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June 19, 2020

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

RE: Silver City – Grant County, New Mexico Essential Air Service Proposals

Dear Mr. Faulk,

I am writing this letter to express my continued support of Advanced Air for the Silver City – Grant County EAS agreement. It has been my pleasure to work with the Advanced Air team over the past year and a half. When Advanced submitted a proposal two years ago for our EAS they had never provided service to an EAS community, but they reached out to all to Grant County and listened to what our community wanted from our commercial air service. People were frustrated with delays, cancellations, and variable ticket pricing. Advanced assured us they would do better and they have.

We received three proposals for our EAS service. Upon first review, Advanced appears to have submitted the highest bid, but after normalizing the seat sales, a more balanced picture can be seen.

Looking at the bids at face value:

- Advanced Air \$4,466,656.00
- Boutique Air \$3,288,106.00 (Difference between AA \$1,178,550.00)
- Denver Air \$3,854,430.00 (Difference Between AA \$612,226.00)

Breaking down the bids to make an “apples to apples” comparison by adjusting the number of projected seat sales:

Boutique Air projected seat sales of 14,077 (7,337 more than the Advanced Air bid of 6740 seats) with an average price per seat stated to be \$49.00 (which is \$22.00 less per ticket than Advanced’s bid). With Boutique’s projected higher seat sales above Advanced Air this is a \$359,513.00 difference (7337 X \$49.00). If you then take the difference equal to the number of passenger fare’s Advanced bid of 6740 Boutique has a lower average seat price by the amount of \$22.00 (\$71 Advanced - \$49 Boutique = \$22) this is a difference of -\$148,280.00. These combined equal a net difference of \$211,233.00. This results

in a difference of \$967,317.00 between the AA and Boutique bid year one with Boutique lower by that amount.

Denver Air projects seat sales 13,478 (6,738 more than the Advanced Air bid of 6740 seat sales) with an average price per seat of \$99. With DA's projected seat sales above Advanced this is a \$667,062.00 difference (6738 X \$99.00). If you then take the difference equal to the number of passenger fare's Advanced bid of 6740, Denver Air has a higher average seat price by the amount of \$28.00 (\$99 DA - \$71 Advanced = \$28) this is a difference of \$188,720.00. These combined equal a net difference of \$855,782.00 which is a difference of \$243,556.00 between the Advanced and DA bid, year one, with Advanced being lower by that amount.

Looking at the bids accounting for ticket price and seat sales:

- Advanced Air = **\$4,466,656.00**
- Boutique Air \$3,288,106.00 + \$211,233.00 (amount added to equalize projected seat sales) = **\$3,499,339** (\$967,317.00 less than Advanced).
- Denver Air \$3,854,430.00 + \$855,782.00 (amount added to equalize projected seat sales) = **\$4,710,212.00** (\$243,556.00 more than Advanced)

Given in 2019 Advanced Air did 10,872 seat sales with almost a perfect completion factor, I do not think Boutique's projection of selling 14,077 nor Denver Air's projection of 13,478 (6,738 more than the Advanced Air bid of 6740 seat sales) is reasonable, especially considering the dramatic decline in people traveling by air. Advanced's projected seat sale number of just under 7,000 per year is an honest estimate in this new world.

As previously mentioned, when Advanced was selected previously, transparent seat pricing was important to the community. Boutique states an average seat price of \$49 which they tell me SVC/ ABQ would be a range of \$39 - \$69 and SVC/PHX \$39 - \$89, with no charge for reservation changes unless the seat that is rebooked is at a higher price. Denver Air states an average seat price of \$99 which they tell me would be \$89 for a non-refundable ticket and refundable being \$109 to \$119. Denver Air charges \$20 for a reservation change. Advanced Air has seats priced at \$65 for SVC/ABQ and \$85 SVC/PHX with no charge for reservation changes. This makes Advanced's seat pricing very competitive and meets the community's desire for transparent pricing.

Advanced has proposed keeping the 24 weekly round trips to ABQ and PHX with the flexibility to schedule flights to match what the community's travel needs. Boutique has also proposed two options both keeping our current 24 round trips. Denver Air has proposed 18 round trips per week. This would result to 312 less round trip options a year compared to our current number of flights. I do not think we are seeing a need for larger planes but an increase in flight options, so the 18 flights per week by Denver Air would be a significant reduction in flight options per day.

Then there are the other differences. Advance has once again proposed a \$50,000 marketing budget, \$30,000 more than either of the other two proposals. Marketing is going to be critical in rebuilding ridership post COVID. The marketing budget is also an investment in other local small businesses through advertising as well as community groups and events through sponsorships. Safety will also be a huge factor in rebuilding passenger confidence. Advanced has an outstanding safety record and participate in third-part audits of their operations.

Finally, after Advanced was awarded our EAS contract in 2019, they made a commitment to our airport to purchase all of their fuel from our County run fuel farm. This commitment has made a huge difference in our annual fuel sales – an increase of approximately 100,000 gallons annually. This helps the airport towards being self-sustaining.

I hope the DOT, through this letter, will better understand our community's reasoning and desire to keep Advanced Air as our EAS provider and hope they are awarded a four year agreement.

Respectfully,

A handwritten signature in black ink that reads "Rebekah Wenger". The script is cursive and fluid.

Rebekah Wenger, C.M.
Grant County Airport Manager

cc: C. Webb, Grant County Manager
R. Villa, Grant County General Services Director