



Our communities and customers love us.... so why not let your community have an airline they can be proud of and say the same things?!?!





Mokulele Airlines meets the core criteria of the EAS program – notably CONNECTIVITY TO THE WORLD. All flights are sold and marketed in all the major GDS systems, and we have active interline agreements with Alaska Airlines, Air New Zealand, Island Air, and Hahn Air. (we also have a few extras coming up in 2016).

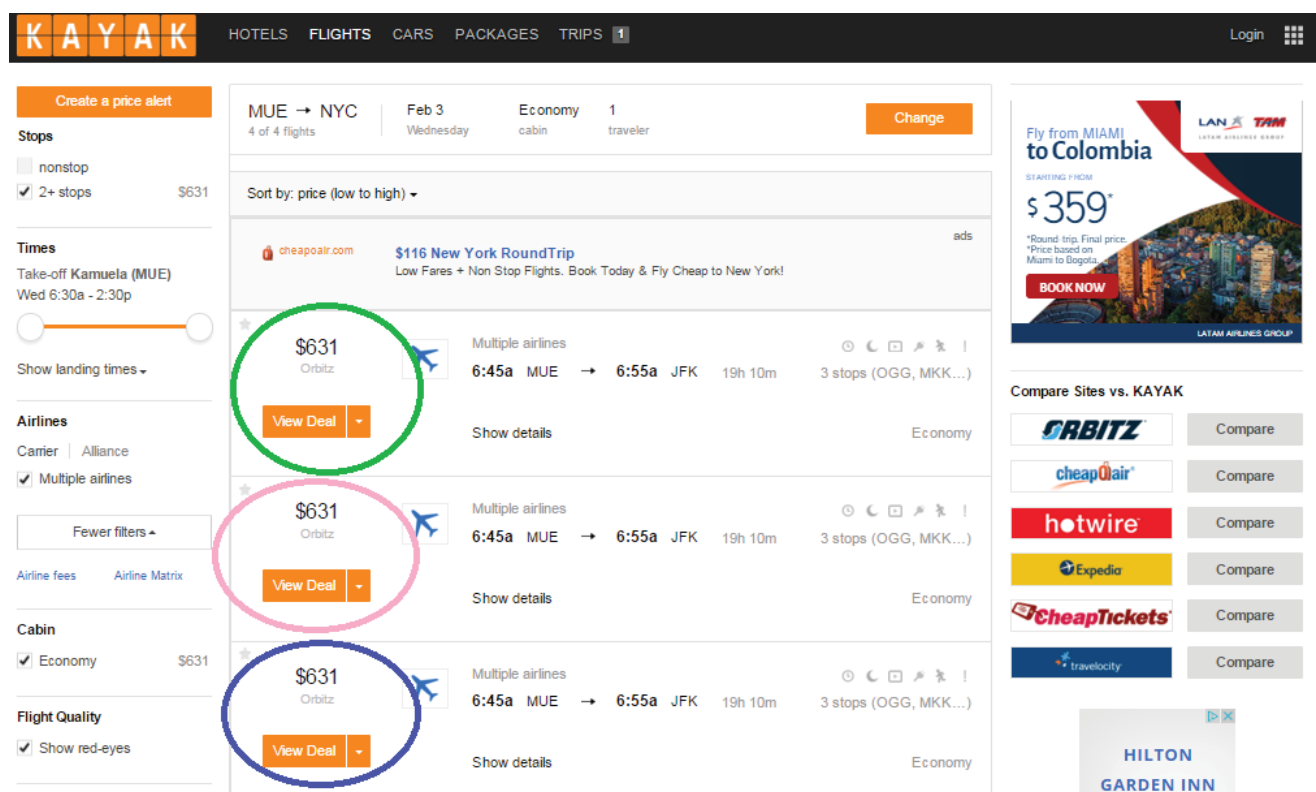
Visibility is KEY to making your markets work.... We've been doing this for years and have the relationships and proven experience that travel agents and industry suppliers trust.



AIR NEW ZEALAND



Many travelers rely on sites like Kayak.com, Expedia, and Orbitz for travel planning. Mokulele flights and connections are clearly visible when searching from our own EAS market – Kamuela/Waimea.



KAYAK HOTELS FLIGHTS CARS PACKAGES TRIPS 1 Login

Create a price alert

MUE → NYC 4 of 4 flights Feb 3 Wednesday Economy cabin 1 traveler Change

Sort by: price (low to high) ▾

cheapoair.com \$116 New York RoundTrip Low Fares + Non Stop Flights. Book Today & Fly Cheap to New York!

\$631 Orbitz View Deal ▾ Multiple airlines 6:45a MUE → 6:55a JFK 19h 10m 3 stops (OGG, MKK...) Show details Economy

\$631 Orbitz View Deal ▾ Multiple airlines 6:45a MUE → 6:55a JFK 19h 10m 3 stops (OGG, MKK...) Show details Economy

\$631 Orbitz View Deal ▾ Multiple airlines 6:45a MUE → 6:55a JFK 19h 10m 3 stops (OGG, MKK...) Show details Economy

Compare Sites vs. KAYAK

ORBITZ Compare

cheapAir Compare

hotwire Compare

Expedia Compare

CheapTickets Compare

travelocity Compare

HILTON GARDEN INN



And speaking of Waimea/Kamuela, Big Island, Hawai'i..



