



DATE SUBMITTED 2/1/2018
 SUBMITTED BY City Manager's Office
 DATE ACTION REQUIRED 2/7/2018

COUNCIL ACTION (x)
 PUBLIC HEARING REQUIRED ()
 RESOLUTION ()
 ORDINANCE 1ST READING ()
 ORDINANCE 2ND READING ()
 CITY CLERK'S INITIALS ED

**IMPERIAL CITY COUNCIL
 AGENDA ITEM**

SUBJECT: DISCUSSION/ACTION: SUPPORT FOR US DEPARTMENT OF TRANSPORTATION SELECTION FOR IMPERIAL COUNTY EAS PROVIDER 1. APPROVAL TO PROVIDE LETTER OF SUPPORT FOR MOKULELE AIRLINES TO US DEPARTMENT OF TRANSPORTATION FOR THE SELECTION OF THE IMPERIAL COUNTY AIRPORT EAS PROVIDER	
DEPARTMENT INVOLVED: CITY MANAGER'S OFFICE	
BACKGROUND/SUMMARY: On December 8, 2017 the US Department of Transportation submitted an RFP for Essential Air Service providers at the Imperial/El Centro Airport. Four carriers submitted their proposals to the DOT for consideration; Aviation Street, Inc., Great Lakes Aviation, Mokulele Airlines and Boutique Air. After review the City of Imperial recommends to the City Council to support the proposal provided by Mokulele Airlines. Attached you will find a copy of DOT Order No. 2017-12-8 and a copy of each proposal submitted.	
FISCAL IMPACT: N/A	FINANCE INITIALS <u></u>
STAFF RECOMMENDATION:	DEPT. INITIALS _____
MANAGER'S RECOMMENDATION: It is the City Manager's recommendation that the City Council continues to support Mokulele Airlines in response to the DOT Order No. 2017-12-8.	CITY MANAGER'S INITIALS <u></u> office
MOTION:	
SECONDED: AYES: NAYES: ABSENT:	APPROVED () REJECTED () DISAPPROVED () DEFERRED () REFERRED TO:



CITY COUNCIL
Geoff Dale – Mayor
Betty Sampson – Mayor Pro Tem
Robert Amparano – Councilmember
Darrell Pechtl – Councilmember
James Tucker – Councilmember

CITY CLERK
Debra Jackson

CITY TREASURER
Stacy Cox

CITY ATTORNEY
Dennis Morita

CITY MANAGER
Stefan T. Chatwin

February 7, 2018

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

Re: Comments on Order 2017-12-8; EAS at Imperial/El Centro Airport

Dear Mr. Faulk,

Thank you for the opportunity to comment on the air carrier proposals received for the EAS at Imperial/El Centro. The City of Imperial considers Essential Air Service a critical piece of infrastructure for our community from several perspectives including public safety, economic opportunity and regional communication support. All of these issues are improved and enhanced by the benefit of EAS to our region.

After having reviewed the four responding proposals from Aviation Street, Inc., Great Lakes Aviation, Mokulele Airlines and Boutique Air, the City Council of Imperial has determined to support the proposal from Mokulele Airlines. This proposal provides for regular flights outside our region, through ticketing for passengers with Alaska Airlines and in-process terminal connections at LAX past TSA security screening. Mokulele has shown a desire to continue to provide service of high quality which may ultimately release the need for EAS support in our community. They have extensive documentation of community support. The City is especially aware of the opportunity to have baggage limitations that allow for multi-day business travel and commercial tourism potentials, rather than a limitation that allows the airline to primarily serve daily or overnight business travelers only. Additionally the City is proud to support the proposal requesting the lowest amount of federal subsidy, in an effort to encourage fiscal responsibility.

For these reasons and others, the City Council of Imperial took action on February 7, 2018 to support the proposal submitted by Mokulele Airlines in the next round of EAS for the Imperial/El Centro region.

Sincerely,

Stefan T. Chatwin
City Manager



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

Issued by the Department of Transportation
on the 12th day of December, 2017

Essential Air Service at

EL CENTRO, CALIFORNIA

Under 49 U.S.C. § 41731 *et seq.*

DOCKET DOT-OST-2008-0299

ORDER REQUESTING PROPOSALS

Summary

By this Order, the United States Department of Transportation (the Department) is requesting proposals from air carriers interested in providing Essential Air Service (EAS) at El Centro, California, for a new contract, with or without subsidy support, beginning May 1, 2018. Proposals are due by January 12, 2018.

Background

By Order 2016-3-31, issued on March 25, 2016, the Department selected Mokulele Flight Service, Inc. d/b/a Mokulele Airlines (Mokulele) to provide 24 nonstop round trips per week to Los Angeles International Airport (LAX), using 9-seat Cessna Grand Caravan 208-B or 208-EX aircraft, for the two-year period from May 1, 2016, through April 30, 2018, at an annual subsidy rate of \$2,440,634. Mokulele inaugurated service at El Centro on May 23, 2016.

That Order, as well as the complete public file for EAS at El Centro, may be accessed online through the Federal Docket Management System at: www.regulations.gov, by entering "DOT-OST-2008-0299" in the "SEARCH for: Rules, Comments, Adjudications or Supporting Documents:" field.

Request for Proposals

This Order provides interested air carriers with some basic information to serve as guidance when they prepare their proposals, but the Department will not prescribe a precise format. The Department expects proposals to adequately describe the service being proposed and the annual amount of subsidy being requested.

The applicants can make their own judgments as to the level of detail they wish to present; however, they may want to include proposed schedules as well as supporting data for their subsidy requests, such as projected block hours, revenues and expenses. The Department

strongly encourages clear, well-documented proposals that will facilitate their evaluation by the community and the Department.¹

Air carriers are also welcome to propose more than one option, if they choose; they need not limit themselves to those requirements if they envision other, potentially more attractive service possibilities -- different hubs, frequency or equipment, for example -- with subsidy requirements that remain competitive. The community and air carriers are encouraged to work together *in advance* of the due date for proposals to craft a service pattern that is desirable to the community and meets the operational needs of the air carriers.

