CALL TO ORDER

ROLL CALL

1. Discussion of EAS (Essential Air Service) and Approval of Recommendations to the Department of Transportation

2. Tour of Bio Gas Plant

ADJOURNMENT
Memorandum

To: City Manager
    City Commissioners
From: Corey Keller
Date: September 25, 2017
Subject: Airline Selection Committee Recommendation

Agenda Item: New Business

Recommendation: Staff, the Airport Advisory Board, and the Airline Selection Committee recommend that Commission allow staff to recommend Boutique Airways offering 18 weekly flights with a total subsidy of $3,621,182.00 annually to the Federal Department of Transportation (DOT) to be the Essential Air Service (EAS) provider for Dodge City.

Background: On September 12, 2017 the DOT accepted proposals for Dodge City, Liberal, Crescent City, CA, Kearney, and North Platte NE. Dodge City received 4 proposals for air service from the DOT. The proposals received for Dodge City were:

1. Boutique Air offering 18 weekly round trip flights: three per day, two on Saturday, and one on Sunday utilizing an 8/9 seat Pilatus PC-12. The Total annual subsidy for this option is $3,621,182.00
   a. Second option, Boutique Air offering 24 weekly round trip flights to Denver per week with total annual subsidy $4,211,523.00. Both options allow for a plane to overnight in Dodge City. (Schedules for both options are attached.)

2. GreatLakes offering two round trips per day utilizing the 9/18 seat Beechcraft 1800 with a total annual subsidy of $2,321,500.00

3. KeyLime offering two shared flights per day with Liberal utilizing a 19 seat Metroliner with a total annual subsidy of $1,789,083.00.
   a. A second option shared with Liberal utilizing the 19 seat Metroliner with a public demand type schedule similar to charter flights with a total annual subsidy of $1,321,479.00
   b. A third option shared with Liberal utilizing a 30 seat Regional Jet with a public demand type schedule similar to charter flights with a total annual subsidy of $2,430,444.00
4. Silver Airways offering two shared flights looped with Liberal utilizing the SAAB 340 with a total annual subsidy of $2,791,386.00. Their bid included an all five cities or nothing proposal.

Key Lime and Silver Airways proposals are available in the City Manager’s office for review.

On September 21, 2017 the Airline Selection Committee made up of Susan Otterstein, Ken Strobel, Paul Yaroslaski, Mellissa McCoy met to conference call with both Boutique Air and GreatLakes airlines for this EAS selection process. During this meeting the committee unanimously agreed that the proposal from Boutique Air would be the best option to provide commercial air service for Dodge City. The Airport Advisory Board has also agreed that the proposal from Boutique should be staff’s recommendation to the DOT.

**Justification:** Recent years Dodge City’s commercial air service has declined greatly, enplanements continue to decline due to the reliability of our commercial air service or lack thereof. The Airport Advisory Board, the Selection Committee, and staff agree that to revitalize the community and surrounding areas using the airport as well as increase enplanements a change in our commercial service is necessary.

**Financial Considerations:** The recommendation has no monetary value to City Of Dodge City.

This is only a recommendation, the final decision will be made by the US Secretary of Transportation with assistance from the Department of Essential Air Service office.

**Attachments:**

Airline Proposals
Bid Comparison Sheet for Dodge City
Boutique’s proposed schedule
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<td>SAAB 340</td>
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Essential Air Service Proposal

Dodge City, KS

DOT-OST-1998-3502

September 12th, 2017
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 31 different airports. Continuing on a path of successful growth in the EAS market, Boutique Air began service to Massena, NY in April of this year.
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.

Historical traffic: Great Lakes vs. Boutique Air - Merced, CA (MCE)

Historical traffic: Great Lakes vs. Boutique Air - Clovis, NM (CVN)
Boutique Air Completion Reliability

Boutique Air also prides itself on its flight completion reliability. For the year ending December 2016, Boutique Air averaged a completion reliability of 98.3% across its network (*Trailing 12 months T100 data ending August 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.

