



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
On the 15th Day of December, 2020

Essential Air Service at

FORT DODGE, IOWA (FAIN 69A3452160495)¹ DOT-OST-2001-10682
MASON CITY, IOWA (FAIN 69A3452160496) DOT-OST-2001-10684

Under 49 U.S.C. § 41731 *et seq.*

ORDER SELECTING AIR CARRIER

Summary

By this Order, the U.S. Department of Transportation (the Department) is selecting SkyWest Airlines, Inc., branded as United Express (SkyWest), to provide Essential Air Service (EAS) at Fort Dodge and Mason City, Iowa, using 50-seat Bombardier CRJ-200 aircraft for the three-year term from March 1, 2021 through February 29, 2024.

At Fort Dodge, SkyWest will provide 12 weekly round trips to Chicago O'Hare International Airport (ORD) at an annual subsidy of \$3,071,656.² At Mason City, SkyWest will provide 12 weekly round trips to ORD at an annual subsidy of \$3,006,057.

Background

By Order 2016-12-28 (December 29, 2016), the Department selected Multi-Aero, Inc. d/b/a Air Choice One (Air Choice One) to provide EAS at Fort Dodge and Mason City using 9-seat Cessna Grand Caravan aircraft from March 1, 2017 through February 28, 2021. Under the terms of that Order, Air Choice One was to provide, at Fort Dodge, 12 weekly nonstop round trips to Minneapolis-St. Paul International Airport (MSP) and 12 weekly nonstop round trips to St. Louis Lambert International Airport (STL). At Mason City, Air Choice One was to provide 12 weekly nonstop round trips to MSP and 12 weekly nonstop round trips to ORD. The combined annual subsidy was \$5,899,807 (\$2,939,903 each) for the first two years of the contract, and \$5,840,809 (\$2,920,404 each) for the last two years of the contract.

As the expiration of the current contracts approached, the Department issued Order 2020-8-3 (August 6, 2020), requesting proposals from air carriers interested in providing EAS

¹ Federal Award Identification Number.

² Such subsidy is calculated and distributed on a fiscal year basis, subject to the availability of funds.

for a new contract term. In response to that Order, Air Choice One, Boutique Air, Inc. (Boutique), Key Lime Air d/b/a Denver Air Connection (DAC), and SkyWest submitted proposals for consideration.

Summary of Air Carrier Proposals

Fort Dodge										
Multi-Aero, Inc. d/b/a Air Choice One										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/Codeshare</u>
Choice 1	\$2,806,736	\$2,890,938	\$2,977,666	\$3,066,996	No	STL/MSP	18/6	Cessna Caravan/Beech 1900C	9	No
Choice 2	\$3,162,709	\$3,257,590	\$3,355,318	\$3,455,978	No	STL/ORD	12/12	Beech 1900C	9	No
Choice 3	\$2,965,116	\$3,054,069	\$3,145,692	\$3,240,062	No	STL/MSP	12/12	Beech 1900C	9	No
Boutique Air										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/Codeshare</u>
Option 1	\$2,814,437	\$2,870,725	N/A	N/A	No	MSP/ORD	12/12	PC-12	8-9	Yes
Option 2	\$2,873,511	\$2,930,981	N/A	N/A	No	MSP/STL	12/12	PC-12	8-9	Yes
Key Lime Air d/b/a Denver Air Connection (DAC)										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/Codeshare</u>
Option 1	\$2,973,984	\$3,033,464	\$3,094,133	\$3,156,016	No	MSP/STL	12/12	Metro 23	9	Yes
Option 2	\$2,841,730	\$2,898,565	\$2,956,536	\$3,015,667	No	MSP	12	Dornier 328 Jet	30	Yes
Option 3	\$3,272,572	\$3,338,023	\$3,404,784	\$3,472,880	No	STL	12	Dornier 328 Jet	30	Yes
SkyWest										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/Codeshare</u>
	\$3,071,656	\$3,071,656	\$3,071,656	N/A	Yes	ORD	12	CRJ-200	50	Yes

