

July 21, 2020

Todd M. Homan, Director
United States Department of Transportation
Office of Aviation Analysis
1200 New Jersey Ave SE
Washington, D.C. 20590

Re: Response to Order 2020-3-8/Proposal to Provide Essential Air Service at Silver City/Hurley/Deming, New Mexico.

Via e-mail to: EAS@dot.gov and scott.faulk@dot.gov

Dear Mr. Homan,

Attached is Denver Air Connection's proposal to provide air service at Silver City/Hurley/Deming, New Mexico (Silver City) to Albuquerque, NM and Phoenix, AZ.

We look forward to the opportunity to support the economic growth of the region by providing scheduled passenger service with our safe and reliable 30-seat Dornier 328-Jet aircraft with service and schedules tailored to the community's needs.

Our reliable service will provide the Silver City region with options to access the world's most comprehensive route network of United Airlines and other major carriers through Albuquerque International Sunport and Phoenix Sky Harbor International Airport. Our service is dedicated to the Silver City community to ensure seat availability and direct flights to and from these destinations. The communities we service praise our excellent completion rates and on-time performance rate.

As directed by the RFP, we will offer the Silver City community six non-stop, round-trip flights per week to Albuquerque and six non-stop round-trip flights per week to Phoenix for a new 2 or 4 year contract term. We will work closely with the community to set the best possible schedule. Denver Air Connection believes this proposal meets the needs of the community and provides the best overall option for air service to the Silver City community with reliable connectivity at Albuquerque and Phoenix.

Thank you for your consideration.



Marcus Hesting,
Director of Finance
Denver Air Connection

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Proposal to Provide Essential Air Service at
Silver City/Hurley/Deming, New Mexico
Filed: July 21, 2020

Via e-mail to: EAS@dot.gov and scott.faulk@dot.gov with the title
“Proposal to Provide EAS at Silver City, New Mexico.”

Order: 2020-3-8
Served: April 17, 2020
Docket: DOT-OST-1996-1903
Under 49 U.S.C. § 41731 *et seq*



SILVER CITY'S AIRLINE

WE LISTEN

Our partnerships with communities are built on the premise of *promises made, promises kept*. For us to fulfill that core mission, we listen first and never assume.

The Silver City community requires quality scheduled passenger jet service to the medium and large hubs of Albuquerque International Sunport and Phoenix Sky Harbor International Airport. Denver Air Connection believes it can provide such service with the recognized reliability and exceptional customer service that surpasses the performance of our competitors.

Denver Air Connection considered the historical data in the Department of Transportation's Request for Proposal (RFP) for Silver City and the importance of reliable, scheduled passenger jet service to the community.

- Denver Air Connection utilizes both 50 seat and 30 seat Jets with passenger and cargo capacity that exceeds the current enplanement needs of Silver City, allowing for growth.
- Denver Air Connection can increase enplanements either through higher frequency of flights or through utilization of larger aircraft.
- Denver Air Connection prides itself on being a partner in the community by participating in coordinated marketing efforts to increase enplanements and economic growth.
- Denver Air Connection's current route network reflects our ability to complete scheduled flights, connect to major hubs and increase enplanements over time.



ABOUT US

Denver Air Connection is the passenger airline operated by Key Lime Air Corporation, its parent company. Key Lime Air was founded in 1996. It has grown its scheduled passenger service by focusing on its mission to empower emerging communities with global travel and economic access by providing safe and reliable regional airline service.



Over 23 Years of passenger and cargo experience

The Denver Air Connection community represents some of the finest talent in aviation and our very simple promise is “**Deliver Every Day.**”

Deliver... Service...Comfort...Family...Friends...Safety...Reliability.

We are here to happily serve our customers with a positive attitude every day. We love what we do, and our passion shows by providing an extraordinary customer experience for the small communities we are proud to serve with safe, reliable and on-time jet service.

Our communities praise our impressive on time performance rate which meets or exceeds expectations and defined requirements.

Denver Air Connection has been a partner to and member of the **Grand Junction, Colorado** community since 2005 with reliable scheduled passenger service enabling travelers to fly to and from Denver with convenience and reliability.

