

Aug 31, 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 2020-7-9/Proposal to Provide Essential Air Service at
El Dorado/Camden, Arkansas
Harrison, Arkansas
Hot Springs, Arkansas
Via e-mail to: EAS@dot.gov and michael.gormas@dot.gov

Dear Mr. Homan,

Attached is Denver Air Connection's proposal to provide air service at El Dorado/Camden, Harrison, and Hot Springs, Arkansas to Dallas/Fort Worth International Airport (DFW).

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 El Dorado, Harrison, and Hot Springs regions with options to access the world's most comprehensive route network of United Airlines and other major carriers through Dallas/Fort Worth Intercontinental Airport. Our service is dedicated to the communities 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 El Dorado, Harrison, and Hot Springs communities each 12 non-stop round-trip flights per week for a new 2 or 4 year contract term. We will work closely with the communities to set the best possible schedule. Denver Air Connection believes this proposal meets the needs of the communities and provides the best overall option for air service to the El Dorado, Harrison, and Hot Springs communities with reliable connectivity at Dallas/Fort Worth.

Thank you for your consideration.



Marcus Hesting,
Director of Finance
Denver Air Connection

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Proposal to Provide Essential Air Service at El Dorado/Camden, Harrison, and Hot Springs, Arkansas Filed: August 31, 2020

Via e-mail to: EAS@dot.gov and Michael.gormas@dot.gov with the title
“Proposal to provide EAS at El Dorado/Camden (El Dorado), Harrison, and/or Hot
Springs, Arkansas”

Order: 2020-7-9
Served: July 10, 2020
Docket: DOT-OST-1997-2935



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

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, meeting or exceeding their expectations and defined requirements.

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

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 – Denver Air Connection began service to Denver on June 1, 2019.

Clovis, New Mexico – Denver Air Connection began service to Denver on May 1, 2020.

Thief River Falls, MN – Denver Air Connection began service to Minneapolis on June 1, 2020.

THE FLEET

Dornier DO-328

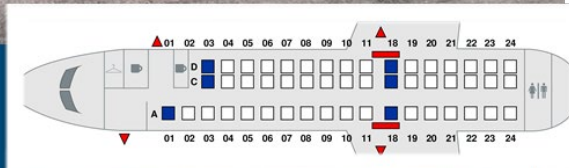
The Dornier DO-328 is a 30-seat passenger jet, with overhead stowage compartments and a lavatory. The large cargo compartment has 1,500 pounds capacity. The DoJet is the hands down winner in all critical areas of flight comfort and flying experience. The shape of the fuselage creates more headroom and 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 can
provide the aircraft to meet the community's needs.***

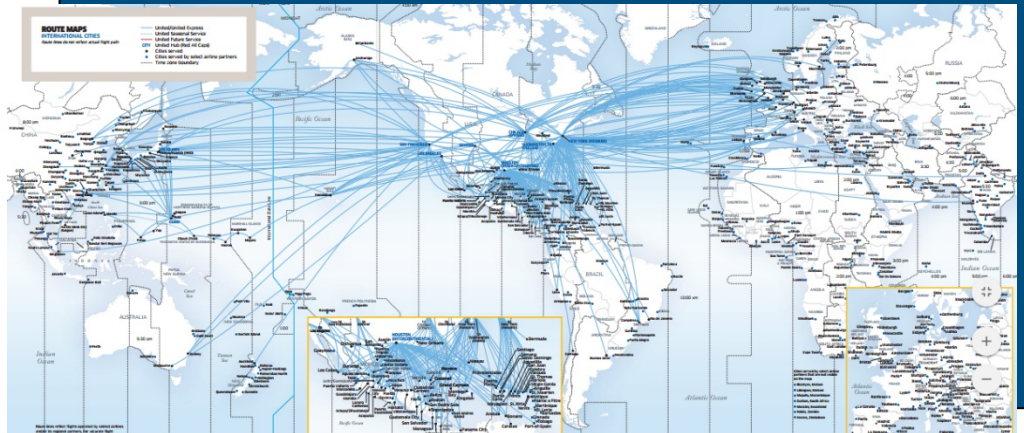
CONNECTED TO THE WORLD

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 El Dorado/Camden, Harrison, and Hot Springs 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) 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, Kayak, Expedia, Travelocity, Priceline and many other Online Travel Agencies (OTA's).