Mason City										
Multi-Aero, Inc. d/b/a Air Choice One										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/ Codeshare</u>
Choice 1	\$2,644,076	\$2,723,398	\$2,805,100	\$2,889,253	No	ORD/MSP	12/12	Cessna Caravan/Beech 1900C	9	No
Choice 2	\$3,064,017	\$3,155,938	\$3,250,616	\$3,348,134	No	ORD	24	Beech 1900C	9	No
Choice 3	\$2,895,758	\$2,982,631	\$3,072,110	\$3,164,273	No	ORD/MSP	12/12	Beech 1900C	9	No
Boutique Air										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/ Codeshare</u>
Option 1	\$2,794,509	\$2,850,399	N/A	N/A	No	ORD/MSP	12/12	PC-12	8-9	Yes
Key Lime Air d/b/a Denver Air Connection (DAC)										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/ Codeshare</u>
Option 1	\$2,708,134	\$2,762,297	\$2,817,543	\$2,873,893	No	ORD/MSP	12/12	Metro 23	9	Yes
Option 2	\$3,021,936	\$3,082,375	\$3,144,022	\$3,206,903	No	MSP	12	Dornier 328 Jet	30	Yes
Option 3	\$3,111,366	\$3,173,593	\$3,237,065	\$3,301,806	No	ORD	12	Dornier 328 Jet	30	Yes
SkyWest										
<u>Service Option</u>	<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Annual Subsidy (Year 4)</u>	<u>Community Support?</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>	<u>Aircraft</u>	<u>Seats</u>	<u>Interline/ Codeshare</u>
	\$3,006,057	\$3,006,057	\$3,006,057	N/A	Yes	ORD	12	CRJ-200	50	Yes

Those proposals, as well as the communities' entire dockets, may be accessed online at www.regulations.gov by entering the relevant docket number in the search field.

Community and State Comments

On September 17, 2020, the Department requested community comments regarding the air carrier selections at Fort Dodge and Mason City. Both communities supported SkyWest's proposal.

By letter dated October 13, 2020, Fort Dodge's Mayor, the Honorable Matt Bemrich, stated:

As Mayor of the City of Fort Dodge, I'm committed to providing leadership and guidance on the business decisions that will positively affect our community and its future. I therefore extend support for the SkyWest proposal of providing 12 round-trip nonstop flights per week for a three-year term to Chicago O'Hare.

By letter dated October 13, 2020, Mason City's Mayor, the Honorable Bill Schickel, stated: "As Mayor of the City of Mason City, Iowa, I support the SkyWest proposal and encourage you and the U.S. D.O.T. office to recommend awarding the EAS contract to SkyWest."

Decision

Title 49 U.S.C. § 41733(c)(1) directs the Department to consider five factors when making an air carrier selection for a community not in Alaska where basic EAS will not be

provided without compensation:³ (A) service reliability of the applicant air carrier; (B) the existence of contractual and marketing arrangements with a larger air carrier at the hub; (C) the existence of interline arrangements with a larger air carrier at the hub; (D) the preferences of the actual and potential users of the EAS, giving substantial weight to the views of the elected officials representing those users; and (E) whether the air carrier has included a plan in its proposal to market the EAS. In addition, Section 41732(b)(1)(A) requires basic EAS to include at least two daily round trips six days a week for an eligible place not in Alaska. Finally, the Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94 (Dec. 19, 2019), as extended by Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159 (Oct. 1, 2020), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers.

SkyWest's proposals meet a preponderance of the five selection criteria the Department is required to consider, and the Department finds its service and subsidy levels reasonable. Therefore, the Department is selecting SkyWest for three-year contract terms, from March 1, 2021, through February 29, 2024, at both communities as shown in the tables below:

Fort Dodge

<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>
\$3,071,656	\$3,071,656	\$3,071,656	ORD	12

Mason City

<u>Annual Subsidy (Year 1)</u>	<u>Annual Subsidy (Year 2)</u>	<u>Annual Subsidy (Year 3)</u>	<u>Hub(s)</u>	<u>Round Trips per Week</u>
\$3,006,057	\$3,006,057	\$3,006,057	ORD	12

SkyWest serves over 40 EAS communities and has earned a solid reputation for providing reliable EAS. In addition, SkyWest's codeshare with United Airlines will provide Fort Dodge and Mason City passengers connectivity and access to the national air transportation system through the ORD hub. Also, SkyWest's proposal is supported by Fort Dodge and Mason City elected officials. Furthermore, SkyWest dedicates \$20,000 to market its air service at each community.