The **Telluride, Colorado** community chose Denver Air Connection to bring the first and only scheduled passenger jet service to their city with similar praise about our service and professionalism. Connecting quickly and safely to Telluride from anywhere in the world has never been easier.

Alliance, Nebraska partnered with Denver Air Connection to structure their DOT EAS to meet their community's unique needs.

Clovis, New Mexico selected Denver Air Connection to provide their EAS service to Denver, as of May 1, 2020.

TAILORED PASSENGER JET SERVICE

Tailored service for Silver City includes:

- 12 nonstop roundtrips each week on a 30-seat Dornier 328-Jet.
- Flexible scheduled service based on community input.
- Access to our current Interline Agreement with United Airlines.
- Full-service experience with Flight Attendant and Lavatory
- The smooth ride and reliability you expect from jet travel.
- Reliability of service exceeding industry standards.

Silver City is precisely why we are in business and exactly the type of service we specialize in with a proven track record that our partner communities are proud to offer their citizens and businesses.

THE SILVER CITY FLEET

Denver Air Connection will provide service with the Embraer 145LR Jet or the Dornier 328 Jet.

Dornier DO-328

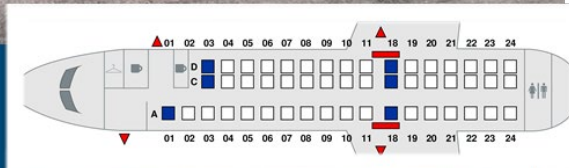
The Dornier DO-328 is a 30-seat passenger jet, with overhead stowage compartments and a lavatory. The large cargo compartment has 1,500 pounds capacity. The DoJet is the hands down winner in all critical areas of flight comfort and flying experience. The shape of the fuselage creates more headroom and the DoJet has wide seats – 18.1 inches, and spacious legroom, with a 31”-34” pitch.

In the DoJet, there are no middle seats. Every seat is a window or aisle seat. To round out the passenger experience, our Flight Attendants provide a bountiful snack basket and beverage service



Embraer 145LR

With 20 years in operation, over 26 million flight hours, in service with 36 airlines in 26 countries, the ERJ-145 is a proven runway legend. The ERJ-145 has a 50-seat capacity and a 1550-mile range fully loaded. Our jets underwent an Embraer refurbishment in the Summer of 2019 resulting in like new aircraft.



In the cabin, every detail has been considered. Overhead stowage compartments feature space-saving retractable panels. With no middle seat and the three-abreast, 31" seat pitch, every passenger has a comfortable window or aisle seat. Our 50 seat jets provide flexibility and choice to meet the community's emergent needs.

Denver Air Connection will listen to the Silver City communities and work together to provide the aircraft that meets the communities' needs.

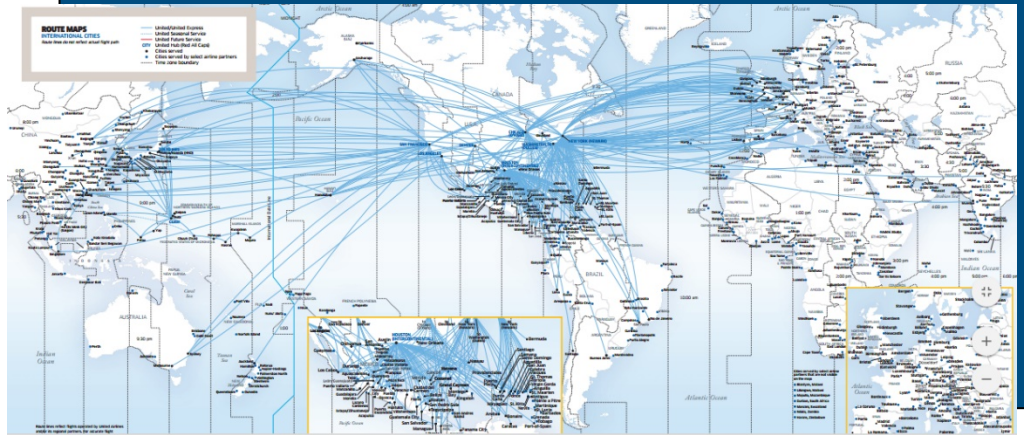
CONNECTED TO THE WORLD

Denver Air Connection's Interline Agreement with United Airlines provides our community partners with travel network access benefits including the convenience to search, book and purchase tickets on United's web site, *United.com*, as well as baggage transfers and thru-checks to and from any of United's 500 destinations in over 30 countries.