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
Dodge City, KS

Option 1: 18 Weekly Nonstop RTs DDC-DEN (3 Daily)

Operations  
PC-12  
- Scheduled Flights  
- Completed Flights (98%)  
- Scheduled Block Hours  
- Scheduled Seats  
- Scheduled ASMs

Revenue  
- Passengers  
- Average Fare  
- Fare Revenue  
- Total Revenue

Expenses  
- Fuel  
- Ownership  
- Maintenance and Reserves  
- Crew  
- Airport Rent  
- Landing Fees  
- Staff  
- Insurance  
- Marketing and Distribution  
- Other Indirect Costs  
- Total Costs

Profit Element  
- Margin  
- Total Annual Subsidy
Dodge City, KS

Option 2: 24 Weekly Nonstop RTs DDC-DEN (4 Daily)

Operations

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<tr>
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<td>2,446</td>
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<tr>
<td>Scheduled Block Hours</td>
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<td>Scheduled Seats</td>
<td>19,968</td>
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<td>Scheduled ASMs</td>
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Revenue

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<td>Passengers</td>
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<td>Fare Revenue</td>
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<td>Total Revenue</td>
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Expenses

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<td>Other Indirect Costs</td>
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Profit Element

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Total Annual Subsidy

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<td>Total Annual Subsidy</td>
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## Boutique Proposed Schedule For Dodge City

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Great Lakes Aviation, Ltd.

Provider of Essential Air Service for over 32 years throughout Midwest and Western regions of the United States.
Meet Our Fleet

- Beechcraft 1900D
  - 28 aircraft
  - 19 and 9 seat turboprop
- EMB120 Brasilia
  - 6 aircraft
  - 30 seat turboprop
  - Flight Attendant
  - Lavatory
Business Model

- Equipment branded as Great Lakes
- Local segment service sold as Great Lakes (ZK)
- Codeshare with United Airlines (UA).
- Interline ticketing agreements with American Airlines, Delta Airlines, and United Airlines.
Codeshare with UA

• Allows passengers to effortlessly transfer to a United flight.
• Baggage transfer to final destination.
• Access to over 100 domestic and international destinations.
Marketing and Ticketing

• Sold on major travel agencies
  – Expedia
  – Travelocity
  – Priceline
  – Also sold on our website Flygreatlakes.com
Before the United States Department of Transportation

Washington, DC

September 12, 2017

Essential Air Service at

SCOTTSBLUFF, NEBRASKA
CRESCENT CITY, CALIFORNIA
KEARNEY, NEBRASKA
NORTH PLATTE, NEBRASKA
DODGE CITY, KANSAS
LIBERAL, KANSAS/GUYMON, OK

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

This contains Great Lakes Aviation, LTD. response to US DOT Orders Requesting Proposals 2017-8-10 and 2017-08-11.

Great Lakes Aviation, Ltd. is pleased to submit this proposal to provide essential air transportation at Scottsbluff, Kearney and North Platte Nebraska, Dodge City and Liberal, Kansas, and Crescent City, California. Each market should be viewed as a stand alone proposal.

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 these Essential Air Service points.

Great Lakes will provide service at these points in Nebraska, Kansas and California as Great Lakes Airlines.

The company will also continue to offer the benefits of it code share agreement with United Airlines. In addition, Great Lakes maintains interline ticket and baggage agreements with the majority of the other carriers serving Denver and Sacramento, which allows for maximum utility of our air service to the airline customers flying in and out of this these markets.

Schedules will be designed to provide maximum connectivity to United Airlines. All proposals contemplate the use of Beechcraft 1900D or Embraer EMB-120 aircraft.