Service Transition

The Department expects Air Choice One and SkyWest to work together to make a smooth transition at Fort Dodge and Mason City, with no hiatus in service. Before Air Choice One terminates its EAS at the communities, the Department expects the air carrier to notify all passengers holding reservations for travel after the termination date to assist those passengers in making alternate air transportation arrangements, or to provide a full refund of the ticket price, without penalty, if requested. Should SkyWest need additional time to begin its EAS at each community, the Department will extend the terms of Order 2016-12-28 until the date when SkyWest commences full EAS at Fort Dodge and Mason City.

³ The Department did not receive any proposals to provide service to the communities without subsidy.

Reminder About EAS Eligibility

To remain eligible for EAS, communities must comply with all applicable EAS eligibility requirements. Title 49 U.S.C. § 41731(a)(1)(B) provides that a community must maintain an average of 10 enplanements per service day, as determined by the Secretary of Transportation, during the most recent fiscal year, to remain eligible for EAS. Locations in Alaska and Hawaii, and communities that are more than 175 driving miles from the nearest large or medium hub airport, are exempt from this requirement. Fort Dodge and Mason City are subject to this requirement.

Further, the Department of Transportation and Related Agencies Appropriations Act, 2000, Pub. L. No. 106-69 (October 9, 1999), prohibits the Department from subsidizing EAS to communities located within the 48 contiguous States that require a subsidy per passenger amount exceeding \$200 (“Subsidy Cap”), unless the community is located more than 210 miles from the nearest large- or medium-hub airport. Fort Dodge and Mason City are subject to this requirement. EAS communities within the 48 contiguous States are also subject to an additional \$1,000 subsidy per passenger cap, regardless of the distance to a hub airport.⁴

The Department expects Fort Dodge and Mason City to work with SkyWest to ensure that each of their communities complies with EAS eligibility requirements. Communities that fail to comply with the applicable above requirements may risk having their eligibility in the EAS program terminated. In the event the Department terminates a community’s eligibility for EAS due to lack of compliance, that action will supersede this Order.

Air Carrier Fitness

Title 49 U.S.C. §§ 41737(b) and 41738 require that the Department find an air carrier fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. SkyWest is subject to the Department’s continuing fitness requirements, and no information has come to the Department’s attention that would cause the Department to question the air carrier’s fitness at this time. The Federal Aviation Administration has not raised any concerns that would negatively affect the Department’s fitness findings. The Department therefore concludes that SkyWest is reliable and fit to conduct the operations proposed at Fort Dodge and Mason City.

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR § 1.25a(b)(6)(ii)(D).

ACCORDINGLY,

1. The Department selects SkyWest Airlines, Inc. to provide Essential Air Service at Fort Dodge and Mason City, Iowa, for the three-year term from March 1, 2021, through February 29, 2024, and establishes the annual subsidy rates as described in Appendix B;
2. The Department makes this selection contingent upon receiving properly-executed certifications from SkyWest Airlines, Inc. that it is in compliance with the Department’s

⁴ See 49 U.S.C. § 41731(a)(1)(C).

regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;⁵

3. The Department directs SkyWest Airlines, Inc. to retain all books, records, and other source and summary documentation to support claims for payment, including copies of flight logs for aircraft used to provide EAS under this Order and sold or disposed of, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. This documentation shall be retained for three years from the last day of service under this Order, or such longer period as the Department may notify the air carrier. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;

4. The Department finds SkyWest Airlines, Inc. fit, willing, and able to operate as a certificated air carrier, and capable of providing reliable Essential Air Service at Fort Dodge and Mason City, Iowa;

5. These dockets will remain open pending further Department action; and

6. The Department will serve this Order on the mayors of Fort Dodge and Mason City, Iowa, the Director of Aviation at Fort Dodge Regional Airport and the Airport Manager at Mason City Municipal Airport, Boutique Air, Inc., Multi-Aero, Inc. d/b/a Air Choice One, Key Lime Air d/b/a Denver Air Connection, and SkyWest Airlines, Inc.

