

Essential Air Service Proposal



Iron Mountain, MI

DOT-OST-1999-5175

August 19, 2020



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.



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

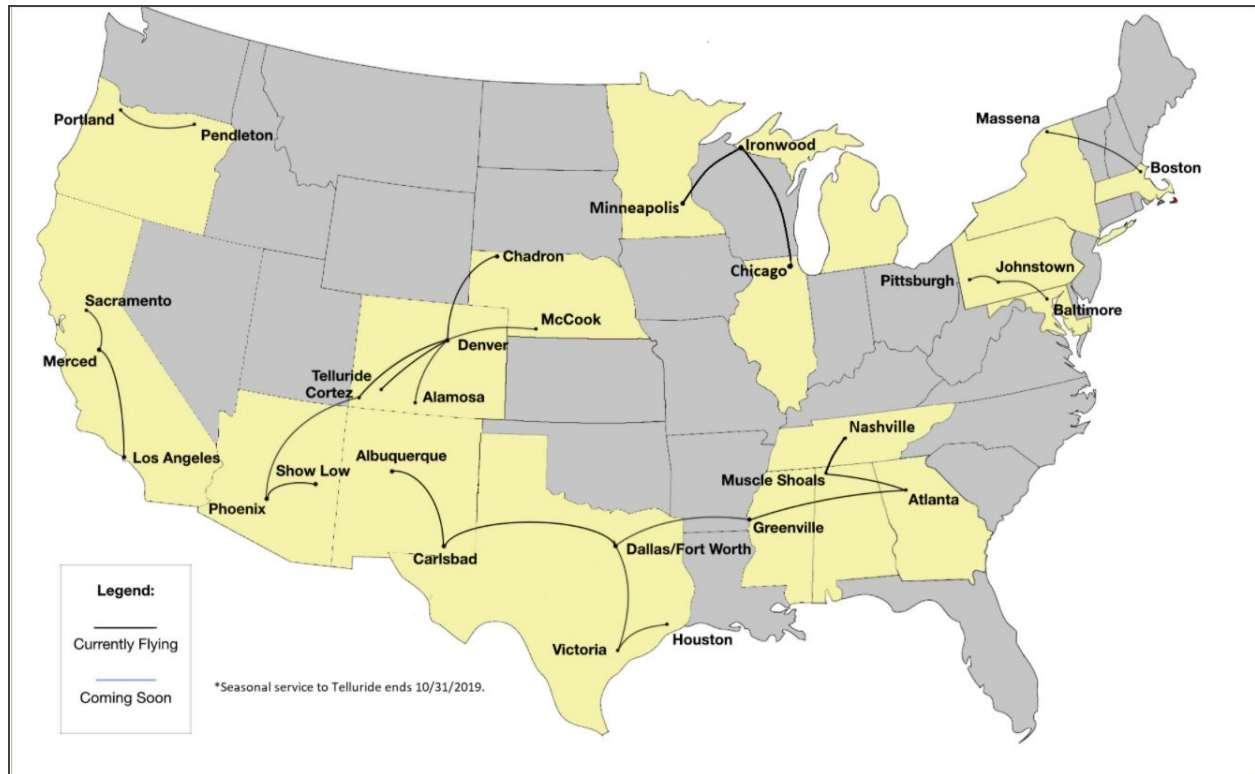
*Flew with Boutique Air from LA to Las Vegas round trip and it was a great experience. **Good service, on time departures, and a hassle free and nice way to travel in general.** A really nice pilot and copilot as well.*

-Patrick S. via Yelp.com

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

-Clovis News Journal

Route Map



Aircraft:

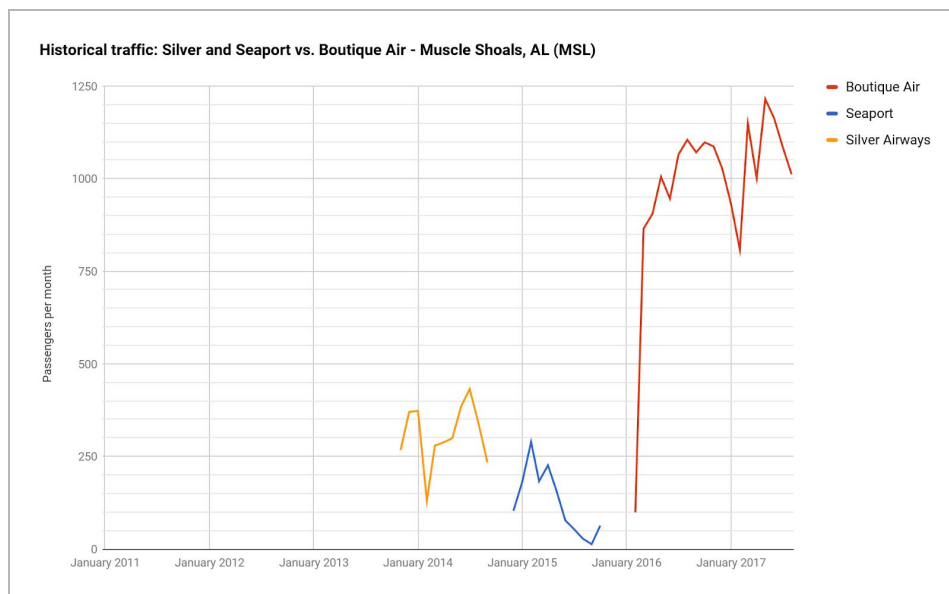
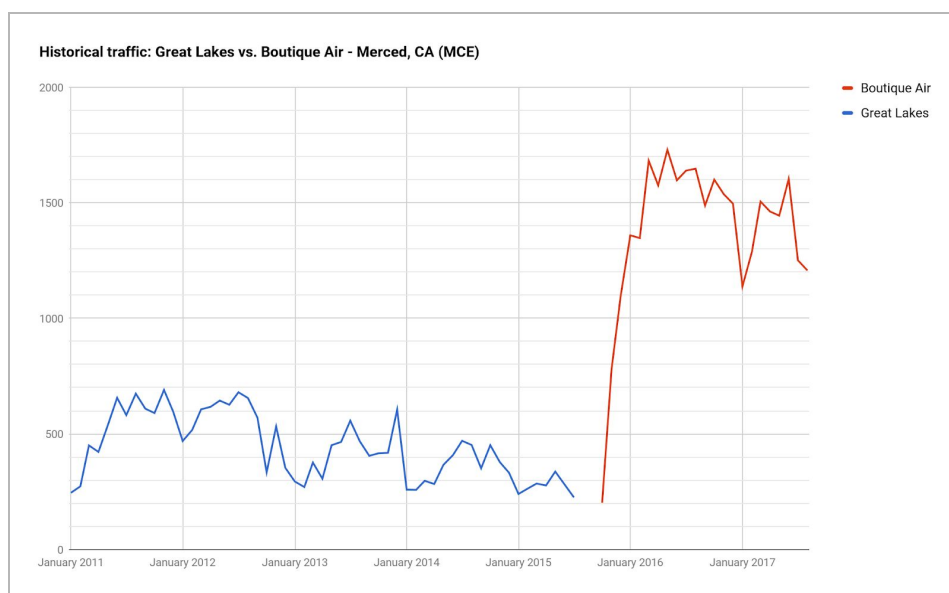
Boutique Air currently operates a modern fleet of Pilatus PC-12 and Beechcraft King Air 350 aircraft. All flights are flown by Captains with over 1,200 hours of flight experience and an instrument rating. While we are certified to fly single pilot we opt to fly with a two pilot crew. Boutique Air ensures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

