

ESSENTIAL AIR SERVICE AT
Quincy, Illinois



Tecnam P2012 Traveler



Pilatus PC-12



Saab 340 B



King Air Super 200



Cessna Grand Caravan

America's Most Reliable Commuter Airline

SOUTHERN

UNDER 49 U.S.C. § 41731 ET SEQ.

BY ORDER 2022-5-19 |

DOT-OST-2003-14492

**Proposal to Provide Subsidized
Essential Air Service**

By Order 2022-5-19, the Department requested proposals from carriers interested in providing Essential Air Service to Quincy, Illinois. Pursuant to that Order, Southern Airways Express LLC ("Southern") cordially submits this proposal.

**Correspondence with regard
to this document should be
addressed to:**

Stan Little
CHAIRMAN & CEO

2875 South Ocean Boulevard,
Palm Beach, Florida, 33480

(901) 672-7820
iFlySouthern.com

Southern Airways Express hereby offers a proposal to become the air service provider at the Quincy Regional Airport. The proposal is for a period of two or four years.

The Southern Story

The first Southern Airways flight departed from Memphis, Tennessee, in June of 2013. At the time, the company owned just two airplanes and employed only three pilots. Now, less than ten years later, it has become one of the largest commuter airlines in the United States, operating over 240 daily departures across six time zones, and establishing itself as a respected national presence in the airline community. Much of Southern's success can be attributed to its targeted expansion of scale and stability, its groundbreaking initiatives to solve the industry-wide pilot shortage, and its operation of the most reliable and modern aircraft.

After having acquired Sun Air International in 2016, and with Southern's Essential Air Service markets receiving near-perfect completion rates in 2019, the opportunity to make another acquisition presented itself. Mokulele Airlines had been in operation in Hawaii since 1994 and was very similar to Southern.

With this acquisition, Southern became one of the largest and most-respected commuter airlines in the country. Since the acquisition of Mokulele, Palm Beach-based Southern Airways has expanded into the Northeast, offering daily routes from the island of Nantucket to three communities in New England. It has also solidified its footprint in Southern California, expanded to the Rocky Mountains, and is the ticketing and call center platform for a seaplane operation conducting flight from Manhattan, the Hamptons, and Boston Harbor.

In 2021, Southern completed over 99.3% of its more than 64,000 scheduled flights and led all commuter airlines in on-time performance.

Spring 2016: Southern doubles in size

Winter 2017: Southern doubles in size

Winter 2019: Southern doubles in size



It's ALL About Pilots, and We Have Them!

Southern Solves the National Pilot Shortage

Entire aircraft fleets have been retired in the past decade, and many American carriers have ceased operations as a direct result of not being able to recruit and retain adequate numbers of crew members. Southern recognized this issue early and began taking steps to position itself for competitive advantage.

Southern's Chairman served as a member of the Department of Transportation Working Group to study these issues and help alleviate the problems related to rural air service. Since that time, Southern has implemented groundbreaking programs to recruit and retain quality pilots, including the *Southern Senior Leadership Program* and the *Southern Airways Pilot Cadet Program*. In addition, the airline has a full-time recruiting staff dedicated to bringing the best and brightest candidates to Southern Airways. The company's pilot corps numbers are among the best in the industry and promise a very positive 2022 and beyond.

As demonstrated by its controllable completion rates which have led the industry since November of 2017, Southern has rarely canceled a flight due to crew availability. Now that the COVID pandemic has subsided and travel has rebounded, a pilot hiring frenzy is taking place at all major carriers and regional airlines. Southern's pilot recruiting and retention strategies have insulated the airline from the adverse effects of the recent pilot shortage trends. In 2021, Southern trained over 150 new pilots—keeping the airline properly staffed for the months and years to come. Southern is the only commuter airline that has a fully-developed pilot pipeline that has kept the pilot corps 100% staffed since November 2017. Since January, Southern has hired almost 120 pilots, setting 2022 up to be the best year for recruitment thus far.



FACEBOOK.COM/IFLYSOUTHERN



INSTAGRAM.COM/FLYSOUTHERN



PINTEREST.COM/IFLYSOUTHERN



TWITTER.COM/IFLYSOUTHERN



YOUTUBE.COM/USER/IFLYSOUTHERN

FUN FACT: Southern will have 30 additional captains by the end of July of 2022 WITHOUT needing to make a single new hire!