Kamuela (Kohala Coast)

Weekly Frequencies
Completion Factor
Annual Departures
Block Time (in minutes)
Annual Block Hours
Stage length (statute miles)
Available Seat Miles (9 seats)
Load Factor
Passengers
Revenue Passenger Miles
Average Fare

Revenue:

Passenger
Ancillaries \$4.00 per passenger

Total Revenue

Assumptions

Fuel Cost P/Gal \$3.50
Fuel Burn Gallons P/Hr 55.00

Kamuela to
Kahului
Option #2 - Year 1

24
99%
1224
0.7
857
79
870264
28%
3060
241740
\$63.26
\$68 fare
\$193,562.79
\$12,240.00
\$205,802.79

We've added a 3rd flight during peak months, more flights to the community means better use of the airport

We've met the 99% controllable completion factor, easy.

2015 saw 9,714 pax, NOT 3,000
Select us and let us try to do this in YOUR communities!



Local airports and airlines can “combat” this by doing extensive advertising and marketing however the power of being in the major booking engines AND showing connections will greatly increase ridership and success of the airline at your local airport... so while other airlines may be bidding for service at your community, simply asking if they are visible is one thing, but are they bookable is another!

Los Angeles – Terminal 6 snapshot

Our requested gate space in LAX is at Terminal 6 – which offers INSIDE CONNECTIONS (MEANING YOU DON'T HAVE TO EXIT SECURITY!) to ALL the SOUTH terminals – 4,5,6,7, and 8. This covers over 66% of LAX's departures! And interline partner Alaska Airlines flies to almost 20 destinations from LAX!

Alaska Destinations

Seattle
Portland
Anchorage
Washington Natl/Reagan
Baltimore
Salt Lake city
Vancouver
Medford
Mammoth Lakes
Monterey
Santa Rosa
Sun Valley
Gunnison
Liberia, Costa Rica
San Jose, Costa Rica
Ixtapa
Manzanillo
Mazatlan
Cabo San Lucas
Loreto

Los Angeles International Airport (LAX)





Sample Flight Schedule for both IPL & VIS

Proposed start date: 21 March – 4 April 2016 Window (30 days after DOT award, if not earlier)

FROM Imperial, CA [IPL]

TO Los Angeles Intl [LAX]

5:40a	7:05a	100	0	XSA/SU
7:20a	8:45a	104	0	SA
10:00a	11:25a	111	0	XSA
11:05a	12:30p	115	0	SA
3:00p	4:25p	102	0	XTU/SA
6:30p	7:55p	113	0	XSA

FROM Los Angeles Intl [LAX]

TO Imperial, CA [IPL]

7:50a	9:15a	110	0	XSA/SU
9:10a	10:35a	114	0	SA
12:00p	1:25p	101	0	XSA
2:05p	3:30p	105	0	SA
4:20p	5:45p	112	0	XTU/SA
9:30p	10:55p	103	0	XSA

TO Visalia, Ca [VIS]

7:35a	9:00a	100	0	XSA/SU
10:00a	11:25a	104	0	SA
12:05p	1:30p	111	0	XSA
1:30p	2:55p	115	0	SA
5:15p	6:40p	102	0	XTU/SA
9:10p	10:35p	113	0	XSA

FROM Visalia, Ca [VIS]

TO Los Angeles Intl [LAX]

5:50a	7:15a	110	0	XSA/SU
7:00a	8:25a	114	0	SA
9:55a	11:20a	101	0	XSA
12:10p	1:35p	105	0	SA
2:20p	3:45p	112	0	XTU/SA
7:00p	8:25p	103	0	TU
7:20p	8:45p	103	0	XTU/SA



And what about when things don't go well..

We can't realistically plan for everything. But when things go wrong we will do our best to take care of our guests.

We will have comfortably configured vans in our locations to drive our guests to the nearest airport should there be an unrecoverable delay/cancellation. And when Visalia gets socked in due to clouds or fog, we are working on an agreement to use the Fresno Airport, so that when the plane lands, we board our guests flying Visalia to LAX out of the Fresno terminal, and when the plane from LA arrives, guests will collect their bags in Fresno and hop in our van for the drive to Visalia.

We presently do this in our high-end destination of Kapalua/West Maui. JHM Airport gets hit by crosswinds or other weather that doesn't allow for our scheduled operations – we simply fly to Kahului and then our staff will drive the guests to Lahaina/Kapalua. The last big airline to fly to JHM would simply cancel the flight – leaving the customers looking for their own way.



MOKULELE
A I R L I N E S



Just think, this could be you...



Hot Rates

\$37	one way* Molokai to Kahului
\$48	one way* Kalahelea to Molokai
\$50	one way* Honolulu to Molokai
\$74	one way* Waimea to Kahului
\$77	one way* Hana to Hapalua to Kahului
\$80	one way* Hapalua to Honolulu

*Price includes tax and fees. Seating at these prices are limited and available online. Rates subject to change, valid through 9/30/15.



Just think, this could be you...





Mokulele Airlines is a Hawaiian based airline. We've been focused on our core routes and have weathered many storms; including hurricanes, government shut downs, increased competition, failed competitors (yet we did NOT raise prices!), and a few economic recessions in Hawai'i. Yet our model still survives; because we empower our team to deliver a HIGH QUALITY product that your community can be proud of.

Our growth to California is only to help augment our overall operations. We aren't here to just chase the government money, we are here because we feel we can deliver air service your community deserves.

Please select Mokulele Airlines as your preferred airline for the Emergency RFP & continue your 9 seat waiver. We promise to NOT let you down!

