

# **Essential Air Service Proposal**



**Hot Springs, AR**

**DOT-OST-1997-2935**

**August 31, 2020**



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## 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, New Mexico and Dallas/Ft. Worth, Texas. Since then, we have continued our track record of success and now serve 16 different EAS communities and operate out of 30 different airports. Continuing on this path of successful growth, Boutique Air's most recent community began service to Ironwood, Michigan to Chicago (ORD) and Minneapolis/St. Paul (MSP) in May of 2020.



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## 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

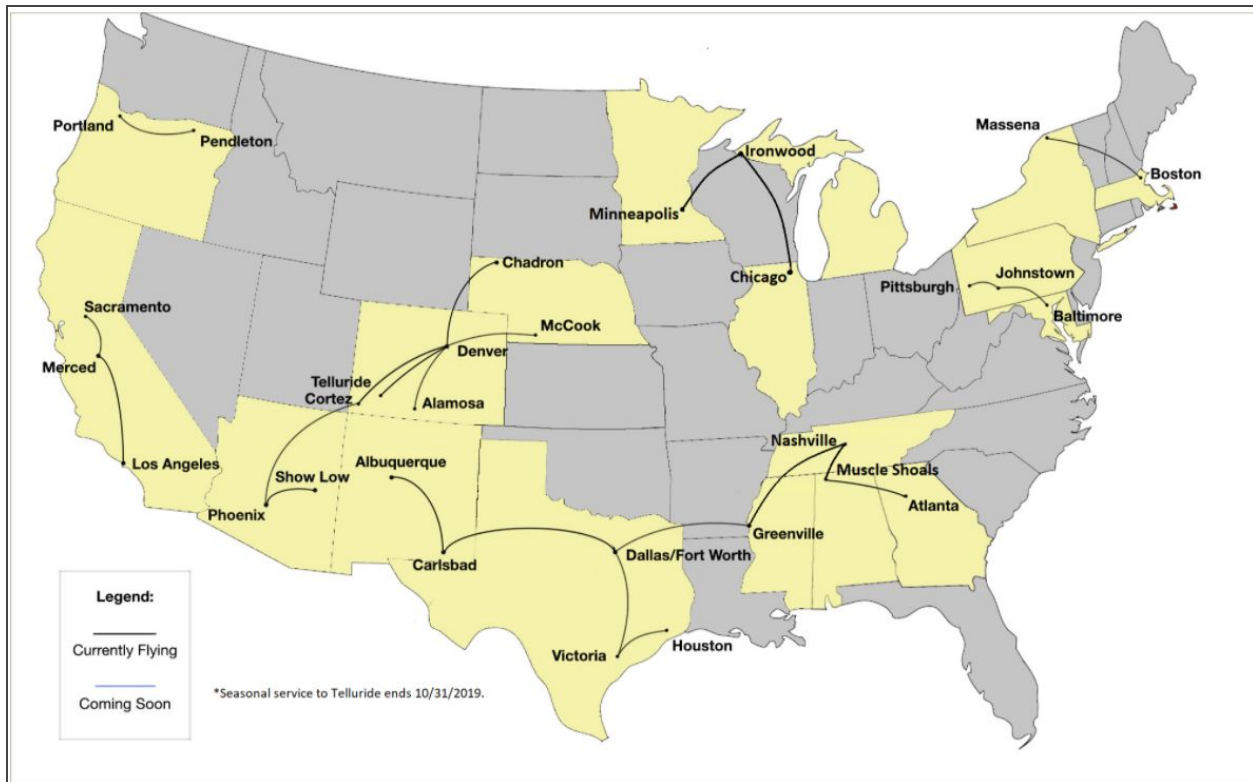
*Flew with Boutique Air from LA to Las Vegas round trip and it was a great experience. **Good service, on time departures, and a hassle free and nice way to travel in general.** A really nice pilot and copilot as well.*

-Patrick S. via Yelp.com

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

-Clovis News Journal

## Route Map



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## Aircraft:

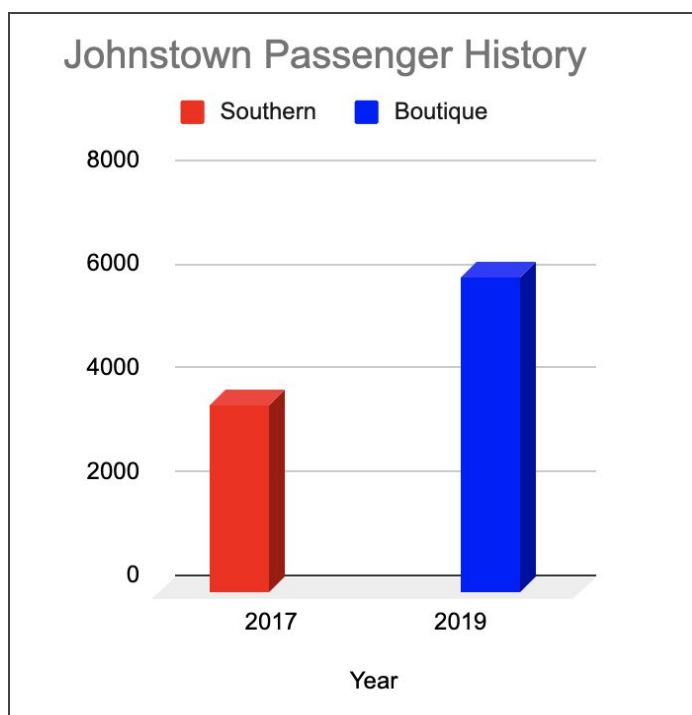
Boutique Air currently operates a modern fleet of Pilatus PC-12 and Beechcraft King Air 350 aircraft. All flights are flown by Captains with over 1,200 hours of flight experience and an instrument rating. While we are certified to fly single pilot we opt to fly with a two pilot crew. Boutique Air ensures 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.



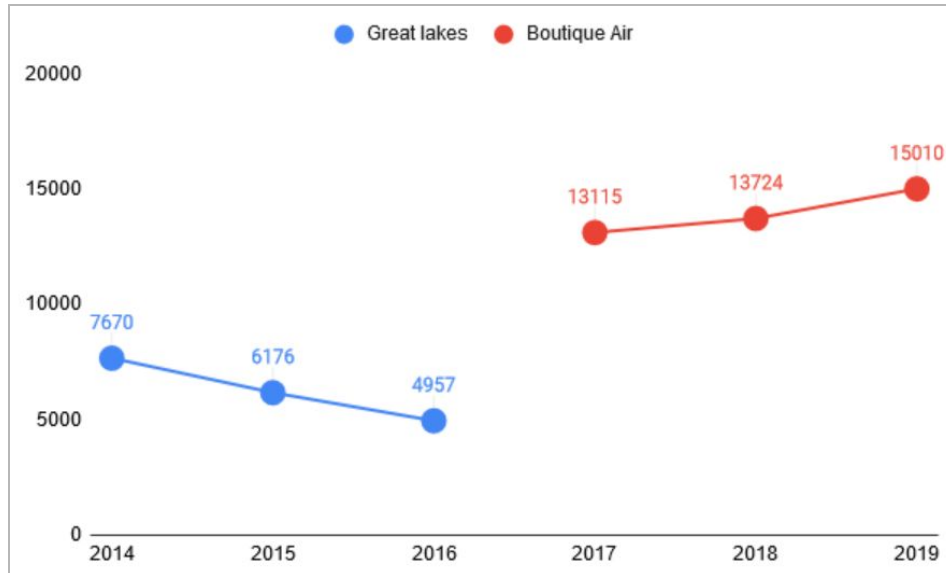
### Total Passengers:

Southern 2017: 3,569

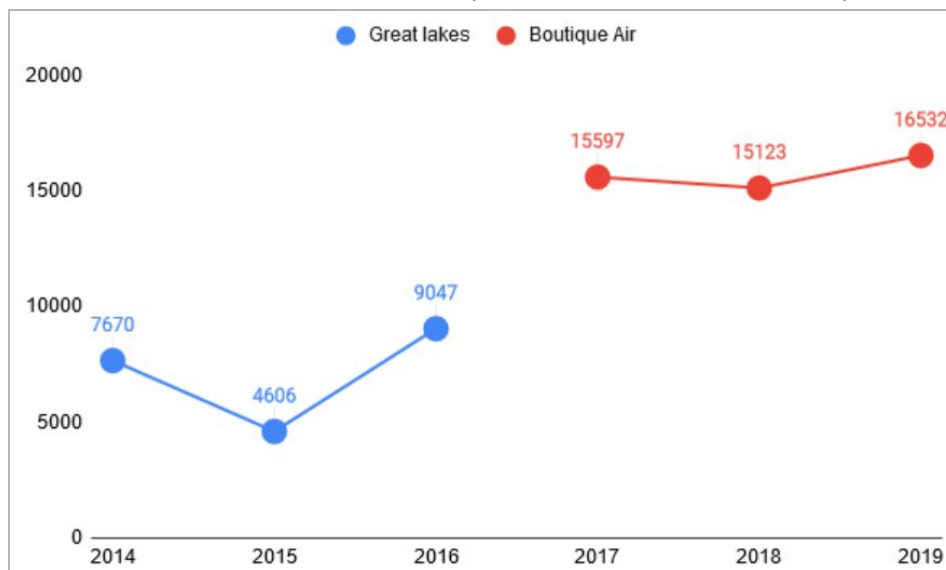
Boutique 2019: 6,056

**69.6% Increase**

*Historical Traffic: Great Lakes vs. Boutique Air - Alamosa, CO - All Time High for Enplanements 2019*



*Historical Traffic: Great Lakes vs. Boutique Air - Cortez, CO - 8,000 Enplanements Reached*





# Proposal

## Overview

Our proposals would be flown in eight or nine-seat, modern, pressurized Pilatus PC-12 aircraft. We have proposed two or four year options for the community to consider. .

In order to increase brand recognition in the communities, Boutique Air will spend at least \$20,000 per year in each market 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 Multiple Community Selection Subsidy Reduction

Boutique Air has submitted EAS proposals for Harrison and El Dorado. Should Boutique Air be awarded both communities the requested subsidy can be decreased by \$50,000 each per community per year for a total annual reduction of \$150,000 per year.







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## **Pilot Career Pathway Program**

In January 2020 Boutique Air was proud to be a partner in the United Airlines Aviate Program. The AVIATE Program provides a unique opportunity for aviators to accelerate their journey from Commercial Pilot at Boutique Air to a job in the cockpit of United Airlines.

## **United Airlines Interline and Codeshare Agreement**

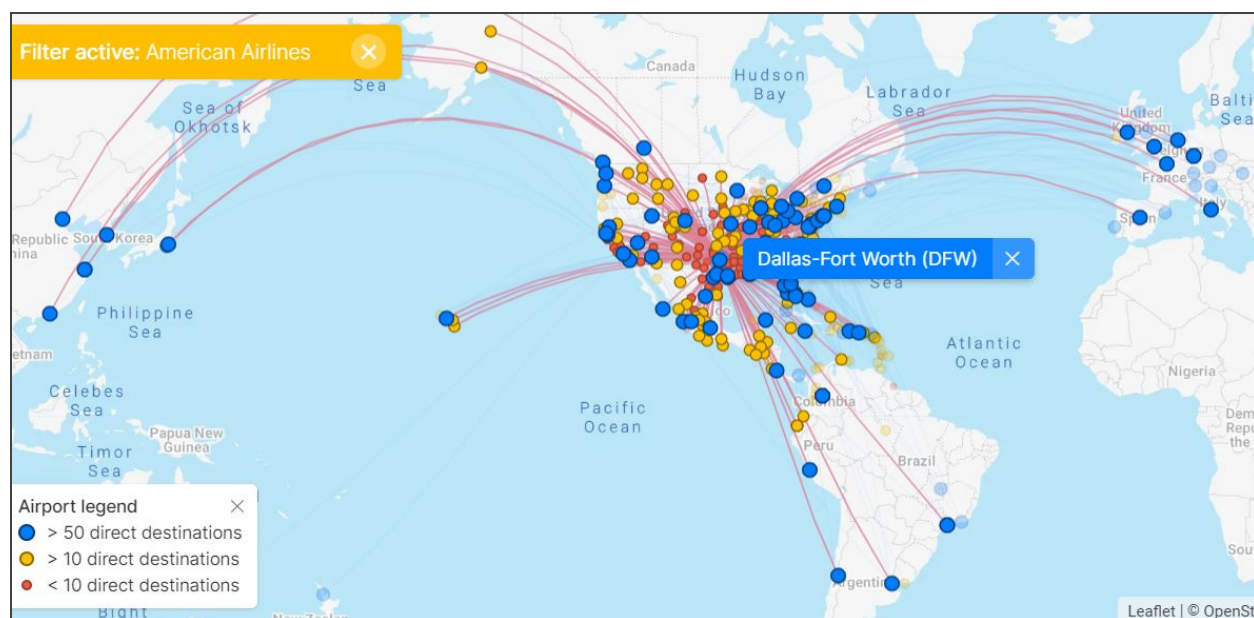
Boutique Air launched an interline and codeshare agreement with United Airlines on May 1, 2017. Customers now have flow-through ticketing and baggage capabilities for those flights that connect with United Airlines.