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
Scottsbluff, Nebraska to Denver (DEN)
Three Round Trips - B1900
As an alternative, Great Lakes would consider providing Two Round Trips
of 30 seat EMB-120 Brasilia equipment for the same annual subsidy

Departures: 1,840
Block Hours: 1,656
Revenue Passenger Miles: 3,150,000
Available Seat Miles: 5,244,000
Load Factor 60.07%

Operating Revenues:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger:</td>
<td>BFF</td>
<td>21,000</td>
<td>psgrs at</td>
<td>$50.00</td>
</tr>
<tr>
<td>Other:</td>
<td>0.62% of pax revenue</td>
<td></td>
<td></td>
<td>$6,510</td>
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<tr>
<td>Total Operating Revenues:</td>
<td></td>
<td></td>
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<td>$1,056,510</td>
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</table>

Operating Expenses:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>Direct:</td>
<td>Aircraft and Hull Insurance</td>
<td>$395,761</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fuel and Oil</td>
<td>$636,077</td>
<td></td>
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<tr>
<td></td>
<td>Flying Operations</td>
<td>$463,216</td>
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<td></td>
<td>Maintenance</td>
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<td>Total Direct Expenses:</td>
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<td></td>
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<td>$2,339,489</td>
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<tr>
<td>Total Indirect Expenses:</td>
<td></td>
<td></td>
<td></td>
<td>$1,302,127</td>
</tr>
<tr>
<td>Total Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
<td>$3,641,616</td>
</tr>
</tbody>
</table>

Operating Loss ($2,585,106)
Profit Element 5% of Total Operating Expenses  $182,081
Annual Compensation Requirement:  $2,767,187

This Proposal is submitted with no upline scheduling restrictions
Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at
Kearney, Nebraska to Denver (DEN)

Three Round Trips - B1900

As an alternative, Great Lakes would consider providing Two Round Trips
of 30 seat EMB-120 Brasilia equipment for the same annual subsidy

Departures: 1,840
Block Hours: 2,454
Revenue Passenger Miles: 6,710,000
Available Seat Miles: 10,662,800
Load Factor 62.93%

Operating Revenues:

Passenger: EAR 22,000 psgrs at $85.00 $1,870,000

Other: 0.62% of pax revenue $11,594

Total Operating Revenues: $1,881,594

Operating Expenses:

Direct: Aircraft and Hull Insurance $395,761
Fuel and Oil $952,535
Flying Operations $686,433
Maintenance $1,047,829

Total Direct Expenses: $3,082,558

Total Indirect Expenses: $1,544,471

Total Operating Expenses: $4,627,029

Operating Loss ($2,745,435)

Profit Element 5% of Total Operating Expenses $231,351

Annual Compensation Requirement: $2,976,786

This Proposal is submitted with no upline scheduling restrictions
Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at
North Platte, Nebraska to Denver (DEN)

Three Round Trips - B1900

As an alternative, Great Lakes would consider providing Two Round Trips
of 30 seat EMB-120 Brasilia equipment for the same annual subsidy

Departures: 1,840
Block Hours: 2,024
Revenue Passenger Miles: 4,788,000
Available Seat Miles: 7,970,880
Load Factor 60.07%

Operating Revenues:

Passenger: LBF 21,000 psgrs at $70.00 $1,470,000
Other: 0.62% of pax revenue $9,114
Total Operating Revenues: $1,479,114

Operating Expenses:

Direct: Aircraft and Hull Insurance $395,761
Fuel and Oil $805,008
Flying Operations $566,153
Maintenance $938,231
Total Direct Expenses: $2,705,153

Total Indirect Expenses: $1,403,595

Total Operating Expenses: $4,108,748

Operating Loss ($2,629,634)
Profit Element 5% of Total Operating Expenses $205,437

Annual Compensation Requirement: $2,835,071

This Proposal is submitted with no upline scheduling restrictions
Great Lakes Aviation, Ltd.
Annual Compensation Requirements for Essential Air Service at
Dodge City, Kansas to Denver (DEN)
Two Round Trips - B1900