Sincerely,

Ron Hansen & all 290 team members





The Numbers – Joint, Standard Award

Mokulele Airlines California EAS Proposal					
Year 1					
		Market	IPL-LAX	VIS-LAX	
		Fits/day	4	4	
			Req VIS	*Req IPL*	
Miles			181	173	
Block Hours/Segment			1.2	1.25	
Frequency/Week			48	48	
Completion Factor			99%	99%	
Annual departures			2471	2471	
Annual block hours			2965.2	3088.8	
Est Load Factor			55%	65%	
Est Pax			12232	14456	
Est Fare			\$ 73.86	\$ 83.16	
Ancillary			\$ 92,000.00	\$ 105,000.00	
Total Revenue			\$ 995,435.21	\$ 1,307,166.71	
Fit Ops			\$ 385,482.24	\$ 401,544.00	
Ownership			\$ 450,000.00	\$ 450,000.00	
Maintenance			\$ 518,918.40	\$ 581,000.00	
Fuel			\$ 370,656.00	\$ 386,100.00	
Reserves			\$ 280,000.00	\$ 300,000.00	
Insurance			\$ 60,000.00	\$ 60,000.00	
Reservations/Distribution			\$ 90,000.00	\$ 110,000.00	
Marketing			\$ 30,000.00	\$ 45,000.00	
Admin			\$ 200,000.00	\$ 245,000.00	
Airport Ops			\$ 747,760.00	\$ 747,760.00	
Expenses			\$ 3,132,816.64	\$ 3,326,404.00	

Year 1					
		Market	IPL-LAX	VIS-LAX	
		Fits/day	4	4	
			Req VIS	*Req IPL*	
Income (loss)			\$ (2,137,381.43)	\$ (2,019,237.29)	
Profit Element			\$ 103,252.83	\$ 108,932.20	
Subsidy			\$ (2,240,634.26)	\$ (2,128,169.49)	
Subsidy/Pax			\$ (183.18)	\$ (147.22)	
Year 2 - 4 Subsidy			\$ 2,115,634.26	\$ 2,003,169.49	
Subsidy / pax			\$ 144.14	\$ 115.48	

The above bid is ONLY valid if the Department selects Mokulele at BOTH communities and does not award a 4 year award.

The Numbers – Joint Four Year Award

City	Year I Subsidy	Year I per pax	Year 2–4 Subsidy	Year 2–4 per pax
El Centro /Imperial	\$2,240,634.26	\$183.18	\$2,115,634.26	\$144.14
Visalia	\$2,128,169.49	\$147.22	\$2,003,169.49	\$115.26

Above bids are only if the Department does select Mokulele for BOTH communities and requires a 4 year award.

The Numbers – Separate Four Year Award

City	Year I Subsidy	Year I per pax	Year 2-4 Subsidy	Year 2-4 per pax
El Centro /Imperial	\$2,390,634.26	\$195.45	\$2,265,634.26	\$185.23
Visalia	\$2,278,169.49	\$185.23	\$2,153,169.49	\$148.95

Above bids are only if the Department does not select Mokulele for BOTH communities and requires a 4 year award.



BOUTIQUE AIR
548 Market St
San Francisco, CA
415.449.0505

About Boutique Air

Our Story

Headquartered in San Francisco, California, Boutique Air has been in operation since 2007. We began by flying fire surveillance missions for the U.S. Forestry Service and Bureau of Land Management. We evolved to provide air charter services from the Burbank, Hawthorne, Las Vegas and Redding airports with our Pilatus and Cessna fleet of aircraft. As a charter operator we have received certifications from both industry leading safety organizations, ARG/US and Wyvern. Boutique Air has pilots that are highly experienced and hold the most advanced FAA ratings - a key reason for our continued perfect safety record.

In July of 2012 Boutique Air applied for commuter operating authority from the Department of Transportation. We quickly passed tests on financial fitness and management competency, receiving authority for scheduled service in January of 2013.

We began scheduled service between Los Angeles and Las Vegas in January of 2014.

We have worked to develop our distribution channels. We have connections in place with all of the major Global Distribution Systems (GDSs), which travel agents use to access the market. You will find us on Worldspan and Apollo (Travelport), Sabre, and Amadeus. In addition, we are on the major Online Travel Agencies (OTAs), including Expedia, Travelocity, Priceline, Orbitz, CheapTickets, and CheapOAir.

EAS Contracts

<u>Route</u>	<u>Start Date</u>
Clovis (CVN) - Dallas (DFW)	July 15, 2014
Silver City (SVC) - Albuquerque (ABQ)	January 5, 2015
Carlsbad (CNM) - Dallas (DFW)	June 1, 2015
Carlsbad (CNM) - Albuquerque (ABQ)	June 1, 2015
Alliance, NE (AIA) - Denver (DEN)	July 1, 2015
Chadron, NE (CDR) - Denver (DEN)	July 15, 2015
Show Low AZ (SOW) - Phoenix (PHX)	August 1, 2015
Merced, CA (MCE) - Los Angeles (LAX)	October 5, 2015
Merced, CA (MCE)- Oakland (OAK)	October 5, 2015



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<u>Route</u>	<u>Start Date</u>
Merced, CA (MCE) - Las Vegas (LAS)	November 1, 2015
Phoenix, AZ (PHX) - Las Vegas (LAS)	November 1, 2015
Los Alamos (LAM) - Albuquerque (ABQ)	November 1, 2015
Greenville, MS (GLH) - Dallas (DFW)	November 10, 2015
Greenville, MS (GLH) - Nashville (BNA)	November 10, 2015
Muscle Shoals, AL (MSL) - Nashville (BNA)	February 15, 2016
Muscle Shoals, AL (MSL) - Atlanta (ATL)	February 15, 2016
Moab, UT (CNY) - Salt Lake City (SLC)	March 1, 2016
Moab, UT (CNY) - Denver (DEN)	March 1, 2016
Vernal, UT (CNY) - Denver (DEN)	March 1, 2016