Interested air carriers should prepare their proposals with every expectation that their initial proposals will also be their *final* and *only* proposals. The Department retains the discretion to negotiate proposals with air carriers when deemed desirable. The Department also retains the discretion to reject outright all unreasonable or unrealistic proposals and solicit a new round of proposals. As always, the Department will formally solicit the community and State's views on any service options it receives before making a long-term air carrier selection decision.

Proposals should provide sufficient capacity to accommodate historical levels of traffic, with service to a large- or medium-hub airport that provides numerous connecting opportunities to the national air transportation system. In order to assist air carriers in developing traffic and revenue projections for their proposals, the Department has provided a summary of historical passengers in Appendix B of this Order. The Department expects proposals that are consistent with what the community currently receives (24 weekly round trips with small (8- or 9-seat) aircraft. If larger aircraft are contemplated, the Department expects 12 weekly round trips.

Filing Procedures

Air carrier proposals should be submitted to the Department with all materials merged into a single document. In addition, because the document will be published on www.Regulations.gov, each page should be formatted to be viewed online.

Air carriers should file their proposals no later than January 12, 2018. After that date, the Department's staff will docket proposals, thereby making them public, and shortly afterwards will provide a summary of the proposals to the community and the State of California and ask

¹ In selecting an air carrier to provide subsidized EAS, for an eligible place not in Alaska, 49 U.S.C. § 41733(c)(1) directs the Department to consider five factors: (A) service reliability; (B) contractual and marketing arrangements with a larger air carrier at the hub; (C) interline arrangements with a larger air carrier at the hub; (D) community views, giving substantial weight to the views of the elected officials representing the actual and potential users of the service; and (E) whether the air carrier has included a plan in its proposal to market the service. In addition, the Consolidated Appropriations Act, 2017, Pub. L. 115-31, and continued by the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. 115-56, and the Further Continuing Appropriations Act, 2018, Pub. L. 115-90, provides that when selecting an air carrier to provide EAS, the Department may consider the relative subsidy requirements, thus codifying a factor that has been considered since the inception of the program. Interested air carriers should also be aware that the general provisions governing EAS will be included in the selection Order as part of the Department's authorization of subsidy for the selected service. Appendix C of this Order contains those general provisions.

them for their final comments. The Department will give full consideration to all proposals filed in a timely manner.²

Legislative Changes that Affect El Centro

The FAA Modernization and Reform Act, Pub. L. No. 112-95 (Feb. 14, 2012) (FAA 2012), amended 49 U.S.C. § 41731(a) to change the definition of “eligible place” for the purpose of receiving EAS by adding a new subsection (1)(B). Subsection (1)(B) states that, to be an eligible place for EAS, a community must have averaged 10 or more enplanements per service day, as determined by the Department, during the most recent fiscal year beginning after September 30, 2012. This requirement does not apply to locations in Alaska and Hawaii and communities that are more than 175 driving miles from the nearest large- or medium-hub airport.³ The Department may waive the 10-enplanement requirement, on an annual basis, if the community demonstrates to the Department’s satisfaction that the reason the location averages fewer than 10 enplanements per day is due to a temporary decline in enplanements.⁴

The Department of Transportation and Related Agencies Appropriations Act, 2000, Pub. L. No. 106-69 (Oct. 9, 1999), prohibits the Department from subsidizing EAS for communities located within the 48 contiguous States when per passenger subsidy amounts exceed \$200, unless the communities are located more than 210 miles from the nearest large- or medium-hub airport. On October 9, 2014, the Department issued a Notice of Enforcement Policy announcing how the Department intended to enforce compliance with the Subsidy Cap.⁵ FAA 2012 authorized the Department to waive the Subsidy Cap, subject to the availability of funds, on a case-by-case basis, for a limited period of time.

By Order 2017-9-23, issued on September 29, 2017, the Department issued a show-cause Order directing interested parties to submit objections to, among other things, the Department’s tentative decision to grant a waiver to El Centro, and seven other communities, from the above requirements due to an extended air service hiatus during Fiscal Year 2016. This matter is under consideration pending a Final Order.

Other Air Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.⁶ Consequently, all air carriers receiving

² Air carriers should not expect the Department to accept late filings. In cases where an air carrier proposes to provide EAS without subsidy and the Department determines that basic EAS, as required by 49 U.S.C. § 41732(b), can be reliably provided without such compensation, the Department typically does not proceed with the air carrier-selection case. Instead, the Department simply relies on that air carrier’s subsidy-free service as proposed.

³ See 49 U.S.C. § 41731(c) and (d).

⁴ See 49 U.S.C. § 41731(e).

⁵ On May 1, 2014, the Department published a Notice of Proposed Enforcement Policy for the Subsidy Cap in the Federal Register, 79 Fed. Reg. 24632, for comment. After a 60-day public comment period and review, the Department issued the Final Notice of Enforcement Policy on October 9, 2014, 79 Fed. Reg. 60951.

⁶ The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 – Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 – Nondiscrimination on the basis of disability in air travel; and (3) 2 CFR Part 1200 – Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

Federal subsidy to support EAS must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those air carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All air carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested air carriers requiring more detailed information regarding these requirements, as well as copies of the certifications, should contact the Office of Aviation Analysis at (202) 366-5903. The Department is prohibited from paying subsidy to air carriers that do not submit these documents.⁷

Community and State Comments

Civic and State of California officials are welcome to submit comments on the proposals at any time. As noted earlier, the Department will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after January 12, 2018, the due date for carrier proposals.

This Order is issued under authority delegated in 49 CFR 1.25a(b)(6)(ii)(D) and re-delegated to the Director, Office of Aviation Analysis.

ACCORDINGLY,

1. The Department requests that air carriers interested in providing Essential Air Service at El Centro, California, submit their proposals, with or without subsidy requests, no later than January 12, 2018. The proposals should be emailed to scott.faulk@dot.gov bearing the title "Proposal to Provide EAS at El Centro, California";⁸
2. Docket DOT-OST-2008-0299 will remain open pending further Department action; and

⁷ The certifications are also available on the web at <https://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

⁸ Questions regarding filings in response to this Order should be directed to Mr. Scott Faulk at 202-366-9967, or via email to scott.faulk@dot.gov.

3. The Department will serve copies of this Order on the civic officials of the City of El Centro, the City of Imperial, and the City of Brawley, California, Imperial County, the Manager of Imperial County Airport, and the courtesy distribution list for proposals for EAS.