**Denver Air Connection Provides
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.

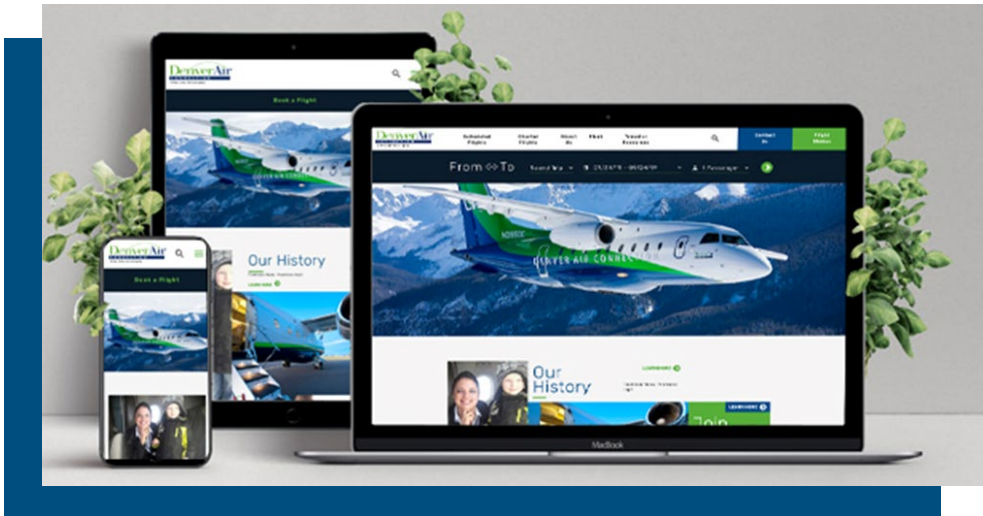


Reliability

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 and partner with the community to build a successful marketing campaign.

YOUR CHOICE. YOUR AIRLINE.

Denver Air Connection represents the airline choice that listens to the El Dorado, Harrison, and Hot Springs communities' 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 El Dorado, Harrison and Hot Springs communities 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.

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

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. We are happy to provide references for all the communities we serve to hear firsthand how we deliver on our promises every day.

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

Denver Air Connection will work with the community on how to best spend marketing dollars and to ensure marketing budgets are utilized and implemented effectively.

Bid Proposal

We understand the scheduling needs of El Dorado, Harrison, and Hot Springs and will provide 12 weekly nonstop roundtrip flights for each community to DFW in a schedule that best suits the communities' needs. The daily schedules will be adjusted based on the needs and wants of the communities. 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
August 31, 2020**

	HRO-DFW
Number of round trips per week	12

Aircraft Data	Dornier 328 Jet
Block Hours	1,565
Available Seats	37,440
Load Factor	28%

Passenger Revenue	
Passengers	10,483
Average Fare	89.00
Revenue	933,005

Expenses	
Aircraft Lease	540,000
Crew Cost	576,280
Maintenance	1,144,172
Insurance	264,000
DFW Operating Expense	465,172
SVC Operating Expense	495,189
Deice, Catering and Misc.	26,208
Marketing	20,000
Set-Up	5,000
Fuel Cost	875,160
Total Expense	4,411,180

Annual Subsidy Requirement	
Operating Income	(3,478,175)
Profit (5%)	220,559
Total Subsidy	3,698,734

Effective Subsidy Rates	
Subsidy per Trip (98% completion)	3,024
Subsidy per Passenger	353

**Denver Air Connection
Essential Air Service Bid
August 31, 2020**

	ELD-DFW
Number of round trips per week	12

Aircraft Data	Dornier 328 Jet
Block Hours	1,252
Available Seats	37,440
Load Factor	22%

Passenger Revenue	
Passengers	8,237
Average Fare	89.00
Revenue	733,075

Expenses	
Aircraft Lease	540,000
Crew Cost	576,280
Maintenance	925,961
Insurance	264,000
DFW Operating Expense	463,496
ELD Operating Expense	495,189
Deice, Catering and Misc.	20,592
Marketing	20,000
Set-Up	5,000
Fuel Cost	795,600
Total Expense	4,106,117

Annual Subsidy Requirement	
Operating Income	(3,373,042)
Profit (5%)	205,306
Total Subsidy	3,578,348

Effective Subsidy Rates	
Subsidy per Trip (98% completion)	2,926
Subsidy per Passenger	434

**Denver Air Connection
Essential Air Service Bid
August 31, 2020**

	<u>HOT-DFW</u>
Number of round trips per week	12

Aircraft Data	Dornier 328 Jet
Block Hours	1,252
Available Seats	37,440
Load Factor	28%

Passenger Revenue	
Passengers	10,483
Average Fare	<u>89.00</u>
Revenue	933,005

Expenses	
Aircraft Lease	540,000
Crew Cost	576,280
Maintenance	925,961
Insurance	264,000
DFW Operating Expense	465,172
HOT Operating Expense	495,189
Deice, Catering and Misc.	26,208
Marketing	20,000
Set-Up	5,000
Fuel Cost	<u>795,600</u>
Total Expense	4,113,409

Annual Subsidy Requirement	
Operating Income	(3,180,404)
Profit (5%)	<u>205,670</u>
Total Subsidy	3,386,075

Effective Subsidy Rates	
Subsidy per Trip (98% completion)	2,769
Subsidy per Passenger	323

For questions or comments, please contact:

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