Special Note on Boutique Air's TSA Security Program

During early 2015, Boutique Air has been working with the TSA and DHS on obtaining a full security program. This security program will allow Boutique Air to operate from sterile airport locations allowing our passengers a seamless and more efficient travel experience by only having to go through Airport/TSA security once. We began sterile security operations from EAS communities in Nebraska and Arizona to and from Denver International Airport and Phoenix Sky Harbor International Airport in June. The TSA approved Boutique Air's full AOSSP Security Program in June 2015. We continue to grow our EAS route network with the addition of Merced, CA and Greenville, MS which includes operations from LAX, OAK, LAS, and BNA.

Special Note on Boutique Air's Advertising

In order to increase brand recognition in the community, Boutique Air will spend at least \$20,000 per year on advertising & marketing to make El Centro's air service a success. We will utilize a combination of radio, print, billboard, TV, and internet advertising.

Special Note on Service Start Date

Boutique Air will begin service 60-90 days after the DOT issues the order selecting Boutique Air as the EAS Carrier. Boutique air will start service as early as operationally possible.



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What People Are Saying About Boutique Air

*Boutique Air PC-12, one of the **best turboprop aircraft** on the market!... Give them a try!!*

-Tarek A. via Yelp.com

*We also feel that the PC-12 aircraft bid by Boutique Air presents the **safest and most comfortable option for the traveling public.***

-Hon. Mayor David Lansford in Recommendation Letter
City of Clovis, NM

*Flew with Boutique from LA to Vegas and back and must say I was extremely surprised. From the ease of check-in, To the flight itself, **the whole process was great.** Price was competitive with any other airline out there. I plan on flying boutique for all my Vegas outings, and may even look into renting the whole plane for a group trip. Thanks Boutique!*

-Kevin J. via Yelp.com

*We find that Boutique Air is fit, willing and able to operate as a commuter air carrier, and **capable of providing reliable Essential Air Service...***

-Susan L. Kurland in Clovis EAS Award
Asst. Sec. for Aviation and International Affairs
US DOT

*Right now Boutique Air is **a very cool secret.***

-Examiner.com

*Flew with Boutique Air from LA to Las Vegas round trip and it was a great experience. **Good service, on time departures, and a hassle free and nice way to travel** in general. A really nice pilot and copilot as well.*

-Patrick S. via Yelp.com

***Smooth flights and personable staff** are part of the experience...*

-Clovis News Journal



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Route Map

current map





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Aircraft

Boutique Air currently flies a fleet of 11 Pilatus PC-12 aircraft. We operate a modern fleet of aircraft ranging from 2004-2007. All flights are flown by Captains with over 1200 hours of flight experience and an instrument rating. While we are certified to fly single pilot we opt to fly with a two member crew.

- 8 Passenger Executive Configuration OR 9 Passenger Commuter Configuration
- Pressurized Cabin
- Power Outlets
- Enclosed Lavatory

Photos of Boutique Air Aircraft





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Photos of Boutique Air Aircraft





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Reliability & Performance

Clovis, NM (CVN)

CVN	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Passengers	Pax per Flight	Completion Factor
July 2014	7/15 to 7/31	90	84	2	4	167	1.99	93.3%
August 2014	8/1 to 8/31	156	154	0	2	551	3.58	98.7%
September 2014	9/1 to 9/30	156	156	0	0	658	4.22	100%
October 2014	10/1 to 10/31	162	162	0	0	788	4.86	100%
November 2014	11/1 to 11/30	150	148	2	0	732	4.95	98.7%
December 2014	12/1 to 12/31	158	158	0	0	837	5.30	100.0%
January 2015	1/1 to 1/31	162	152	10	0	734	4.83	93.8%
February 2015	2/1 to 2/28	144	140	4	0	707	5.05	97.2%
March 2015	3/1 to 3/31	160	158	2	0	881	5.576	98.8%
April 2015	4/1 to 4/30	154	152	2	0	857	5.638	98.7%
May 2015	5/1 to 5/31	160	158	0	2	882	5.582	98.8%
June 2015	6/1 to 6/30	154	154	0	0	854	5.545	100%
July 2015	7/1 to 7/31	160	160	0	0	828	5.175	100%
August 2015	8/1 to 8/31	160	158	0	2	770	4.873	98.8%
September 2015	9/1 to 9/30	152	152	0	0	745	4.90	100%
October 2015	10/1 to 10/31	161	159	2	0	781	4.91	98.8%
November 2015	11/1 to 11/30	156	146	10	0	638	4.37	94%
December	12/1 to	154	142	12	0	596	4.20	92.2%



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2015	12/31							
Totals		2749	2693	46	10	13,006	4.83	97.9%

Silver City, NM (SVC)