No Checked Baggage or Security Hassles

Our Interline Agreement also allows our partners to participate in setting fares and schedules. Denver Air Connection will work with Silver City to tailor an airline service for their specific community needs.

In addition to the United Interline Agreement, Denver Air Connection participates in multiple Global Distribution Systems (GDS's) including SABRE, Travelport and Amadeus. Ticket distribution through these GDS systems provides world-wide visibility for the route and for the community through websites such as: Google, Expedia, Travelocity, Priceline and many other Online Travel Agencies (OTA's).



**Denver Air Connection Provides
Silver City Access to the World**

SAFETY, RELIABILITY & SKILL

Safety

Safety is at the core of Denver Air Connection's culture. We maintain a Safety Management System that is integrated into every aspect of our operation.

Skill

Denver Air Connection pilots and mechanics are trained to the highest standards in the world.

Our pilot culture aspires to perfection on every flight.

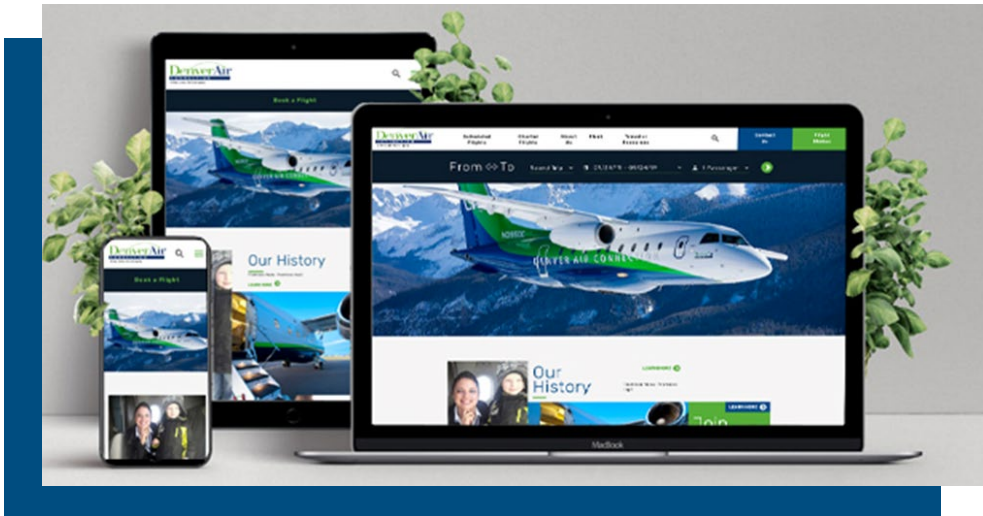


Reliability

All aircraft are maintained in house under our FAA approved maintenance program. This in conjunction with our part 145 Repair Station gives us the ability to maintain, inspect, and alter our aircraft and components at all levels. We pride ourselves on never leaving passengers stranded due to maintenance issues. Our communities know that we will use our fleet to bring maintenance to a location to fix an issue or send a replacement aircraft to get the passengers to their destination.



MARKETING



Denver Air Connection recognizes how critical marketing is to the success of a community's airline service. We have budgeted a minimum of \$20,000 annually to create awareness for the service and promote its utilization.

Our budget will support our coordinated effort with the community to form an integrated traditional marketing campaign in print and broadcast as well as the effective utilization of digital platforms including our social media channels to raise awareness, visibility and customer satisfaction for the community's passengers.

Marketing efforts utilize our collaborative skills and experience working with your local professionals, to create and distribute messaging to obtain the highest utilization rate possible for the service.

Denver Air Connection will listen to Silver City and work together to build a successful marketing campaign.

PROMISES MADE, PROMISES KEPT

Denver Air Connection prides itself on our ability to be agile and present to address the needs of our community partners. *It's the community's airline and we operate it that way* – to meet each community's unique needs.

