

March 11, 2020



EAS Proposal for:  
**Kirksville, MO**

Docket DOT-OST-1997-2515

3x daily to/from St. Louis with codeshare of **American Airlines** 

Hyannis Air Service, Inc., dba Cape Air  
Attn: Andrew Bonney, SVP Planning  
660 Barnstable Road, Hyannis, MA 02601  
(508) 862-9719



Cape Air has been honored to serve Kirksville  
since September 17, 2010



### Cape Air's ribbon cutting at Kirksville

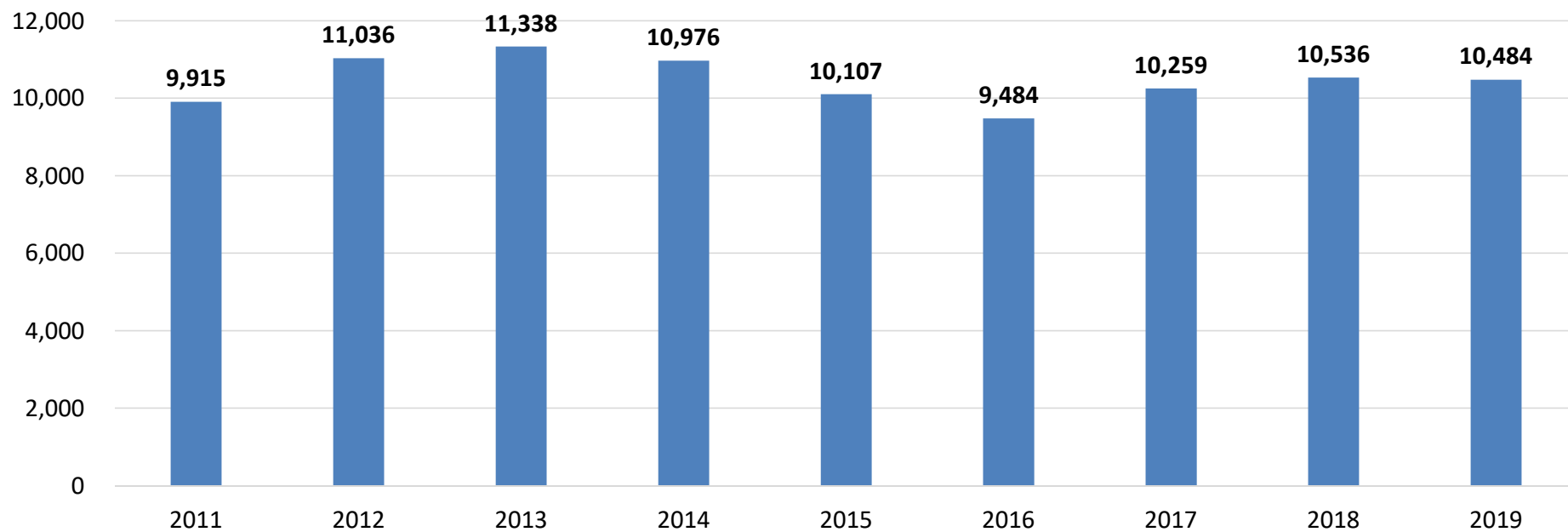
September 17, 2010



Cape Air

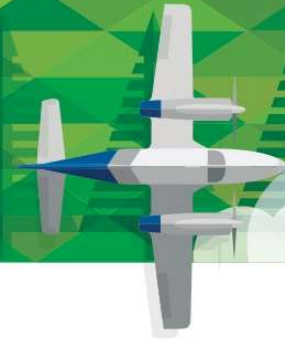
Kirksville ridership has been strong

Cape Air passengers at Kirksville

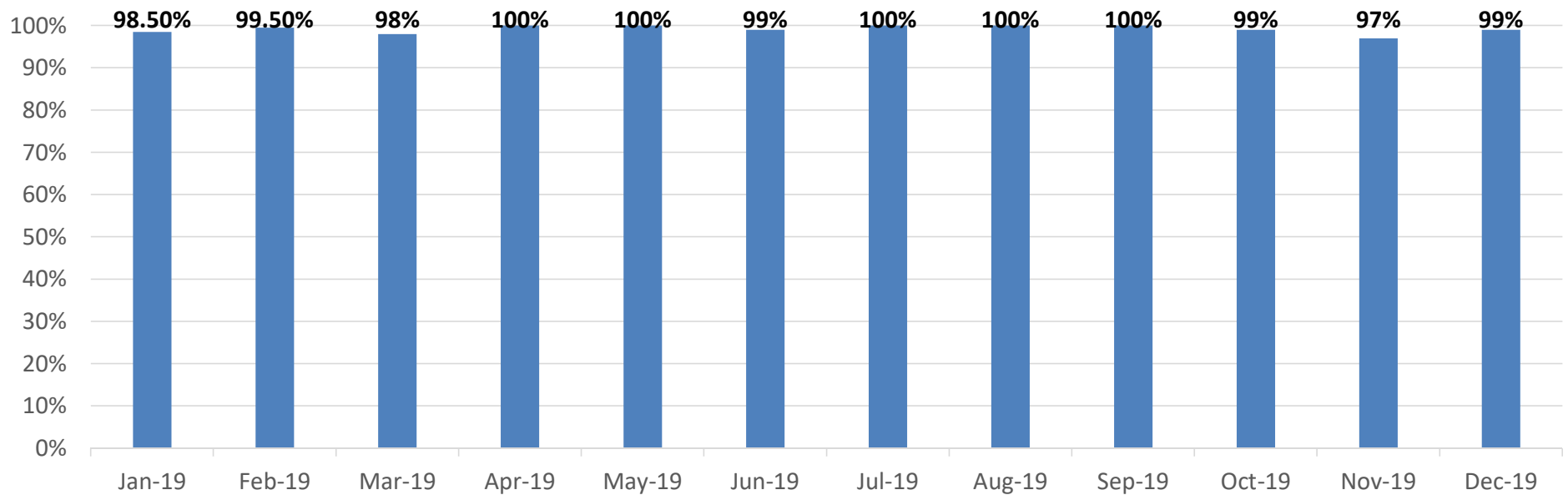




Reliability has been superb, with the company-controllable completion rate averaging 99.2%



Company controllable completion rate IRK-STL in 2019