SVC	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Pax.	Pax. per flight	Completion factor
January 2015	1/5 to 1/31	187	187	0	0	186	0.99	100%
February 2015	2/1 to 2/28	192	190	2	0	452	2.38	99%
March 2015	3/1 to 3/31	213	213	0	0	503	2.36	100%
April 2015	4/1 to 4/30	208	208	0	0	587	2.82	100%
May 2015	5/1 to 5/31	208	204	0	4	715	3.51	98.1%
June 2015	6/1 to 6/30	208	208	0	0	712	3.42	100%
July 2015	7/1 to 7/31	216	214	0	2	760	3.55	99.1%
August 2015	8/1 to 8/31	208	208	0	0	761	3.66	100%
September 2015	9/1 to 9/30	208	208	0	0	762	3.66	100%
October 2015	10/1 to 10/31	210	210	0	0	832	3.96	100%
November 2015	11/1 to 11/30	205	205	0	0	690	3.37	100%
December 2015	12/1 to 12/31	206	204	0	2	672	3.29	99%
Totals		2469	2459	2	8	7631	3.10	99.9%



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Carlsbad, NM (CNM)

CNM	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Pax.	Pax. per flight	Completion factor
June 2015	6/1 to 6/30	104	104	0	0	409	3.93	100%
July 2015	7/1 to 7/31	108	108	0	0	563	5.21	100%
August 2015	8/1 to 8/31	104	104	0	0	492	4.73	100%
September 2015	9/1 to 9/30	104	104	0	0	478	4.596	100%
October 2015	10/1 to 10/31	105	105	0	0	475	4.524	100%
November 2015	11/1 to 11/30	102	102	0	0	458	4.490	100%
December 2015	12/1 to 12/31	108	94	14	0	370	3.936	87%
Totals		735	721	14	0	3245	4.50	98%

Alliance, NE (AIA)

AIA	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Pax.	Pax. per flight	Completion factor
July 2015	7/1 to 7/31	108	108	0	0	217	2.01	100%
August 2015	8/1 to 8/31	104	104	0	0	275	2.64	100%
September 2015	9/1 to 9/30	104	102	2	0	253	2.48	98.1%
October 2015	10/1 to 10/31	106	105	1	0	364	3.47	99.1%
November 2015	11/1 to 11/30	102	98	4	0	296	3.02	96.1%
December 2015	12/1 to 12/31	104	95	9	0	366	3.85	91.3%
Totals		628	612	16	0	1771	2.91	97%

Chadron, NE (CDR)

CDR	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Pax.	Pax. per flight	Completion factor
July 2015	7/15 to 7/31	60	60	0	0	175	2.92	100%
August 2015	8/1 to 8/31	104	104	0	0	540	5.19	100%



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September 2015	9/1 to 9/30	104	102	2	0	391	3.83	98.1%
October 2015	10/1 to 10/31	105	105	0	0	373	3.55	100%
November 2015	11/1 to 11/30	103	103	0	0	336	3.26	100%
December 2015	12/1 to 12/31	104	99	5	0	373	3.76	95.1%
Totals		580	573	7	0	2018	3.48	99%

Show Low, AZ (SOW)

SOW	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Pax.	Pax. per flight	Completion factor
August 2015	8/1 to 8/31	160	160	0	0	626	3.91	100%
September 2015	9/1 to 9/30	152	152	0	0	739	4.86	100%
October 2015	10/1 to 10/31	160	160	0	0	669	4.18	100%
November 2015	11/1 to 11/30	156	154	2	0	390	2.53	99%
December 2015	12/1 to 12/31	152	152	0	0	458	3.01	100%
Totals		780	778	2	0	2882	3.70	99.9%

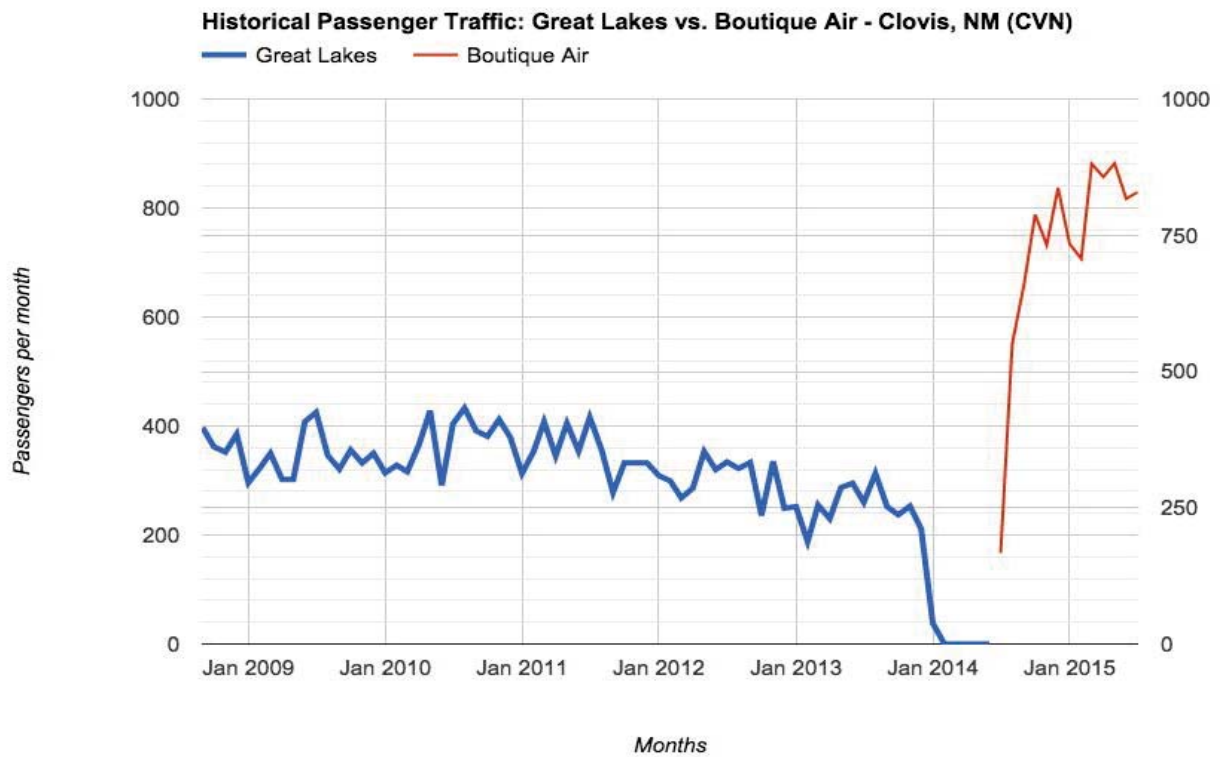
Merced, CA (MCE)