Our mission to “Deliver Every Day” is a simple statement that means *promises made are promises kept*. Our promise goes to the core of our vision to empower emerging communities with global travel and economic access by providing the safest, most reliable regional airline passenger and cargo service.

Our employees happily serve our customers with a positive attitude every day. They love what they do, and their passion shows in our promise to provide an extraordinary customer experience for the communities, people, and partners we are proud to serve.

Our customers also enjoy our comfortable amenities and unlimited full-size high-end snacks and beverages not offered on our competitor's flights.

***Deliver
Every
Day***



YOUR CHOICE. YOUR AIRLINE.

Denver Air Connection represents the airline choice that listens to the Silver City community's needs and customizes its service to meet those needs. The Department of Transportation awards Essential Air Service contracts based on the five criteria below. The DOT will formally solicit the views of the Silver City community as to which carrier and option they prefer. The Department is directed to consider five factors when making a carrier selection:

1. The demonstrated reliability of the applicant in providing scheduled air service.

Denver Air Connection delivers an exceptional rate on completed flights and impressive on-time performance rate.

2. The contractual and marketing arrangements the applicant has made with a large carrier to ensure service beyond the hub airport.

Denver Air Connection has an established interline agreement with United Airlines which provides seamless access to the United Airlines network through Albuquerque and Phoenix.

Denver Air Connection maintains close contractual and marketing relationships with our airline partners and the communities we serve to ensure service beyond the hub airports of ABQ and PHX.

3. The interline agreements that the applicant has made with larger carriers to allow passengers and cargo of the applicant at the hub airport to be transported by the larger carrier(s) through one reservation, ticket, and baggage check in.

Denver Air Connection has an interline agreement with United Airlines

4. Community views. The preferences of the actual and potential users of air transportation at the eligible place, giving substantial weight to the views of the elected officials representing the users of the service.

Denver Air Connection enjoys high levels of customer support from our passengers, who we monitor closely on social media. We are proud to introduce the Silver City communities' elected officials to the elected and appointed officials in all the communities we serve to hear firsthand how we deliver on our promises every day.

Silver City should consider the carrier, their reliability, with greatest consideration given to the needs and wants of the community.

5. The air carrier has included a plan in its proposal to market the service.

Denver Air Connection has a well-developed marketing system that integrates digital and print media to bring visibility to the Silver City airline service and the Silver City region. We have committed \$20,000 annually to support the systemic marketing of the Silver City airline service with campaigns integrated with Silver City community messaging.

In accordance with DOT EAS requirements, Denver Air Connection certifies it is in compliance with:

- 49 CFR Part 20 – New restrictions on lobbying; and
- 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; and
- 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
- 2 CFR Part 1200 – Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

Denver Air Connection's mission, vision, culture and performance make it the right choice for Silver City.

Financials

We understand the scheduling needs Silver City and will provide 6 weekly nonstop roundtrip flights to ABQ and 6 weekly roundtrip flights to PHX. The daily schedules will be determined with community input. The bid is available for either a two-year or four-year term. The subsidy will escalate 2% for each contract year.

**Denver Air Connection
Essential Air Service Bid
May 20, 2020**

	SVC-ABQ:SVC-PHX
Number of round trips per week	12

Aircraft Data	Dornier 328 Jet
Block Hours	1,064
Available Seats	37,440
Load Factor	24%

Passenger Revenue	
Passengers	8,986
Average Fare	89.00
Revenue	799,718

Expenses	
Aircraft Lease	540,000
Crew Cost	865,400
Maintenance	769,149
Insurance	264,000
ABQ Operating Expense	460,703
PHX Operating Expense	243,360
SVC Operating Expense	495,189
Deice, Catering and Misc.	22,464
Marketing	20,000
Set-Up	5,000
Fuel Cost	541,008
Total Expense	4,226,273

Annual Subsidy Requirement	
Operating Income	(3,426,555)
Profit (5%)	211,314
Total Subsidy	3,637,869

Effective Subsidy Rates	
Subsidy per Trip (98% completion)	2,974
Subsidy per Passenger	405

For questions or comments, please contact:

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