# Cape Air Fast Facts



Dan Wolf  
Founder & CEO

Linda Markham  
President

- Serving St. Louis since November 2009
- 99 aircraft in the fleet
- 37 cities served
- 850 employees
- Flying 500,000+ passengers per year
- Employee-owned and empowered workforce

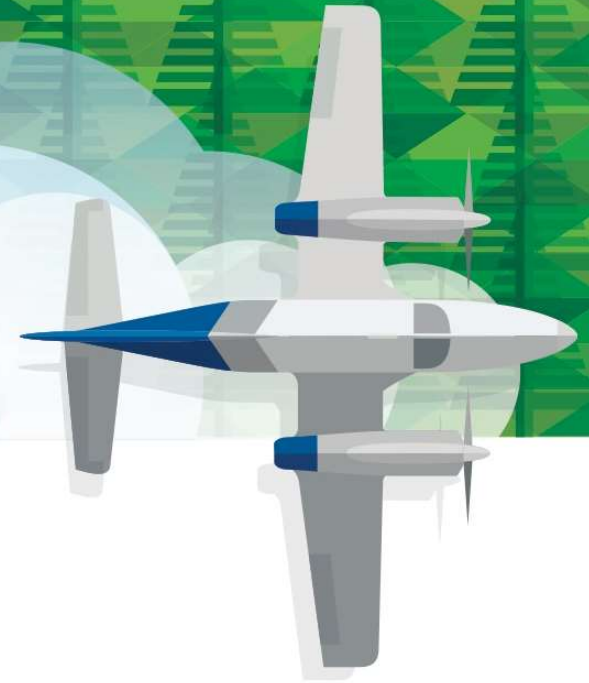






Featuring

# World class distribution



- ✓ Codeshare with American Airlines
- ✓ Interline with the top network airlines at St. Louis
- ✓ Major online travel agencies



*Cape Air*

# Airline partners

Cape Air connects with:





# Connecting itineraries are available on aa.com...

American Airlines

Plan Travel

Travel Information

AAdvantage



## Choose flights

« New search

Depart Kirkville, MO to Dallas/ Fort Worth, TX  
Tuesday, April 28, 2020

① American Airlines flights may be listed first.