MCE	Date range	Scheduled	Flown	Cancelled Weather	Cancelled Other	Pax.	Pax. per flight	Completion factor
October 2015	10/1 to 10/31	225	225	0	0	654	2.907	100%
November 2015	11/1 to 11/30	322	320	2	0	1048	3.275	99.4%
December 2015	12/1 to 12/31	328	314	6	8	1096	3.490	96%
Totals		875	859	8	8	2798	3.22	98%



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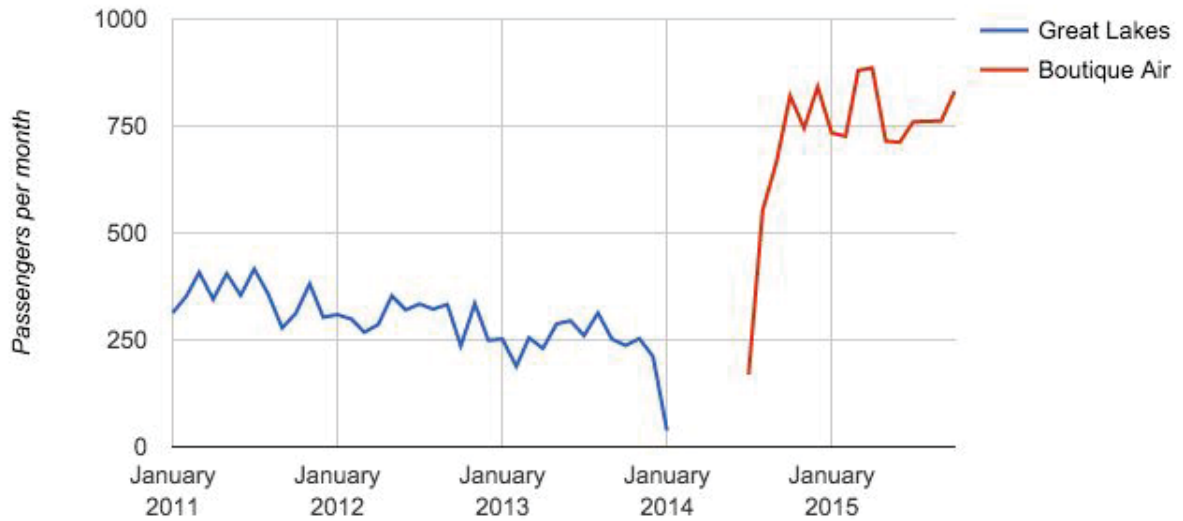
Historic Passenger Traffic



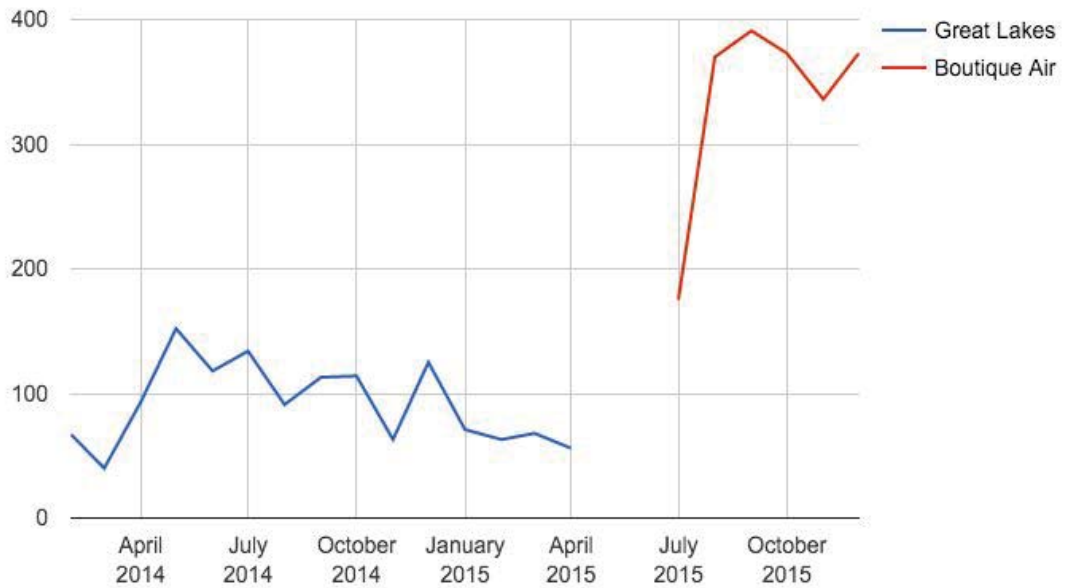


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Historical Passenger Traffic: Pacific Wings vs Boutique Air - Silver City, NM (SVC)