By:

TODD M. HOMAN
Director
Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available online at
www.regulations.gov*

Area Map¹



¹ Source: Great Circle Mapper, 1996-2017, Karl L. Swartz.

Inbound/Outbound Traffic at El Centro, CA¹

Year/Qrt	InBound	OutBound	Grand Total
2015	2,372	2,594	4,966
Q1	652	620	1,272
Seaport Airlines, Inc.	652	620	1,272
Los Angeles, CA	403	375	778
San Diego, CA	249	245	494
Q2	635	743	1,378
Seaport Airlines, Inc.	635	743	1,378
Los Angeles, CA	399	408	807
San Diego, CA	236	335	571
Q3	509	615	1,124
Seaport Airlines, Inc.	509	615	1,124
Los Angeles, CA	293	299	592
San Diego, CA	216	316	532
Q4	576	616	1,192
Seaport Airlines, Inc.	576	616	1,192
Los Angeles, CA	345	354	699
San Diego, CA	231	262	493
2016	3,768	4,132	7,900
Q1	58	70	128
Seaport Airlines, Inc.	58	70	128
Los Angeles, CA	28	44	72
San Diego, CA	30	26	56
Q2	400	556	956
Mokulele Flight Services, Inc.	400	556	956
Los Angeles, CA	400	556	956
Q3	1,664	1,747	3,411
Mokulele Flight Services, Inc.	1,664	1,747	3,411
Los Angeles, CA	1,664	1,747	3,411
Q4	1,646	1,759	3,405
Mokulele Flight Services, Inc.	1,646	1,759	3,405
Los Angeles, CA	1,646	1,759	3,405
2017	4,658	5,064	9,722
Q1	1,432	1,586	3,018
Mokulele Flight Services, Inc.	1,432	1,586	3,018
Los Angeles, CA	1,432	1,586	3,018
Q2	1,430	1,612	3,042
Mokulele Flight Services, Inc.	1,430	1,612	3,042
Los Angeles, CA	1,430	1,612	3,042
Q3	1,320	1,369	2,689
Mokulele Flight Services, Inc.	1,320	1,369	2,689
Los Angeles, CA	1,320	1,369	2,689
Q4	476	497	973
Mokulele Flight Services, Inc.	476	497	973
Los Angeles, CA	476	497	973
Grand Total	10,798	11,790	22,588

¹ Source: Bureau of Transportation Statistics: Schedule T-100. The most recent data available includes enplanements and deplanements through October 31, 2017.

Example of General Terms and Conditions for Essential Air Service

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the Order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or complete, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

Funds may not be available for performance under this Order beyond [DATE]. The Government's obligation for performance under this Order beyond [DATE], is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this Order beyond [DATE], until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond [DATE], the Department will provide notice in writing to the carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31st; August claims must be submitted by November 30th, and so on.

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Before the United States Department of Transportation

January 12, 2018

Proposal to Provide Essential Air Service at

EL CENTRO, CALIFORNIA

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

Docket DOT-OST-2008-0299

**Proposal of Aviation Street, Inc.
DBA
US VETERANS AIRLINE "RLLP"**

Aviation Street Inc DBA US Veterans Airline "RLLP" plans on filing with DOT for commuter authority within the next 20 days and anticipates to being operational within 60 days.

Aviation Street Inc.
Robert Karns
Owner
5019 E. Street
315
Minneapolis, MN 55417
(701) 278 3747

El Centro California
Schedule

El Centro, California

Date:	Flight:	Lv:	Ar:	Blk. Hr.
MAY 1,2018	101	El Centro 7:00 AM	Los Angeles 7:40 AM	:40 MIN
	103	El Centro 11:00 AM	Los Angeles 11:40 AM	:40 MIN
	105	El Centro 6:00 PM	Los Angeles 6:40 PM	:40 MIN

When passenger enplanements reach average of 7.5 passengers per flight another round-trip will be added

	107	El Centro AS NEEDED	Los Angeles AS NEED	40 MIN
	100	Los Angeles 8:00 AM	El Centro 8:40 AM	:40MIN
	102	Los Angeles 1:00 PM	El Centro 1:40 PM	:40MIN
	104	Los Angeles 8:00 PM	El Centro 8:40 PM	:40MIN

Increased Passenger enplanements add flights

	106	Los Angeles 7:00 AS NEED	El Centro AS NEEDED	:40MIN
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AVIATION STREET INC.
 DBA US VETERANS AIRLINE 'RLLP'
 2 YEAR OR 4 YEAR PROPOSALS

Compensation Annual Requirements for Essential Air Service at El Centro

Start May 1, 2018

21 Round Trips per Week to Los Angeles
 19 seat Turboprop Commuter (Jetstream 31)
 Stand-up cabin, Restroom, Pressurized
 Utilizing flight attendant
 + standby Jetstream 31
 97% Completion Rate
 Los Angeles Hub

Departures:					2,184
Milage: To Los Angeles					180
Total Departures					2,055
Block Hours:					1,370
Passenger Seats:					19
Revenue Passenger Miles:					790,000
Available Seat Miles:					7,028,100
Revenue:					
Passengers		10,000	at	\$89	\$890,000
Other Revenue:	2%	Passenger Revenue			\$17,800
Total Revenue:					\$907,800
Expenses:					
Direct		At Block Hr.		\$1,700	\$2,329,000
Indirect				\$289	\$395,930
Aircraft					\$532,647
Total Expenses:					\$3,280,047
Loss:					\$2,372,247
Profit:		5% Total Expenses			\$118,124
Compensation Annual For 2 years					\$2,490,859
Average passengers per Trip:					4.8
Average passengers per Day:					28.8

USVA™ will 'partner' with the El Centro community co-owning and operating as USVA™. This is a solution to El Centro's unique air transportation needs as well as retaining all earnings in the El Centro community.

Financial resources stay in El Centro, using local vendors and local banking as well as creating new jobs. El Centro sponsors will realize a satisfying return on their sponsorships.

Other air carriers are like a big vacuum cleaner, they suck all the airline revenues as well as EAS funds out of the community. (\$6 M for 2 yrs – 12 M for 4 yrs) stays in El Centro with USVA .

USVA will work with the El Centro Chamber of Commerce to develop both domestic and International markets to bring in new businesses.