[Product comparison](#)

Lowest Fare



Flexible

<	Sun, Apr 26 \$ 217	Mon, Apr 27 \$ 159	Tue, Apr 28 \$ 149	Wed, Apr 29 \$ 149	Thu, Apr 30 \$ 159	>
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Sort by: Relevance

Main Cabin

First

IRK DFW  
7:00 AM → 11:29 AM 4h 29m [1 stop](#)  
IRK - STL ■ AA 8335 ■ CNA-Cessna (Light)  
Operated by Hyannis Air Service As Cape Air  
STL - DFW ■ AA 261 ■ 738-Boeing 737  
 

One way  
\$149

One way  
\$1,147  
Flexible

American Airlines  
codeshare!

Cape Air

# And united.com...

**UNITED**

United States | English | Saved trips | Contact us

MileagePlus: Sign in or join

From  
Chicago, IL, US (ORD)

To  
Kirksville, MO, US (IRK)


Departure date  
Apr 21, 2020

Return date  
Add return date


Search by:  
☒ Price ☐ Award travel

Update

Advanced search

 **\$250 statement credit + 25,000 miles**  
[Learn more](#)

Departure: Chicago, IL, US → Kirksville, MO, US





 Fares are for the entire one-way trip, per person, and include taxes and fees. Additional bag charges may apply.

Sat 4/18 \$154	Sun 4/19 \$184	Mon 4/20 \$124	<b>Tue 4/21 \$124</b>	Wed 4/22 \$144	Thu 4/23 \$126	Fri 4/24 \$144
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☒ With stops **\$124** [Choose connecting airports](#)

[Show fare type comparison ?](#)

Sort flights by: Best match

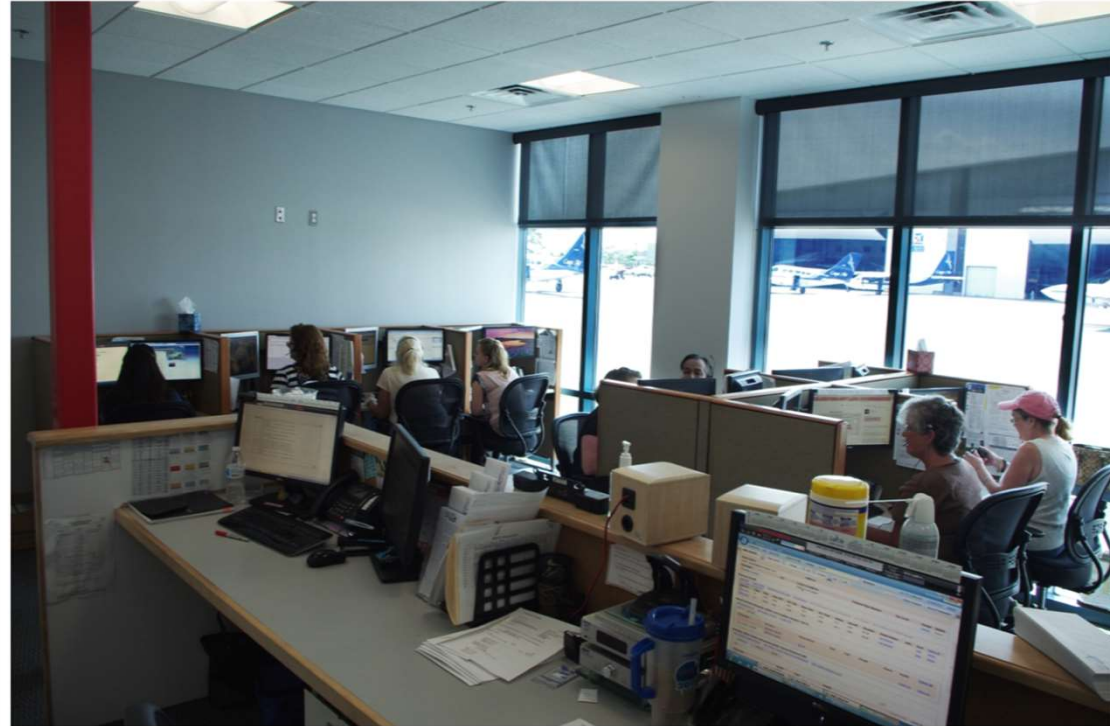
Depart	Arrive	Stops	Duration		Economy (lowest)	Economy (flexible)	First (2-cabin, lowest)
6:45 am	11:20 am	1 stop	4h 35m	 <a href="#">Details</a> <a href="#">Seats</a>	\$255 <a href="#">Select</a>	\$332 <a href="#">Select</a>	Not available
Includes Travel Operated By Skywest Dba United Express , Cape Air							
9:05 am	2:55 pm	1 stop	5h 50m	 <a href="#">Details</a> <a href="#">Seats</a>	\$255 <a href="#">Select</a>	\$332 <a href="#">Select</a>	Not available
Includes Travel Operated By Expressjet Airlines Dba United Express , Cape Air							
10:05 am	2:55 pm	1 stop	4h 50m	 <a href="#">Details</a> <a href="#">Seats</a>	\$255 <a href="#">Select</a>	\$332 <a href="#">Select</a>	<div>Mixed cabin </div> <div>\$324 <a href="#">Select</a></div> <div>6 tickets left at this price</div>
Includes Travel Operated By Gojet Airlines Dba United Express , Cape Air							