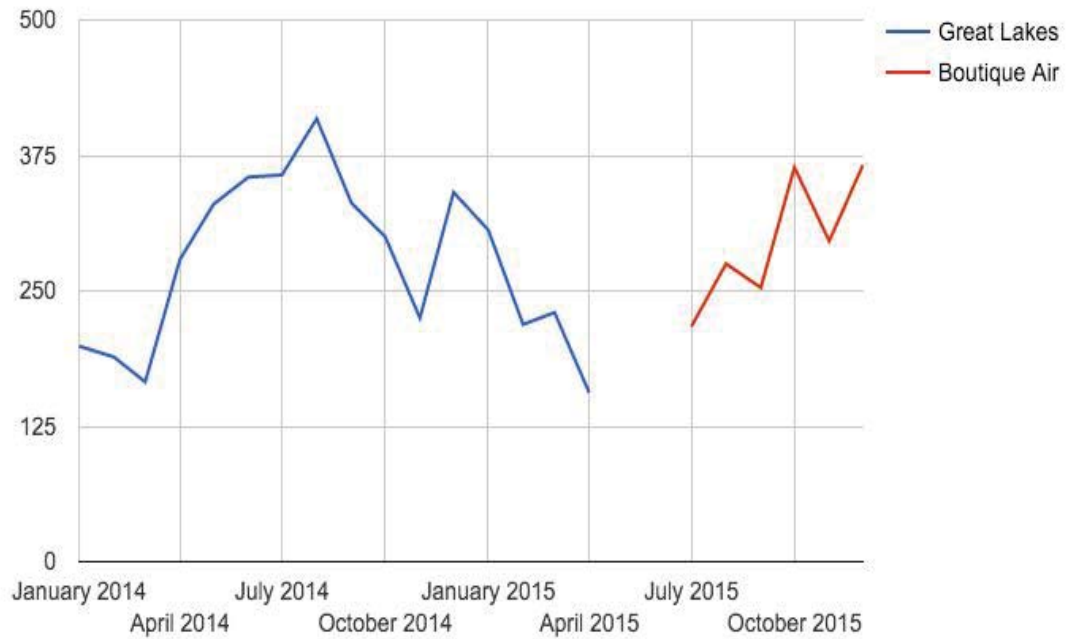
Historical Passenger Traffic: Great Lakes and Boutique Air - Chadron, NE (CDR)





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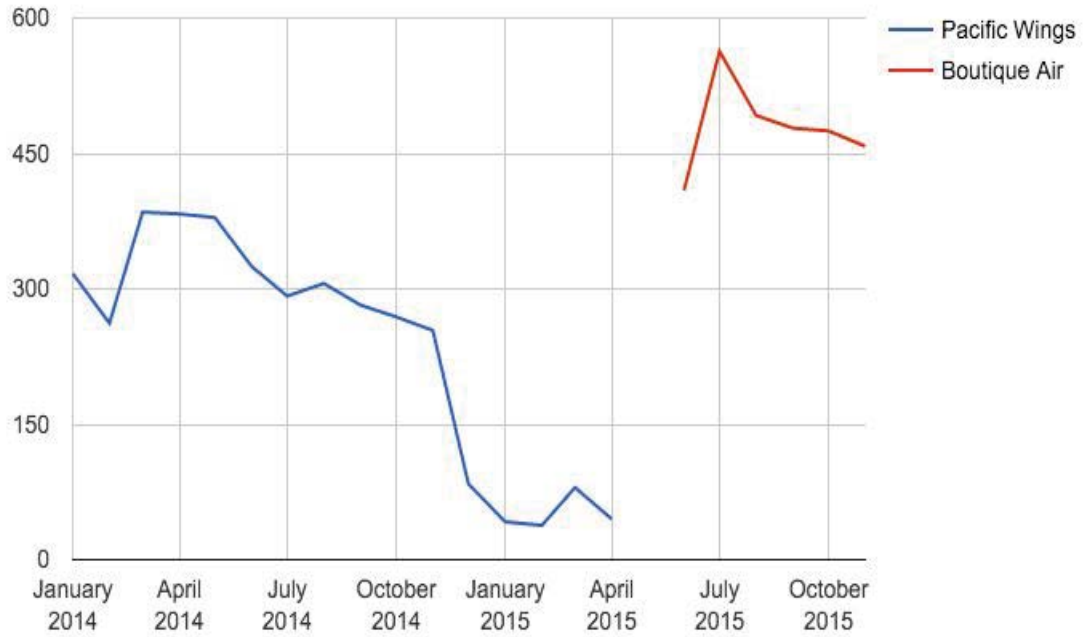
**Historical Passenger Traffic: Great Lakes and Boutique Air -
Alliance, NE (AIA)**





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**Historical Passenger Traffic: Pacific Wings vs Boutique Air -
Carlsbad, NM (CNM)**





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Proposal

Overview

Our proposal would be flown in eight or nine-seat, modern, pressurized Pilatus PC-12 aircraft. The term is two years.

From time to time we will also have sales to increase both awareness and passenger counts.

Community Input

Shortly after the bids are complete, Boutique Air will schedule meetings to meet with airport and/or city officials. This will allow us to answer any questions and provide additional information.

While we can't promise we will be able to implement everyone's suggestions, we welcome feedback from the citizens of these communities, as well as anyone who may have an interest in the proposed flights. What we can promise is that we will listen to your feedback, and give it the attention and consideration it deserves.