By:

David E. Short
Deputy Assistant Secretary
for Aviation and International Affairs

(SEAL)

An electronic version of this document is available at
<http://www.regulations.gov>

⁵ The certifications are available online under "Reports and Publications" at <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

SkyWest Proposal at Fort Dodge and Mason City, Iowa

SkyWest Airlines Essential Air Service Bid 09/16/2020		
	FOD ORD	MCW ORD
Number of Round Trips Per Week	12	12
Aircraft Type	CRJ	CRJ
Passenger Revenue		
Passengers	28,000	29,000
Average Fare	\$ 107.00	\$ 99.00
Revenue	\$ 2,996,000	\$ 2,871,000
Block Time		
Trip Block Time (minutes)	81	79
Total Scheduled Block Time	1,685	1,643
Total Completed Block Time	1,581	1,542
RPMS		
Passengers	28,000	29,000
Stage Length	325	289
Total RPMs	9,100,000	8,381,000
ASMs		
Scheduled Departures	1,248	1,248
Competed Departures	1,200	1,200
Stage Length	325	289
Available Seats	50	50
Total ASMs	19,507,332	17,346,520
Expenses		
Marketing Costs	\$ 20,000	\$ 20,000
Direct Operating Expenses	\$ 4,297,424	\$ 4,131,941
RPM Related	\$ 114,780	\$ 118,879
Departure Related	\$ 1,164,708	\$ 1,164,708
ASM Related	\$ 181,808	\$ 161,670
Total Expenses	\$ 5,778,720	\$ 5,597,197
Operating Income (loss)	\$ (2,782,720)	\$ (2,726,197)
5% Profit Margin	\$ 288,936	\$ 279,860
Annual Subsidy Requirement	\$ 3,071,656	\$ 3,006,057
Effective Subsidy Rate Per Unit		
Subsidy Per Trip	\$ 2,559	\$ 2,504
Subsidy Per Passenger	\$ 110	\$ 104
Load Factor	47%	48%

SkyWest Airlines, Inc.
Essential Air Service to be provided at Fort Dodge, IA
Docket DOT-OST-2001-10682

Annual Subsidy: \$3,071,656

Effective Period: March 1, 2021, through February 29, 2024

Scheduled Service: 12 weekly round trips

Hub: Chicago O'Hare International Airport (ORD)

Aircraft: 50-seat CRJ-200

Rate per Eligible Flight: \$2,560¹

Weekly Ceiling: \$61,440²

Note: The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the Order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated service amounts, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

Funds may not be available for performance under this order beyond December 11, 2020. The Government's obligation for performance under this order beyond December 11, 2020, is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this order beyond December 11, 2020, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond December 11, 2020, the Department will provide notice in writing to the carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31; August claims must be submitted by November 30, and so on.

¹ Annual compensation of \$3,071,656 divided by the 1,200 annual departures (24 weekly departures x 52 weeks x 96 percent completion + 2).

² 24 arrivals and departures per week multiplied by \$2,560 per flight.

SkyWest Airlines, Inc.
Essential Air Service to be provided at Mason City, IA
Docket DOT-OST-2001-10684

Annual Subsidy: \$3,006,057

Effective Period: March 1, 2021, through February 29, 2024

Scheduled Service: 12 weekly round trips

Hub: Chicago O'Hare International Airport (ORD)

Aircraft: 50-seat CRJ-200

Rate per Eligible Flight: \$2,505¹

Weekly Ceiling: \$60,120²

Note: The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the Order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated service amounts, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

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¹ Annual compensation of \$3,006,057 divided by the 1,200 annual departures (24 weekly departures x 52 weeks x 96 percent completion + 2).

² 24 arrivals and departures per week multiplied by \$2,505 per flight.