 Cape Air

# Reservations: 1-800-CAPE-AIR



## Cape Air Reservations Department



**No fee to speak  
with a reservations  
agent!**





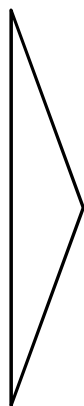
Cape Air's proposal proudly includes a city ticket office in downtown Kirksville



**Cape Air's Kirksville city ticket office**



# Cape Air participates in TSA's PreCheck program



With TSA Pre✓<sup>®</sup> you **don't** need to remove:



SHOES



LAPTOPS



3-1-1 LIQUIDS



BELTS



LIGHT JACKETS



Cape Air includes a ramp-side inter-terminal shuttle for St. Louis, facilitating seamless connections between terminals without having to re-clear security



**Cape Air's St. Louis inter-terminal shuttle**

No TSA rescreening  
to connect between  
terminals at St.  
Louis!





# Commitment To Safety



# Safety first

Core of our culture



## Cape Air's #1 priority is the safety of our operation

- Multi-engine aircraft
- Safety audits annually by:
  - American Airlines
  - United Airlines
  - JetBlue Airways
- SMS program approved by FAA
- 30 years experience
  - 100,000+ flights per year
- FAA certified under Part 135
- All captains have an Air Transport Pilot Certificate
  - 1,500 hours minimum
- Director of Safety
  - Department of 3 safety professionals
- WAAS-enabled GPS navigation

Safety mantra:  
“Make the tough call in the  
name of safety, and we will  
support you”



# Cape Air proposes Kirksville service in our fleet of brand new twin-engine Tecnam Travellers



## Cape Air's Tecnam Traveller



### Features

- **Two engines, for safety**
- 9 passenger seats
- 2 pilot seats, and certificated for single pilot operations
- Italian leather seats
- Air conditioning
- LED lighting
- USB ports





The “Traveller” was custom designed by Cape Air and Tecnam for commuter air service



### Highlights

- The first new purpose-designed commuter aircraft in 40 years
- Brand-new design
- Electronically controlled engines
- Glass cockpit
  - Garmin G1000 Nxi avionics
- Luxurious cabin with 9 single seats



The cockpit features Garmin G1000NXi



Cape Air



Featuring a  
**St. Louis hub**

- ✓ 70 non-stop destinations in 2020
- ✓ Major economic and cultural destination in the Midwest