## **American Airlines Interline Agreement**

In addition Boutique Air has an interline agreement with American Airlines as of August 7, 2019. Passengers will be able to book through United.com and AA.com and connect with any of United or American flights.

Below are screenshots of our current service as reflected on United and American Airlines websites both domestic and international.

## All connectivity possibilities through DFW



## AA.com: Victoria, TX to Las Vegas, NV

Depart Victoria, TX to Las Vegas, NV

Monday, September 21, 2020

*American Airlines flights may be listed first.*

[Product comparison](#)

Lowest Fare	Flexible	<	Sat, Sep 19 \$ 177	Sun, Sep 20 \$ 226	Mon, Sep 21 \$ 166	Tue, Sep 22 \$ 167	Wed, Sep 23 \$ 182	>
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## United.com: Greenville, MS to Chicago, IL and San Francisco, CA through DFW

From  
**Greenville, MS, US (GLH)**

To  
**Chicago, IL, US (ORD)**

Departure date  
**Oct 01, 2020**

Return date  
Add return date

Search by:  
☒ Price
☐ Award travel

Update

Advanced search

**Departure: Greenville, MS, US → Chicago, IL, US**

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

Mon 9/28 \$125	Tue 9/29 \$125	Wed 9/30 \$125	<b>Thu 10/1 \$122</b>	Fri 10/2 \$122	Sat 10/3 \$122	Sun 10/4 \$122
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☒ With stops **\$122** Choose connecting airports

Sort flights by: Best match

Economy (lowest)

Depart	Arrive	Stops	Duration		
7:00 am	12:50 pm	1 stop	5h 50m	Details	Seats

Includes Travel Operated By Boutique Air

**\$122**

Select

5 tickets left at this price

**Departure: Greenville, MS, US → San Francisco, CA, US**

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

Mon 9/28 \$162	Tue 9/29 \$170	Wed 9/30 \$162	<b>Thu 10/1 \$162</b>	Fri 10/2 \$172	Sat 10/3 \$166	Sun 10/4 \$172
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☒ With stops **\$162** Choose connecting airports

Sort flights by: Best match

Economy (lowest)

Depart	Arrive	Stops	Duration		
7:00 am	1:51 pm	1 stop	8h 51m	Details	Seats

Includes Travel Operated By Boutique Air , Skywest Dba United Express

**\$162**

Select

5 tickets left at this price

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## 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