With respect and appreciation,

Shawn Simpson
CEO



BOUTIQUE AIR
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El Centro, CA (KIPL)

24 Nonstop RT Weekly IPL-LAX (4 Daily RTs)*

*Boutique Reserves the right to switch up to one daily RT to PHX

Community:

El Centro, CA

Operations

Scheduled Flights	2,592
Completed Flights (98%)	2,541
Scheduled Block Hours	2,280
Scheduled Seats	20,736
Scheduled ASMs	3,911,040

Revenue

Passengers	14,000
Average Fare	\$75
Fare Revenue	\$1,050,000
Total Revenue	\$1,050,000

Expenses

Fuel	\$1,139,880
Ownership	\$960,000
Maintenance and Reserves	\$1,416,000
Staff	\$577,781
Marketing and Distribution	\$20,000
Other Indirect Costs	\$525,927
Total Costs	\$4,639,588

Profit Element

	\$228,159
Margin	5.00%

Total Subsidy \$3,817,747



BOUTIQUE AIR
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Before the United States Department of Transportation

Washington, DC

February 3, 2016

Essential Air Service at:

**EL CENTRO, CALIFORNIA
VISALIA, CALIFORNIA**

**Docket OST-2008-0299
Docket OST-2004-19916**

under 49 U.S.C. 41731 et.seq.

This document contains Great Lakes Aviation, Ltd.'s response to Order Requesting Proposals 2016-1-9.

Our proposals contemplates conveniently timed connecting services to our Los Angeles hub. Local service will be marketed and priced utilizing the Great Lakes (ZK) brand and reservations system. Additionally, Great Lakes maintains interline ticketing and baggage agreements with the majority of the other carriers serving the hub, including interline e-ticketing agreements with American Airlines, Delta Airlines (with the ability to earn Delta Skymiles) and United Airlines. All of which will offer passengers traveling to and from these communities supplemental access to the domestic and international air transportation system.

Great Lakes is proposing two roundtrips on weekdays and two weekend roundtrips utilizing Beech 1900-D aircraft. By operating this twin engine, pressurized and two pilot crew aircraft, Great Lakes believes that we will be enabled, with the support of the community, to stimulate traffic development. Attractive fares competitive with nearby regional markets will be offered. Great Lakes currently owns 28 Beech 1900-D aircraft and has a 29 year history of operating this aircraft type.

Our proposals assumes the establishment of a California pilot domicile and the placement of spare aircraft in the California network in order to enhance reliability and maintain schedule integrity.

Questions and comments may be referred to:

Chuck Howell
President
Great Lakes Aviation, Ltd.
1022 Airport Parkway
Cheyenne, WY 82001
(307) 432-7000

Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at
El Centro, California to Los Angeles (LAX)
Two Round Trips - Beech 1900-D
98.0% completion factor

Departures:	1,223
Block Hours:	1,264
Revenue Passenger Miles:	2,117,700
Available Seat Miles:	4,205,897

Operating Revenues:					
Passenger:	IPL - LAX	11,700	psgrs at	\$59.95	\$701,415

Other:	(at 0.62% of passenger revenue)	\$4,349
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Total Operating Revenues:	\$705,764
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Operating Expenses:		
Direct:	Aircraft and Hull Insurance	\$721,710
	Fuel and Oil	\$616,808
	Flying Operations	\$352,555
	Maintenance	\$602,896

Total Direct Expenses:	\$2,293,969
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Total Indirect Expenses:	<u>\$906,258</u>
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Total Operating Expenses:	\$3,200,227
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Operating Loss	(\$2,494,463)
Profit Element (5.0% of Total Operating Expenses)	\$160,011

Annual Compensation Requirement:	\$2,654,475
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Representative Schedule *** [IPL] El Centro, California ***

----- D E P A R T U R E S -----					
FLT	DPT	ARR	TO	EQP	FREQ
3020	6:45	7:47	LAX	BE-1900	123456
3023	13:30	14:32	LAX	BE-1900	12345.7
----- A R R I V A L S -----					
FLT	EQP	FREQ	FROM	DPT	ARR
3023	BE-1900	123456	LAX	11:30	12:32
3029	BE-1900	12345.7	LAX	17:00	18:02

No Upline Scheduling Restrictions

Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at
Visalia, California to Los Angeles (LAX)
Two Round Trips - Beech 1900-D
98.0% completion factor

Departures:	1,223
Block Hours:	1,223
Revenue Passenger Miles:	2,044,500
Available Seat Miles:	4,043,238

Operating Revenues:					
Passenger:	VIS - LAX	11,750	psgrs at	\$59.58	\$700,065
Other:	(at 0.62% of passenger revenue)				\$4,340
Total Operating Revenues:					\$704,405

Operating Expenses:				
Direct:	Aircraft and Hull Insurance	\$721,710		
	Fuel and Oil	\$602,436		
	Flying Operations	\$341,119		
	Maintenance	\$592,446		
Total Direct Expenses:				\$2,257,710
Total Indirect Expenses:				<u>\$900,304</u>
Total Operating Expenses:				\$3,158,015
Operating Loss				(\$2,453,609)
Profit Element (5.0% of Total Operating Expenses)				\$157,901
Annual Compensation Requirement:				\$2,611,510

Representative Schedule *** [VIS] Visalia, California ***

----- D E P A R T U R E S -----					
FLT	DPT	ARR	TO	EQP	FREQ
3030	6:45	7:45	LAX	BE-1900	123456
3037	13:30	14:30	LAX	BE-1900	12345.7
----- A R R I V A L S -----					
FLT	EQP	FREQ	FROM	DPT	ARR
3037	BE-1900	123456	LAX	11:55	12:55
3039	BE-1900	12345.7	LAX	16:45	17:45

No Upline Scheduling Restrictions