*Cape Air*



# St. Louis has non-stop service to 70 cities



## St. Louis Non-Stop Service

2020

<u>City</u>	<u>Code</u>	<u>Total Seats</u>	<u>City</u>	<u>Code</u>	<u>Total Seats</u>	<u>City</u>	<u>Code</u>	<u>Total Seats</u>
1 Atlanta, GA	ATL	579,810	25 Nashville, TN	BNA	100,464	49 Portland, OR	PDX	36,113
2 Chicago, IL	ORD	477,396	26 Houston, TX	IAH	98,070	50 Sacramento, CA	SMF	31,773
3 Dallas/Ft. Worth, TX	DFW	416,691	27 Fort Lauderdale, FL	FLL	86,473	51 Cincinnati, OH	CVG	30,662
4 Denver, CO	DEN	364,584	28 Miami, FL	MIA	86,358	52 Panama City, FL	ECP	28,171
5 New York, NY	LGA	356,674	29 Cancun, Mexico	CUN	85,484	53 Hartford, CT	BDL	28,011
6 Minneapolis/St. Paul, MN	MSP	283,682	30 Omaha, NE	OMA	81,974	54 Punta Cana	PUJ	27,197
7 Detroit, MI	DTW	262,745	31 New Orleans, LA	MSY	75,570	55 San Jose, CA	SJC	26,960
8 Charlotte, NC	CLT	252,934	32 Fort Myers, FL	RSW	73,951	56 Oakland, CA	OAK	24,324
9 Orlando, FL	MCO	236,587	33 San Francisco, CA	SFO	73,026	57 Fort Leonard Wood, MO	TBN	14,130
10 Phoenix, AZ	PHX	229,950	34 Cleveland, OH	CLE	70,342	58 Marion/Herrin, IL	MWA	12,096
11 Philadelphia, PA	PHL	229,445	35 Milwaukee, WI	MKE	70,282	59 Kirksville, MO	IRK	9,882
12 Chicago, IL	MDW	222,682	36 Austin, TX	AUS	69,531	60 Quincy, IL	UIN	8,685
13 Washington, DC	DCA	213,082	37 San Antonio, TX	SAT	68,572	61 Indianapolis, IN	IND	5,820
14 Dallas, TX	DAL	205,384	38 Wichita, KS	ICT	62,338	62 Charleston, SC	CHS	5,752
15 Las Vegas, NV	LAS	193,205	39 Oklahoma City, OK	OKC	61,623	63 Montego Bay, Jamaica	MBJ	5,041
16 Los Angeles, CA	LAX	178,810	40 San Diego, CA	SAN	61,109	64 Pensacola, FL	PNS	3,718
17 Salt Lake City, UT	SLC	147,851	41 Tulsa, OK	TUL	60,833	65 Owensboro, KY	OWB	3,672
18 Newark, NJ	EWL	131,676	42 Des Moines, IA	DSM	60,755	66 Fort Dodge, IA	FOD	1,816
19 Seattle, WA	SEA	129,784	43 Little Rock, AR	LIT	60,708	67 Jonesboro, AR	JBR	1,720
20 Boston, MA	BOS	122,844	44 Washington, DC	IAD	54,216	68 Burlington, IA	BRL	1,240
21 Houston, TX	HOU	120,715	45 Toronto, ON	YYZ	54,208	69 Jackson, TN	MKL	1,144
22 Baltimore, MD	BWI	114,409	46 Columbus, OH	CMH	51,531	70 West Palm Beach, FL	PBI	1,050
23 Tampa, FL	TPA	110,955	47 Raleigh/Durham, NC	RDU	49,394			
24 Kansas City, MO	MCI	105,121	48 Pittsburgh, PA	PIT	40,421			
						<b>Total</b>		<b>7,653,226</b>