US Veterans Airline offers El Centro businesses as well as the general public co-ownership opportunity.

Inter line agreements may be costing traveling public extra money in most cases. Our up-to date cutting edge airline agreements will save El Centro passengers 1,000's.

Compensation for year **3 \$2,316,000** and year **4 \$2,100,326** on 4 year proposal

END

Essential Air Service Proposal



El Centro, CA

DOT-OST-2008-0299

January 12, 2018



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 across the west coast with our fleet of Pilatus and Cessna aircraft. As a charter operator we have received certifications from both industry-leading safety organizations, ARG/US and Wyvern. Boutique Air employs 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 2014. We began flying scheduled service between Los Angeles and Las Vegas in January of 2014.

We have worked to develop effective 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 Galileo (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

On April 22, 2014 Boutique Air received its first EAS contract when the DOT selected the airline to provide service between Clovis and DFW. Since then, we have continued our track record of success and now serve 17 different EAS communities and operate out of 30 different airports. Continuing on a path of successful growth in the EAS market, Boutique Air began service to Dodge City, KS in January of 2018.



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

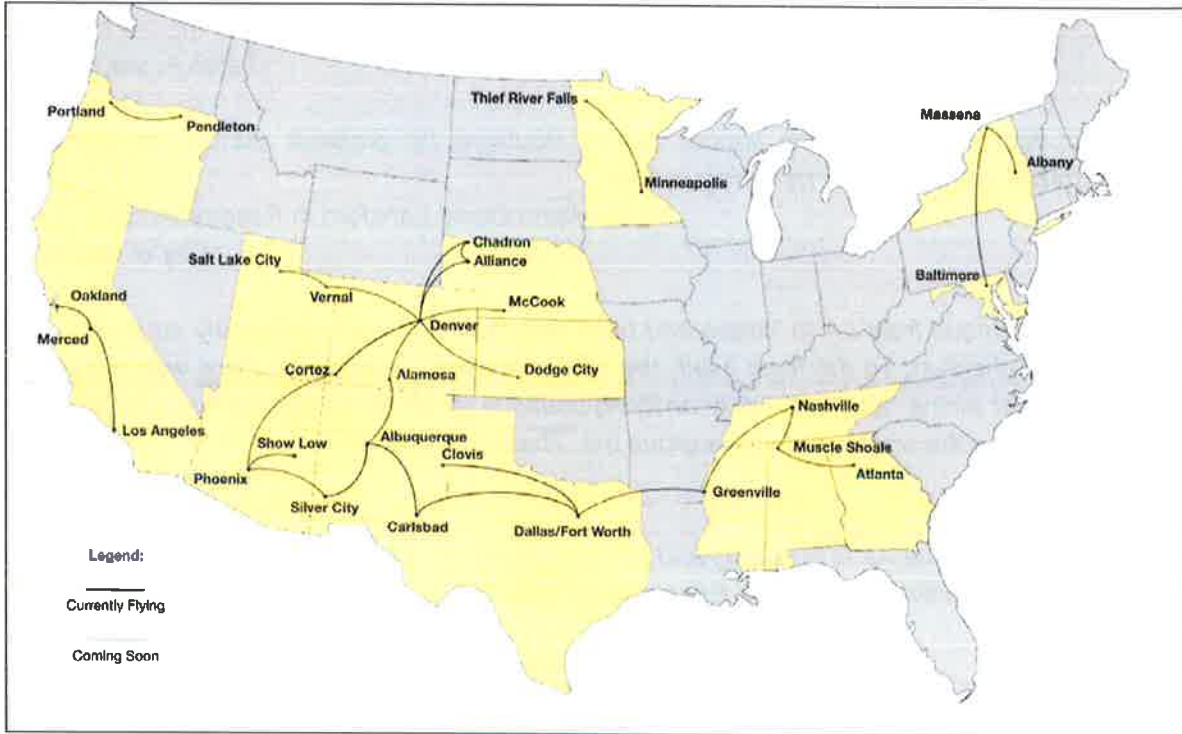
*Flew with Boutique Air from LA to Las Vegas round trip and it was a great experience. **Good service, on time departures, and a hassle free and nice way to travel in general.** A really nice pilot and copilot as well.*

-Patrick S. via Yelp.com

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

-Clovis News Journal

Route Map



Aircraft:

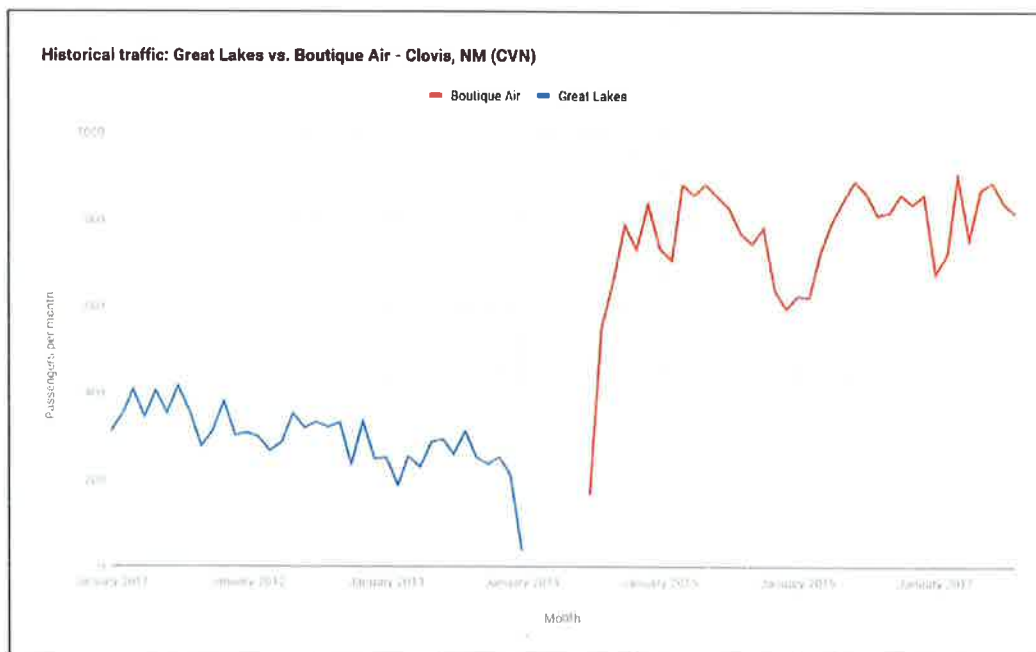
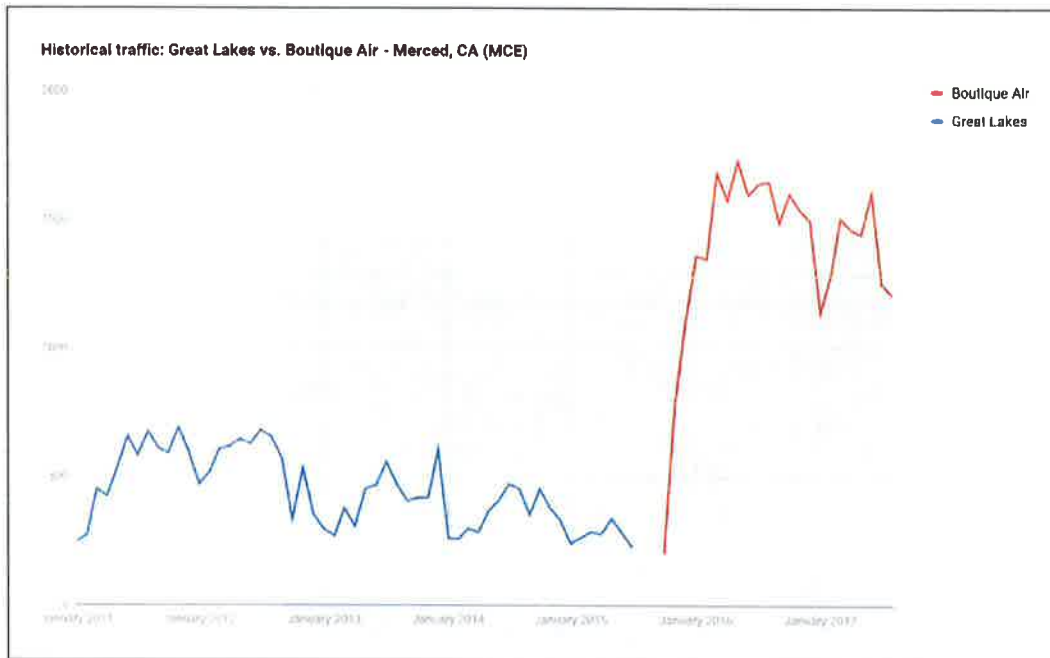
Boutique Air currently operates a modern fleet of Pilatus PC-12 aircraft. All flights are flown by Captains with over 1,200 hours of flight experience and an instrument rating. While we are certified to fly single pilot we opt to fly with a two pilot crew. Boutique Air ensures pilots provide a level of customer service beyond that of normal commercial airlines.

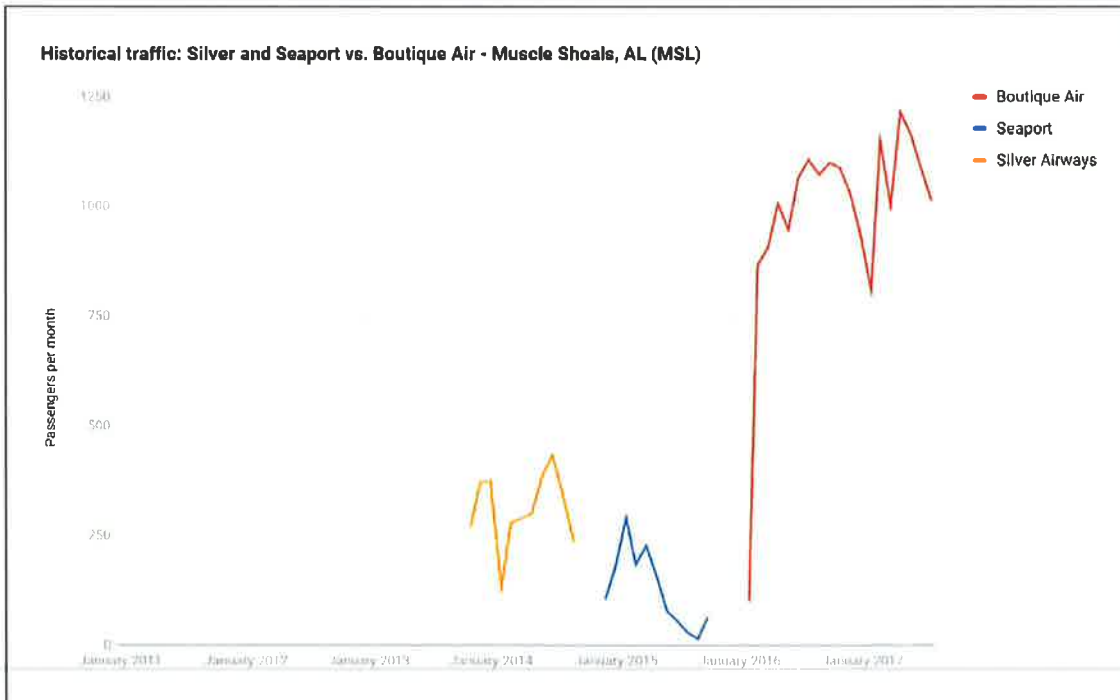
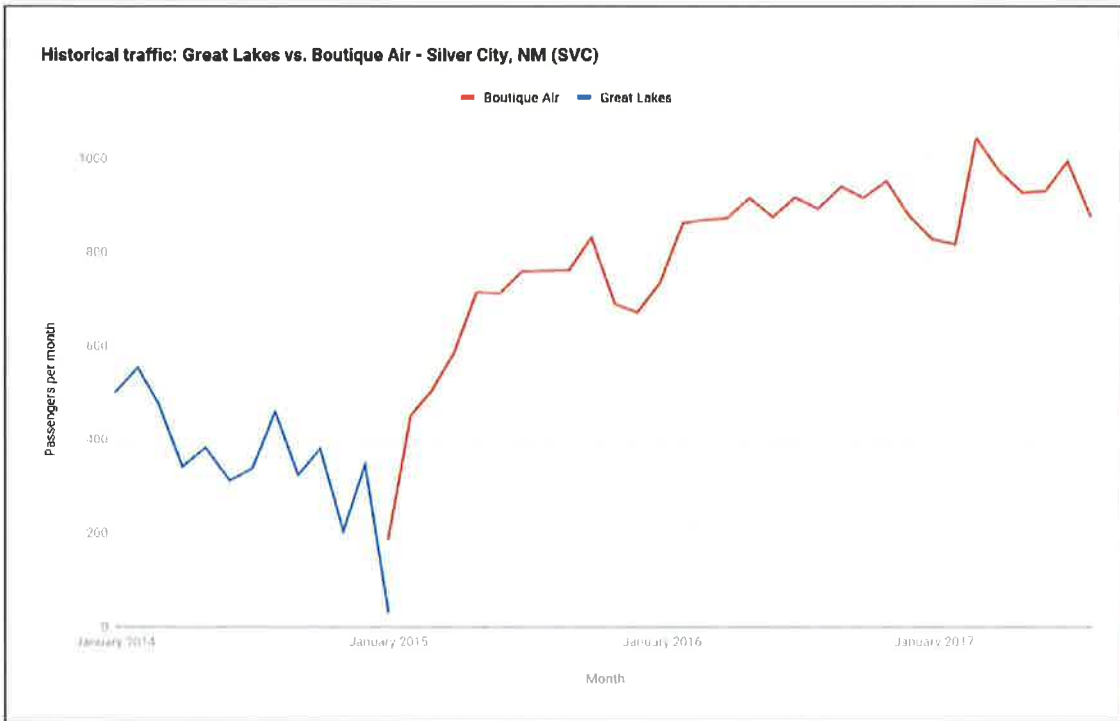
- 8 Passenger Executive Configuration or 9 Passenger Commuter Configuration
- Pressurized Cabin
- Power Outlets
- Enclosed Lavatory