## Hot Springs, AR

### Option 1: 18 Nonstop RTs DFW

Operations	<b><u>PC-12</u></b>
Scheduled Flights	1,872
Completed Flights (98%)	1,835
Scheduled Block Hours	2,558
Scheduled Seats	14,976
Scheduled ASMs	3,758,976
Revenue	
Passengers	11,232
Average Fare	\$49
Fare Revenue	\$550,368
<b>Total Revenue</b>	<b>\$550,368</b>
Expenses	
Fuel	\$634,893
Ownership	\$860,000
Maintenance	\$701,975
Crew	\$471,544
Airport Rent	\$90,000
Landing Fees	\$27,779
Staff	\$133,250
Insurance	\$20,000
Marketing	\$20,000
Other Indirect Costs	\$24,000
Corporate	\$97,219
<b>Total Costs</b>	<b>\$3,080,659</b>
Profit Element	<b>\$154,033</b>
Margin	5.0%
<b>Total Annual Subsidy Year 1</b>	<b>\$2,684,324</b>
<b>Total Annual Subsidy Year 2</b>	<b>\$2,738,010</b>

## Hot Springs, AR

### Option 2: 21 Nonstop RTs DFW

Operations	<b><u>PC-12</u></b>
Scheduled Flights	2,184
Completed Flights (98%)	2,140
Scheduled Block Hours	2,985
Scheduled Seats	17,472
Scheduled ASMs	4,385,472
Revenue	
Passengers	13,104
Average Fare	\$49
Fare Revenue	\$642,096
<b>Total Revenue</b>	<b>\$642,096</b>
Expenses	
Fuel	\$740,708
Ownership	\$860,000
Maintenance	\$793,971
Crew	\$471,544
Airport Rent	\$90,000
Landing Fees	\$32,408
Staff	\$133,250
Insurance	\$20,000
Marketing	\$20,000
Other Indirect Costs	\$24,000
Corporate	\$113,422
<b>Total Costs</b>	<b>\$3,299,303</b>
Profit Element	<b>\$164,965</b>
Margin	5.0%
<b>Total Annual Subsidy Year 1</b>	<b>\$2,822,172</b>
<b>Total Annual Subsidy Year 2</b>	<b>\$2,878,615</b>

## Hot Springs, AR

### Option 3: 18 Nonstop RTs (12 DFW / 6 BNA)

Operations	<b>PC-12</b>
Scheduled Flights	1,872
Completed Flights (98%)	1,835
Scheduled Block Hours	2,558
Scheduled Seats	14,976
Scheduled ASMs	3,758,976
Revenue	
Passengers	11,232
Average Fare	\$49
Fare Revenue	\$550,368
<b>Total Revenue</b>	<b>\$550,368</b>
Expenses	
Fuel	\$676,374
Ownership	\$860,000
Maintenance	\$722,329
Crew	\$471,544
Airport Rent	\$100,000
Landing Fees	\$54,392
Staff	\$133,250
Insurance	\$20,000
Marketing	\$20,000
Other Indirect Costs	\$24,000
Corporate	\$97,219
<b>Total Costs</b>	<b>\$3,179,108</b>
Profit Element	<b>\$158,955</b>
Margin	5.0%
<b>Total Annual Subsidy Year 1</b>	<b>\$2,787,696</b>
<b>Total Annual Subsidy Year 2</b>	<b>\$2,843,449</b>



## Hot Springs, AR

### Option 4: 18 Nonstop RTs (12 DFW / 6 MSY)

Operations	<b>PC-12</b>
Scheduled Flights	1,872
Completed Flights (98%)	1,835
Scheduled Block Hours	2,558
Scheduled Seats	14,976
Scheduled ASMs	3,758,976
Revenue	
Passengers	11,232
Average Fare	\$49
Fare Revenue	\$550,368
<b>Total Revenue</b>	<b>\$550,368</b>
Expenses	
Fuel	\$663,978
Ownership	\$860,000
Maintenance	\$722,329
Crew	\$471,544
Airport Rent	\$123,242
Landing Fees	\$54,392
Staff	\$129,061
Insurance	\$20,000
Marketing	\$20,000
Other Indirect Costs	\$24,000
Corporate	\$97,219
<b>Total Costs</b>	<b>\$3,185,765</b>
Profit Element	<b>\$159,288</b>
Margin	5.0%
<b>Total Annual Subsidy Year 1</b>	<b>\$2,794,685</b>
<b>Total Annual Subsidy Year 2</b>	<b>\$2,850,578</b>