Departures: 1,223
Block Hours: 1,712
Revenue Passenger Miles: 2,847,000
Available Seat Miles: 6,785,204
Load Factor 41.96%

Operating Revenues:

Passenger: DDC 9,750 psgrs at $98.00 $955,500
Other: 0.62% of pax revenue $5,924
Total Operating Revenues: $961,424

Operating Expenses:

Direct: Aircraft and Hull Insurance $395,761
Fuel and Oil $617,925
Flying Operations $478,881
Maintenance $717,082
Total Direct Expenses: $2,209,649
Total Indirect Expenses: $917,031
Total Operating Expenses: $3,126,680
Operating Loss ($2,165,256)
Profit Element 5% of Total Operating Expenses $156,334
Annual Compensation Requirement: $2,321,590

This Proposal is submitted with no upline scheduling restrictions
Great Lakes Aviation, Ltd.
Annual Compensation Requirements for Essential Air Service at
Liberal, Kansas to Denver (DEN)
Two Round Trips - B1900

Departures: 1,223
Block Hours: 1,631
Revenue Passenger Miles: 2,720,250
Available Seat Miles: 6,483,123
Load Factor 41.96%

Operating Revenues:

<table>
<thead>
<tr>
<th>Passenger: DDC</th>
<th>9,750 passengers</th>
<th>$99.00</th>
<th>$965,250</th>
</tr>
</thead>
</table>

| Other: 0.62% of pax revenue | $5,985 |

Total Operating Revenues: $971,235

Operating Expenses:

<table>
<thead>
<tr>
<th>Direct:</th>
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<tbody>
<tr>
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<tr>
<td>Fuel and Oil</td>
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<td>Flying Operations</td>
<td>$456,223</td>
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<td>Maintenance</td>
<td>$696,437</td>
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Total Direct Expenses: $2,137,795

Total Indirect Expenses: $905,020

Total Operating Expenses: $3,042,815

Operating Loss ($2,071,580)

Profit Element 5% of Total Operating Expenses $152,141

Annual Compensation Requirement: $2,223,721

This Proposal is submitted with no upline scheduling restrictions
Great Lakes Aviation, Ltd.
Annual Compensation Requirements for Essential Air Service at
Crescent City, California to Sacramento (SMF)
Two Round Trips - B1900

Departures: 1,223
Block Hours: 1,529
Revenue Passenger Miles: 3,825,000
Available Seat Miles: 9,355,950
Load Factor 40.88%

Operating Revenues:

Passenger: DDC 15,000 psgrs at $77.00 $1,155,000

Other: 0.62% of pax revenue $7,161

Total Operating Revenues: $1,162,161

Operating Expenses:

Direct: Aircraft and Hull Insurance $721,710
Fuel and Oil $619,555
Flying Operations $574,858
Maintenance $810,245

Total Direct Expenses: $2,726,368

Total Indirect Expenses: $1,226,063

Total Operating Expenses: $3,952,431

Operating Loss ($2,790,270)
Profit Element 5% of Total Operating Expenses $197,622

Annual Compensation Requirement: $2,987,892

This Proposal is submitted with no upline scheduling restrictions
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<th>Rank</th>
<th>RO</th>
<th>ST</th>
<th>Locid</th>
<th>City</th>
<th>Airport Name</th>
<th>S/L</th>
<th>Hub</th>
<th>CY 16 Enplanements</th>
<th>CY 15 Enplanements</th>
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<td>Alliance</td>
<td>Alliance Municipal</td>
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<td>Page Municipal</td>
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<td>Alamosa</td>
<td>San Luis Valley Regional/Bergman Field</td>
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<td>CDR</td>
<td>Chadron</td>
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<tr>
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<td>None</td>
<td>3,067</td>
<td>3,650</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Yellow are cities flown by Boutique
* Red are cities flown by GreatLakes. (They will be losing Pueblo in December to SkyWest)