Historical Passenger Traffic Performance

Boutique Air has established a proven track record in resuscitating air service in EAS communities which have been devastated by poor execution from prior carriers as illustrated by the passenger traffic graphs below.

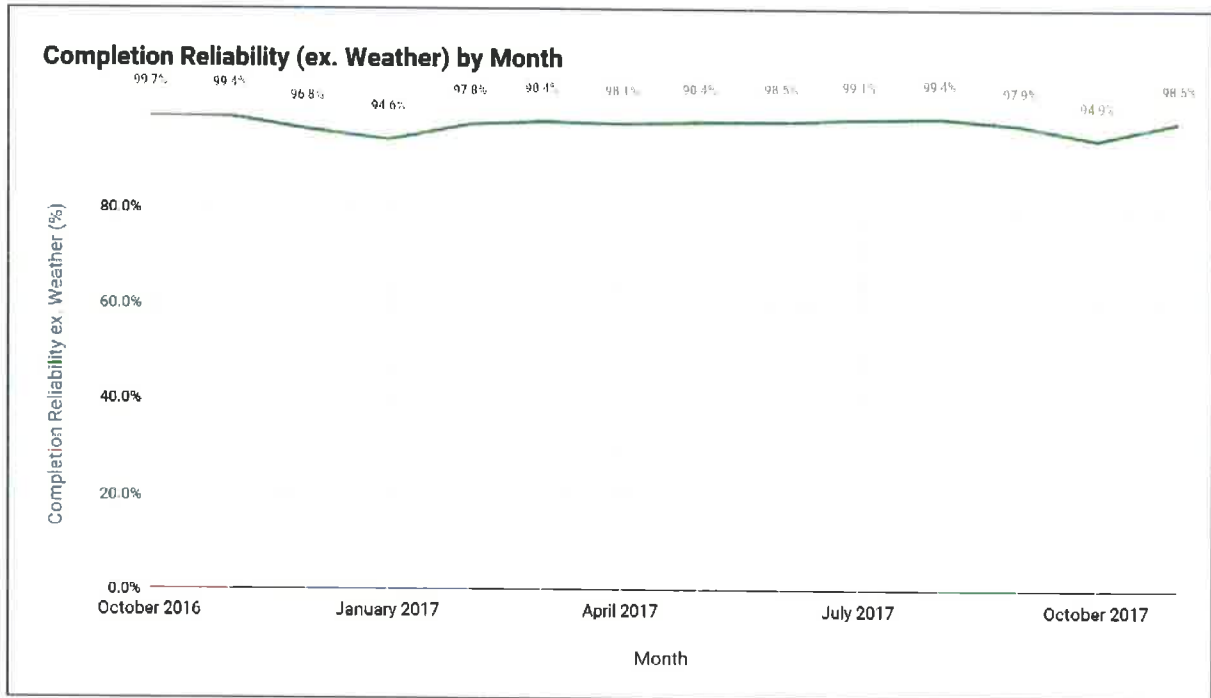






Boutique Air Completion Reliability

Boutique Air also prides itself on its flight completion reliability. For the prior 12 months, Boutique Air averaged a completion reliability of 97.7% across its network (*Trailing 12 months T100 data ending November 2017*).





Proposal

Overview

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

In order to increase brand recognition in the community, Boutique Air will spend at least \$20,000 per year if it is selected for advertising & marketing to help ensure that air service for the community is a success. We will utilize a combination of radio, print, billboard, TV, and internet advertising.

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.

Note on Interline Agreements

Boutique Air launched its interline agreement with United Airlines on May 1, 2017. Customers now have flow-through ticketing and baggage capabilities for those flights that connect with United Airlines.

El Centro passengers will be able to book through United.com and connect with any of United's flights at our hubs. *(Image of fares currently available on United/Boutique Air in Merced, CA)*

The screenshot shows the United.com flight search interface. The search parameters are: From: Merced, CA, US (MCE); To: Denver, CO, US (DEN); Departure date: Feb 07, 2018. The search results show a fare of \$169 for the Economy (lowest) cabin class. The flight is operated by Boutique Air. The interface also displays a promotion for 40,000 Bonus Miles + \$100 Statement Credit.