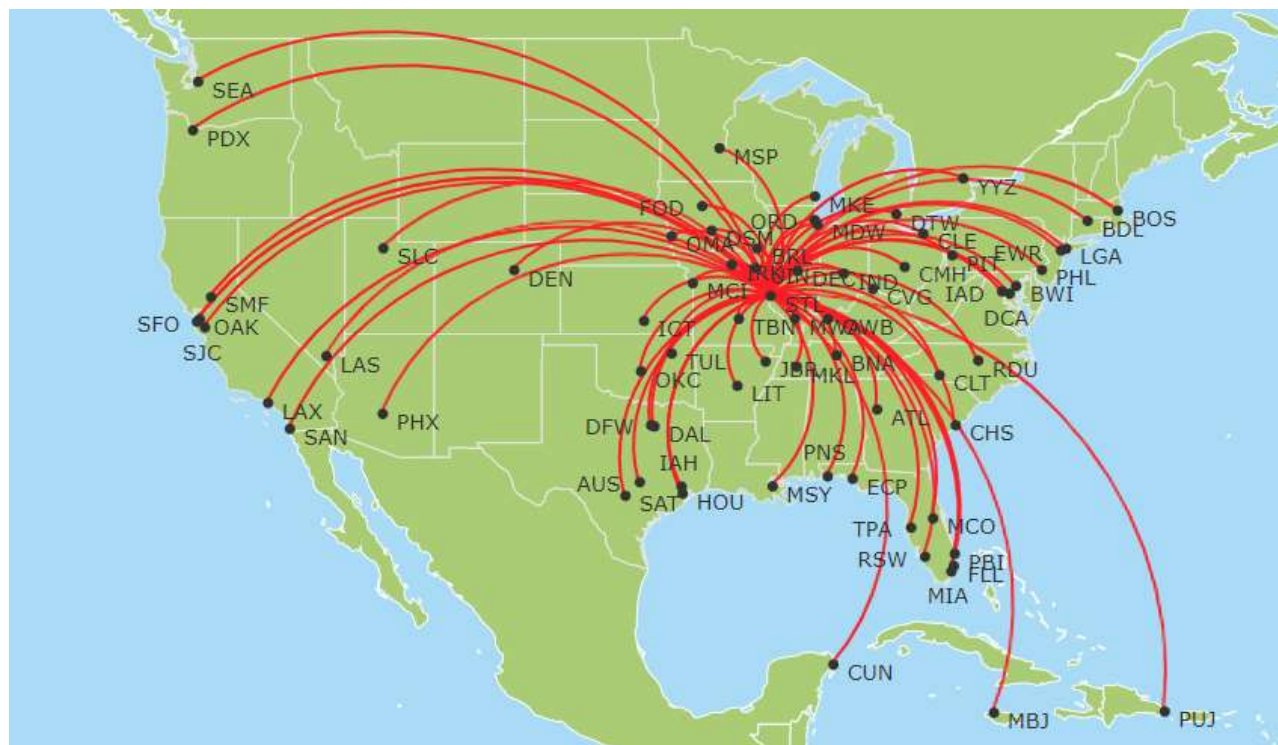
Source: OAG



# St. Louis's route map spans the entire country



## St. Louis non-stop destinations



Source: OAG for 2020



# Marketing

And Community Engagement





Cape Air's marketing for Kirksville, with a \$45,000 budget, is targeted, active and tailored!



The marketing plan for Kirksville includes:

- ✓ Targeted online advertising
  - ✓ Traditional print/outdoor/radio/TV (as appropriate)
  - ✓ Community events
  - ✓ Partnerships
- And, community input welcome!



Cape Air has a Marketing Manager focused on the Midwest



# The Cape Air Difference

New multi-engine aircraft, connectivity, community



- Newest aircraft: **Tecnam P2012 Traveller**
- Highest frequency: **3 daily round trips**
- **St. Louis** hub with **American codeshare**
- **Interlines** with American, Delta, JetBlue, Alaska, United and more
- **No fees:**
  - **No** checked bag fee
  - **No** change fee
  - **No** reservations fees
- **Independence**, retaining full control over:
  - Fares
  - Schedule
  - Marketing
- Dedicated community partner
  - Robust **marketing budget: \$45,000/year**
- Planes and pilots **based in Kirksville**
- **A proven air service partner for Kirksville!**

Cape Air would be honored to take Kirksville to the next level of service with new Tecnam aircraft and build on our years of success together!



# EAS Proposal Economics





# Cape Air's Kirksville proposal: 3x daily to/from St. Louis



## Drivers

Daily RTs	3.0
Completion Rate	97%
Annual Actual Dpts	2,124
Pax/Dpt	5.6
Load Factor	62%
Avg. Net Fare	\$49

Note: See escalation factors subsequent slide

Cape Air commits to keeping Kirksville clear of \$200 subsidy per passenger

4-year option  
preferred

## Expenses

Two-year term; discount for 4-year term, preferred, is noted below

Fuel	\$573,340
Maintenance	\$481,570
Pilots	\$418,856
Ownership	\$601,547
Rents	\$230,158
Staff	\$168,813
Landing Fees	\$100,055
Marketing	\$46,538
General & Admin./Other	\$148,667
<b>Operating expense</b>	<b>\$2,769,542</b>

Return of 5%	\$145,765
Economic Expense	\$2,915,307
Passenger Revenue	\$580,826
Profit	(\$2,334,481)

<b>Annual Operating Subsidy Required</b>	<b>\$2,334,481</b>
<b>Subsidy Per Departure</b>	<b>\$1,099</b>
<b>Per Passenger</b>	<b>\$197</b>

Discount for 4-year term	
<b>Proposed Subsidy</b>	<b>\$2,270,960</b>
<b>Per Departure</b>	<b>\$1,069</b>

Year 1    Year 1

# To align revenue with costs, Cape Air proposes escalation factors for Kirksville



## Annual subsidy including escalation

### Two-year reselection

Year 1	\$2,334,481
Year 2	\$2,404,515

### Four-year reselection

Year 1	\$2,270,960
Year 2	\$2,339,088
Year 3	\$2,409,261
Year 4	\$2,481,539

Preferred



# Thank you!



Hyannis Air Service, Inc., dba Cape Air  
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