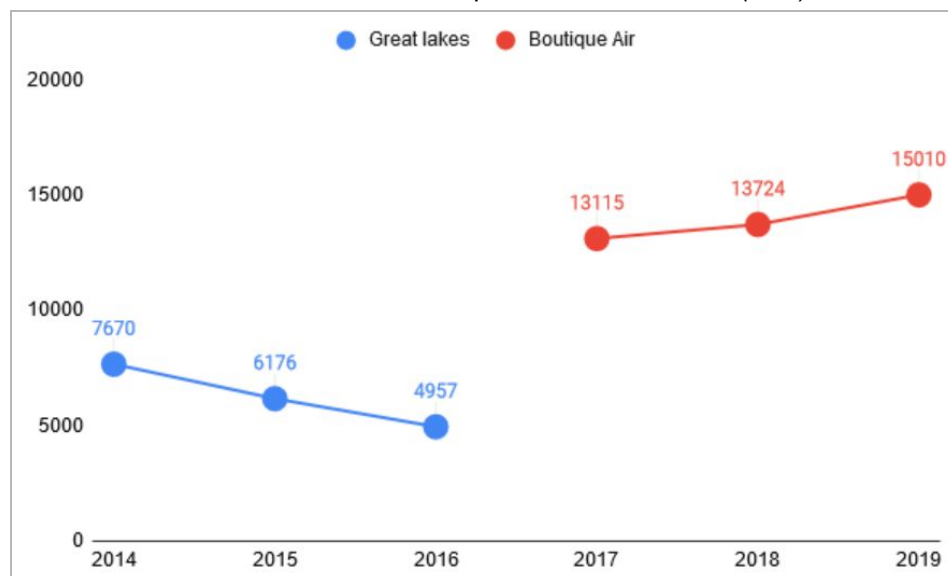


Historical Passenger Traffic Performance

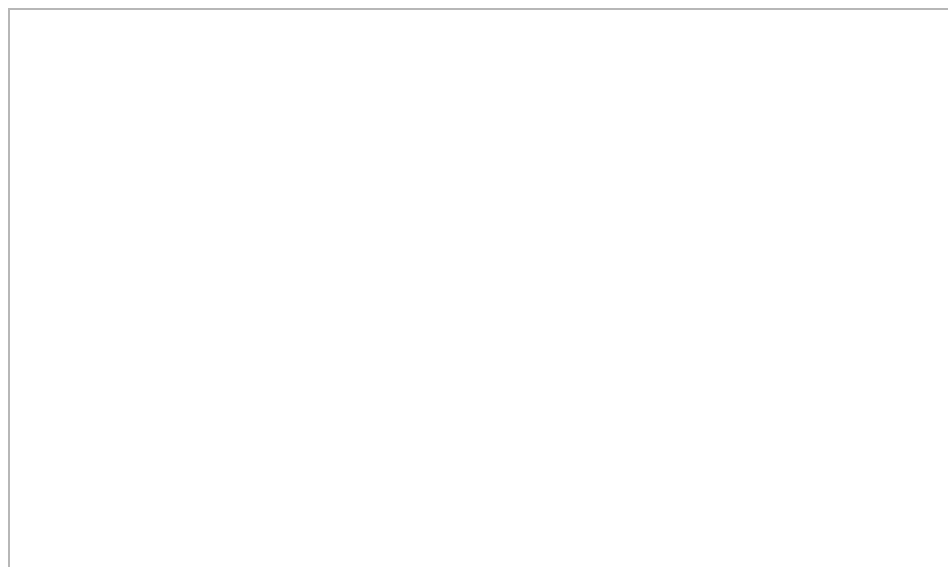
Boutique Air has established a proven track record in resuscitating air service in EAS communities which have been devastated by poor execution from prior carriers as illustrated by the passenger traffic graphs below.



Historical Traffic: Great Lakes vs. Boutique Air - Alamosa, CO (ALS)



Historical Traffic: Great Lakes vs. Boutique Air - Cortez, CO (ALS)



Proposal

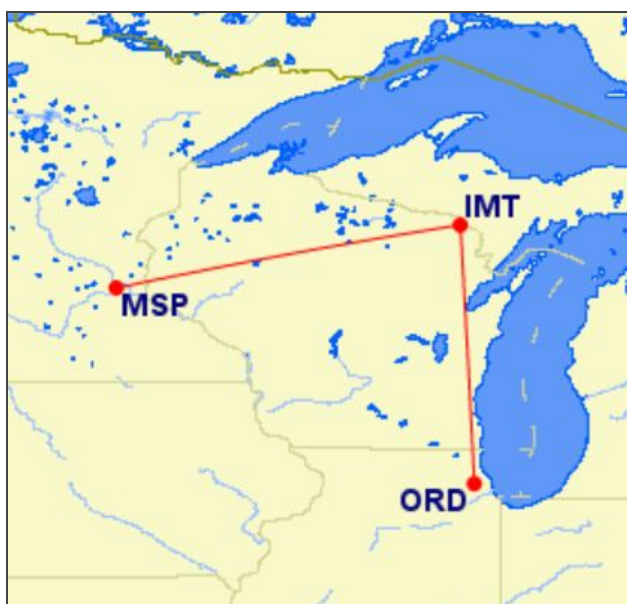
Overview

Our proposals would be flown in eight or nine-seat, modern, pressurized Pilatus PC-12 aircraft or Beechcraft King Air 350. 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.





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.