Day	Fare
Mon 2/5	\$143
Tue 2/6	\$131
Wed 2/7	\$169
Thu 2/8	\$131
Fri 2/9	\$169

Cabin Class	Fare
Economy	\$169
Economy (flexible)	Not available
First (lowest)	\$278



Community Input

Shortly after the bids are complete, Boutique Air will schedule meetings 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 community, 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



El Centro, CA

Option: 24 Weekly Nonstop RTs IPL - LAX (4 Daily RTs)

Operations

Scheduled Flights	2,496
Completed Flights (98%)	2,446
Scheduled Block Hours	3,120
Scheduled Seats	19,968
Scheduled ASMs	3,594,240

Revenue

Passengers	17,073
Average Fare	\$51
Fare Revenue	\$870,705
Total Revenue	\$870,705

Expenses

Fuel	\$744,951
Ownership	\$840,000
Maintenance and Reserves	\$1,330,680
Crew	\$575,053
Airport Rent	\$108,000
Landing Fees	\$78,250
Staff	\$159,900
Insurance	\$20,000
Marketing and Distribution	\$20,000
Other Indirect Costs	\$173,280
Total Costs	\$4,050,114

Profit Element

\$202,506

Margin

5.0%

Total Annual Subsidy

\$3,381,915

**** Note: The community has the option to move up to 2 Daily RTs from LAX to PHX at no additional cost.*



Before the United States Department of Transportation

Washington, DC

January 12, 2018

Essential Air Service at

EL CENTRO, CALIFORNIA

Docket OST-2008-0299

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

This contains Great Lakes Aviation, LTD. response to US DOT Orders Requesting Proposal 2017-12-8.

Great Lakes Aviation, Ltd. is pleased to submit this proposal to provide essential air transportation at El Centro, California.

In accordance with the instructions in the order to provide a "last and final" proposal, Great Lakes has provided a description of the proposed service to this Essential Air Service point.

Great Lakes will provide service at this point as Great Lakes Airlines.

The company will also offer the benefits of its code share agreement with United Airlines at its Los Angeles Hub. In addition, Great Lakes maintains interline ticket and baggage agreements with American and Delta Airlines, which allows for maximum utility of our air service to the airline customers flying in and out of El Centro.

Schedules will be designed to provide maximum connectivity to United Airlines. All proposals contemplate the use of Embraer EMB-120.

Questions and comments may be referred to:

**Philip Lundeen
Chief Financial Officer
Great Lakes Aviation, Ltd.
1022 Airport Parkway
Cheyenne, WY 82001
(307) 432-7000**

or

**James Sullivan
Chief Operating Officer
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
EI Centro, California (IPL) to Los Angeles (LAX)
Two Round Trips - EMB-120 Brasilia
 98% completion factor

Departures:	1,223
Block Hours:	1,264
Revenue Passenger Miles:	3,258,000
Available Seat Miles:	6,640,890

Operating Revenues:			
Passenger:	IPL-LAX	18,000 psgrs at	\$99.00 \$1,782,000
Other: (at 0.62% of passenger revenue)			\$11,048
Total Operating Revenues:			\$1,793,048

Operating Expenses:			
Direct:	Aircraft and Hull Insurance		\$721,710
	Fuel and Oil		\$723,904
	Flying Operations		\$527,089
	Maintenance		\$1,410,168
Total Direct Expenses:			\$3,382,871
Total Indirect Expenses:			\$1,164,893
Total Operating Expenses:			\$4,547,764
Operating Loss			(\$2,754,715)
Profit Element (5.0% of Total Operating Expenses)			\$227,388
Annual Compensation Requirement:			\$2,982,104

Representative Schedule
 *** [IPL] EI Centro, CA ***

----- DEPARTURES -----					
FLT	DPT	ARR	TO	EQP	FREQ
3021	6:45	7:47	LAX	EMB-120	123456
3025	13:30	15:32	LAX	EMB-120	12345.7
----- ARRIVALS -----					
FLT	EQP	FREQ	FROM	DPT	ARR
3025	EMB-120	123456	LAX	11:30	12:32
3026	EMB-120	12345.7	LAX	17:00	18:02

No Upline Scheduling Restrictions

Essential Air Service at

El Centro/ Imperial, CALIFORNIA

under 49 USC 41731 *et seq.*

Docket OST 2008-0299

MOKULELE FLIGHT SERVICE, INC.

D/B/A

MOKULELE AIRLINES

RENEWED PROPOSAL TO PROVIDE ESSENTIAL AIR SERVICE

AT

El Centro/Imperial, CA

DOCKET

OST 2008-0299



Proposal to Renew Essential Air Service

Pursuant to Order 2017-12-8, Mokulele Flight Service, Inc. d/b/a Mokulele Airlines respectfully submits this proposal to provide subsidized essential air service to the community and residents of El Centro and Imperial, California for the next two or four years as the community desires. Mokulele Airlines holds a certificate of public convenience and necessity authorizing, and finding Mokulele fit to engage in, scheduled interstate air transportation of persons, property, and mail, and has been doing so for the past 10 years. Our company's foundation is built on service to rural communities. Mokulele Airlines is the incumbent carrier and is very proud of the job we have done over the past two years.

Mokulele: The Right Airline for El Centro/Imperial

El Centro has several air carriers over the past decade. Mokulele has been the one who has found the right combination of:

- Comfortable and Reliable aircraft
- Convenient schedules
- Affordable fares
- A reasonable and sustainable subsidy request
- Access to the national transportation network

Passenger numbers continue to grow every year, and our per passenger subsidy levels are well within the required maximums.

Our Aircraft

Mokulele Airlines operates several Cessna Caravan aircraft. The Caravan is an American made, turboprop aircraft often found in corporate aviation, but utilized by Mokulele Airlines in a nine-seat commuter configuration. The world's best-selling turbine business aircraft, and still in production today, the Caravan can shuttle you with comfort and ample baggage capacity with no "middle" seats.

Dedication to Safety

Mokulele always flies with two pilots, not because we are required to, but because we choose the highest level of safety whenever possible. At Mokulele, safety is not just our number one core

value, but can be found in every area of our company's culture. This past year, Mokulele acquired a full motion flight training device ("flight simulator"), so that our training is as complete as possible and our pilots are ready for any scenario that might come their way.

Efficiency and Reach

Mokulele Airlines is already fully integrated into (Global Distribution System) GDS so that passengers will have multiple channels from which to purchase tickets, including all of the familiar branded GDS portals. Customers will be able to call our central reservations office, book online at www.Mokuleleairlines.com or purchase from travel agents. A number of online travel agencies and meta-search engines, such as Expedia and Kayak, are currently able to carry Mokulele inventory. Mokulele continues to expand its presence on additional online travel agency sites. Passengers are always welcome to simply walk up to the counter if they so desire. Mokulele has an established interline passenger and baggage agreement with Alaska Airlines, giving passengers even further choice and convenience. We plan to announce a new major airline interline partner in the coming months.

General operations and scheduled flights. In the last eight months, Mokulele has maintained a completion rate of nearly **98%** for El Centro flights with over **93%** of those being on time. Flights were only cancelled or delayed due to inclement weather or air traffic control issues in LAX. Mokulele's history of minimizing controllable cancellations and delays has been industry leading.

Mokulele plans to continue the current schedule that seems to meet the needs of the community.

Departing LAX

Los Angeles, CA [LAX]	5:40 AM	7:10 AM	0	801	Except Sat/Sun
Los Angeles, CA [LAX]	7:20 AM	8:45 AM	0	801	Sat only
Los Angeles, CA [LAX]	9:55 AM	11:20 AM	0	803	Except Sat
Los Angeles, CA [LAX]	11:05 AM	12:30 PM	0	803	Sat only
Los Angeles, CA [LAX]	3:05 PM	4:35 PM	0	805	Except Tue/Sat
Los Angeles, CA [LAX]	6:00 PM	7:25 PM	0	807	Tue only
Los Angeles, CA [LAX]	7:05 PM	8:30 PM	0	807	Except Tue/Sat

Departing IPL

Imperial / El Centro, CA [IPL]	7:50 AM	9:15 AM	0	802	Except Sun/Sat
Imperial / El Centro, CA [IPL]	9:10 AM	10:35 AM	0	802	Sat only
Imperial / El Centro, CA [IPL]	1:15 PM	2:40 PM	0	804	Except Sat
Imperial / El Centro, CA [IPL]	2:05 PM	3:30 PM	0	804	Sat only
Imperial / El Centro, CA [IPL]	5:00 PM	6:25 PM	0	806	Except Tue/Sat
Imperial / El Centro, CA [IPL]	9:50 PM	11:15 PM	0	808	Except Sat

Customer service. The Mokulele customer service philosophy has been integral to the success of the service to El Centro/Imperial, highlighting that each passenger is an individual, and each should have their needs addressed accordingly. Our customer service agents, flight crew, and other staff are not only trained to be knowledgeable and attentive, but are selected for their friendly qualities and abilities to express consideration for the needs of our clients. Mokulele passengers

are asked to participate in our survey program upon completion of their flying experience, and comments such as the following have been recorded and are not uncommon:

- “Friendly and personal service. Amazingly smooth take-off and landing. It was great!”
- “Great service! Love check-in time!”
- “Very fast and efficient service. Wonderful staff! My first time with Mokulele, and I plan to return!”
- “Very friendly staff, excellent service. Thank you, Mokulele.”
- “Wonderful, personable employees!”
- “Wonderful, informative staff.”
- “Very friendly and helpful.”
- “Friendly crew and super convenient.”
- “Very good experience!”

Marketing and public relations. This past year, Mokulele has brought our marketing effort all in house and has doubled the size of the department. Mokulele is now or soon to be very active with many online channels such as spotify, taboola, internet retargeting, google adwords, just to name a few.

Promotions. Mokulele is very pleased to offer our Ali'i program to our corporate/business customers and our Imi Loa frequent flyer program to our other loyal customers. Both programs are very rich with benefits and is Mokulele's way of giving back to those who are loyal to us. Also this year Mokulele introduced it's "Wikiwiki" small package service where we can get time sensitive small packages anywhere we fly in a matter of hours.

Internet and social media. With an established website, and the institution of booking capabilities on online travel agency sites and meta-search engines, a number of possibilities have presented themselves for marketing the El Centro/Imperial route globally.

Mokulele has a dedicated Facebook and Twitter account with a solid following of clients and non-clients that are enticed to participate through round-trip ticket contest giveaways. Social media has been a great tool for promoting events and promotions.

Passenger Loads and Sustainability Potential

Mokulele has witnessed excellent growth in ridership since it began service to El Centro/Imperial in May 2016. Mokulele is proud to be El Centro/Imperial's hometown airline. Mokulele has been able to keep fares low and affordable, and has been reliable in performance.

Mokulele welcomes this opportunity to once again be chosen to provide essential air service at El Centro/Imperial, California for the next two or four-year period. We bring a fresh approach, and believe we have presented a proposal that will meet the EAS needs of the communities at reasonable subsidy levels. Thank you for your consideration.

Respectfully submitted,



Rob McKinney
President
Mokulele Flight Service, Inc. d/b/a
Mokulele Airlines

Enclosures

Correspondence regarding this proposal should be directed to:

Rob McKinney
President
Mokulele Airlines
P.O. Box 4409
Kailua-Kona, HI 96745
(808) 283-1858
www.Mokuleleairlines.com

	Factor	El Centro
		IPL-LAX
Revenue:		
Passenger:		
Forecasted Passengers		9,722
Average Revenue / Pax:		
Current: May 2018 -April 2022 Revenue / Pax Change		\$ 58.50 0.00%
Average Revenue / Pax		\$ 58.50
Passenger Revenue		\$ 568,737
Other Revenue:		
Ratio to Passenger Revenue		6.00%
Other Revenue		\$ 34,124
Total Revenue		\$ 602,861
Operating Expenses		
Completed Block Hours		3,424.12
Direct		
Flight Crews	\$ 92.00	315,019
Fuel		
Gallons / Block Hour	52	
Into Plane Cost / Gallon	\$ 3.15	
Fuel Cost / Block Hour	\$ 163.80	560,871
Insurance	\$ 27.61	94,540
Maintenance	\$ 197.32	675,647
Aircraft Lease	\$ 161.00	551,283
Total Direct		\$ 2,197,360
Indirect Expense	34.00%	747,102
Total Operating Exp		\$ 2,944,462
Return	5.00%	147,223
Total Economic Cost		\$ 3,091,685
Surplus / (Deficit)		\$(2,488,824)
Annual Subsidy		\$ 2,488,824
Completed Departures		2,446
Subsidy Per Departure		\$ 1,017.47