United.com: Ironwood, Michigan to Denver, Colorado and Newark, NJ

From
Ironwood, MI, US (IWD)

To
Denver, CO, US (DEN)

Departure date
Aug 28, 2020

Return date
Add return date

Search by:
☒ Price ☐ Award travel

Update

Advanced search

Departure: Ironwood, MI, US → Denver, CO, US

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

Tue 8/25 \$124	Wed 8/26 \$121	Thu 8/27 \$121	Fri 8/28 \$121	Sat 8/29 \$145	Sun 8/30 \$121	Mon 8/31 \$121
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☒ With stops \$121 Choose connecting airports

Sort flights by: Custom

Economy (lowest) Econ (flexi)

Depart	Arrive	Stops	Duration		
4:05 pm	9:09 pm	1 stop	6h 4m	Details	Seats

Includes Travel Operated By Boutique Air

\$121

Select

2 tickets left at this price

From
Ironwood, MI, US (IWD)

To
New York/Newark, NJ, US (EWR)

Departure date
Aug 28, 2020

Return date
Add return date

Search by:
☒ Price ☐ Award travel

Update

Advanced search

Departure: Ironwood, MI, US → New York/Newark, NJ, US

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

Tue 8/25 \$134	Wed 8/26 \$121	Thu 8/27 \$121	Fri 8/28 \$121	Sat 8/29 \$121	Sun 8/30 \$170	Mon 8/31 \$121
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Ironwood, MI, US (IWD) to Minneapolis/St. Paul, MN, US (MSP)

12:30 pm - 1:40 pm (1h 10m)

4B 833 | Pilatus PC-12

Operated By Boutique Air

Terminal change

1h 20m connection

Minneapolis/St. Paul, MN, US (MSP) to Chicago, IL, US (ORD)

3:00 pm - 4:35 pm (1h 35m)

UA 5343 | Embraer 175

AA.com: Ironwood, Michigan to Fort Myers and Miami, Florida

Depart Ironwood, MI to Fort Myers, FL
Thursday, August 27, 2020

① American Airlines flights may be listed first.

[Product comparison](#)

Lowest Fare Flexible < Wed, Aug 26 \$ 160 **Thu, Aug 27 \$ 160** Fri, Aug 28 \$ 180 Sat, Aug 29 \$ 180 Sun, Aug 30 \$ 180 >

Sort by: Relevance

Main Cabin **First**

IWD RSW
5:00 AM → 2:03 PM 8h 3m [1 stop](#)

IWD - ORD ■ 4B 831 ■ PL2-Pilatus PC-12
ORD - RSW ■ AA 1313 ■ 319-Airbus A319

One way
\$ 160
3 seats left

Not available

Depart Ironwood, MI to Miami, FL
Saturday, August 29, 2020

① American Airlines flights may be listed first.

[Product comparison](#)

Lowest Fare Flexible < Wed, Aug 26 \$ 126 Thu, Aug 27 \$ 131 Fri, Aug 28 \$ 131 **Sat, Aug 29 \$ 126** Sun, Aug 30 \$ 126 >

Sort by: Relevance

Main Cabin **First**

IWD MIA
5:00 AM → 12:32 PM 6h 32m [1 stop](#)

IWD - ORD ■ 4B 831 ■ PL2-Pilatus PC-12
ORD - MIA ■ AA 1411 ■ 321-Airbus A321

One way
\$ 126
1 seat left

One way
\$ 285
1 seat left

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

Iron Mountain, MI

Option 1: 24 Nonstop RTs MSP / ORD (12 MSP / 12 ORD)

	<u>PC-12</u>	<u>King Air 350</u>
Operations		
Scheduled Flights	2,496	2,496
Completed Flights (98%)	2,446	2,446
Scheduled Block Hours	2,998	2,936
Scheduled Seats	19,968	22,464
Scheduled ASMs	5,459,472	5,818,176
Revenue		
Passengers	17,372	19,544
Average Fare	\$59	\$59
Fare Revenue	\$1,024,957	\$1,153,077
Total Revenue	\$1,024,957	\$1,153,077
Expenses		
Fuel	\$840,000	\$900,296
Ownership	\$860,000	\$860,000
Maintenance	\$983,787	\$1,123,928
Crew	\$577,396	\$1,011,995
Airport Rent	\$182,180	\$350,392
Landing Fees	\$59,135	\$68,288
Staff	\$154,000	\$234,000
Insurance	\$20,000	\$20,000
Marketing	\$20,000	\$20,000
Other Indirect Costs	\$64,000	\$36,000
Corporate	\$113,924	\$136,344
Total Costs	\$3,874,422	\$4,761,243
Profit Element	\$193,721	\$238,062
Margin	5.0%	5.0%
Total Annual Subsidy Year 1	\$3,043,186	\$3,846,228
Total Annual Subsidy Year 2	\$3,104,049	\$3,923,152