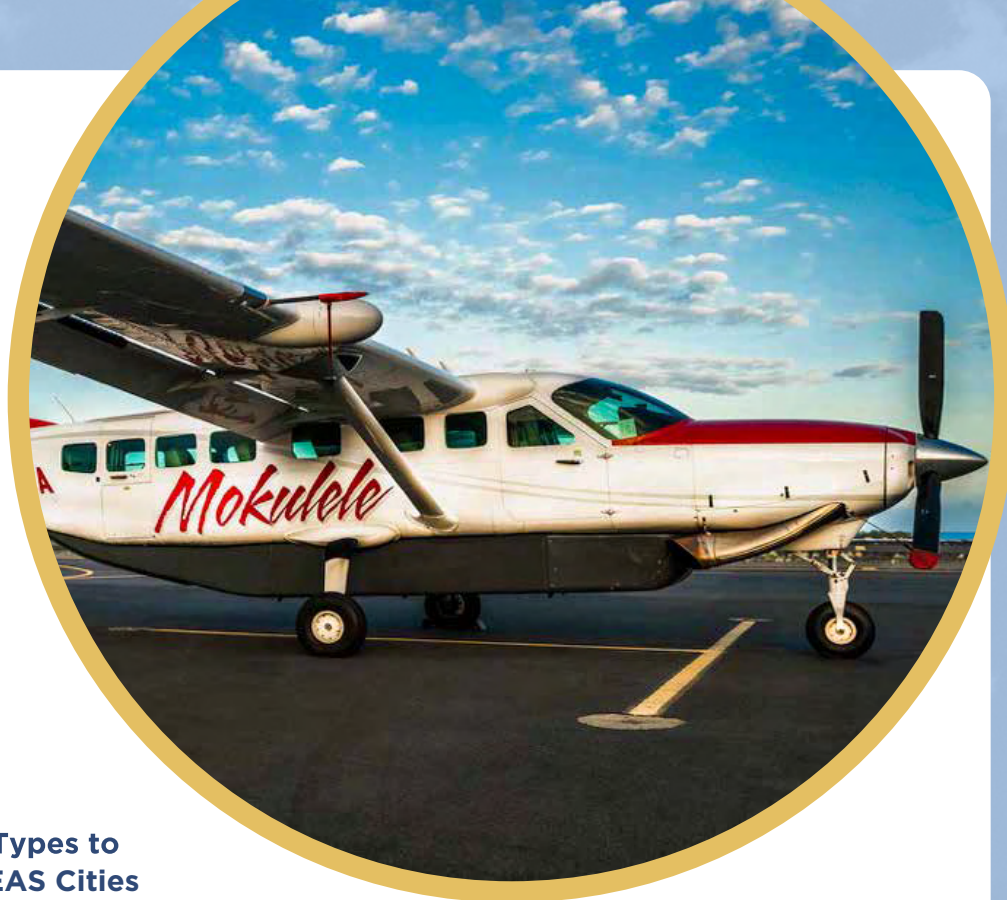


Southern's Spokes-singer Sonny McFly performs the airline's jingle in its television and radio commercials as well entertaining at live events in communities served by Southern

Sonny McFly

“Voted as the best Specialty & Leisure Airline in the USA”

— Trip Advisor, April 2019



Southern Offers Multiple Fleet Types to meet the Varying Demands of EAS Cities

Southern Airways has built its reputation of being the most reliable commuter airline in the country by creating captains on the Cessna Grand Caravan. Within the last year, Southern has expanded its operations to include multiple aircraft types. Some communities, due to their distance from the hub airport or topography limitations, need the speed and altitude that only a pressurized aircraft can deliver. Other airports, that are closer to the hubs, can operate a high-frequency schedule on a more efficient and economical aircraft.

The Cessna Grand Caravan

In most markets, Southern intends to continue its reliable, low-fare service by using the 9-passenger turboprop Cessna Grand Caravan. The Caravan is the best 9-seat aircraft in existence to offer a cost-sensitive air solution to Essential Air Service communities. The roomy and comfortable Cessna Grand Caravans have allowed Southern to set enplanement records in many of the communities that we serve. Passengers enjoy the Caravan for the large amount of personal space that each person is afforded as well as for the large cargo pods, that allow for over-sized suitcases, golf clubs, and other larger checked bags.

The Saab 340B

Southern Airways is proud to offer a new aircraft type to the fleet, the time-tested Saab 340. The Southern Saab is a high-performance, twin turbo-prop aircraft perfect for rural communities that have a need for extra lift during certain peak times. This cabin-class, 30-seat aircraft can supplement regular Cessna Grand Caravan service throughout busy travel seasons or during certain day-parts where historical high demand is evident.

The Southern Saabs were obtained initially to support the Mokulele operation in Hawaii, but with increased opportunity in other regions, this aircraft type can provide the perfect blend of regular and enhanced scheduled air service.



Cessna Grand Caravan



Saab - 340B

Southern Airways

By the Numbers

248 Daily Departures

40,000 Monthly Passengers

650 Employees

270 Pilots

50 Aircraft

49
*Amazing
Destinations*

IN THE MID-ATLANTIC:

Bradford, Penn.

DuBois, Penn.

Lancaster, Penn.

Morgantown, W.Va.

IN NEW ENGLAND

Boston/Harbor, Mass.

Boston/Norwood, Mass.

Bridgeport, Conn.

Hyannis, Mass.

New Bedford, Mass.

Providence, R.I.

IN NEW YORK

East Hampton

Montauk

Shelter Island

IN THE GULF:

Destin, Fla.

Harrison, Ark.

Jackson, Tenn.

El Dorado, Ark.

Hot Springs, Ark.

Jonesboro, Ark.

ON THE WEST COAST

Imperial/El Centro, Calif.

Show Low, Az.

IN THE ROCKIES:

Chadron, Neb.

IN HAWAII:

Hana

Kapalua

Kona

Molokai

Hilo

Kalaupapa

Lānaʻi City

Waimea-Kohala

IN THE FAR PACIFIC:

Guam

Rota

Saipan

Tinian

15 HUB/FOCUS CITIES:

Atlanta

Dallas/Ft. Worth

Denver

Honolulu

Kahului

Los Angeles

Las Vegas

Memphis

Nashville

Nantucket

New York City

Phoenix

Pittsburgh

St. Louis

Washington-Dulles



Morgantown, W.Va.

ALL MAJOR DISTRIBUTION CHANNELS

Southern invests a considerable portion of its marketing budget to promote its service to traditional travel agents and to internet shoppers who purchase tickets through online travel agencies.

MAJOR GLOBAL DISTRIBUTION SYSTEMS:

Sabre
Amadeus
Worldspan
Galileo
Travelport
Apollo

MAJOR ONLINE TRAVEL AGENCY WEBSITES:

Expedia
Travelocity
Orbitz
Kayak
Priceline
Cheaptickets

amadeus

Sabre

Travelport 

KAYAK

ORBITZ

priceline.com

 Expedia


travelocity

Atlanta



Southern's interline partners American, Alaska, and United.

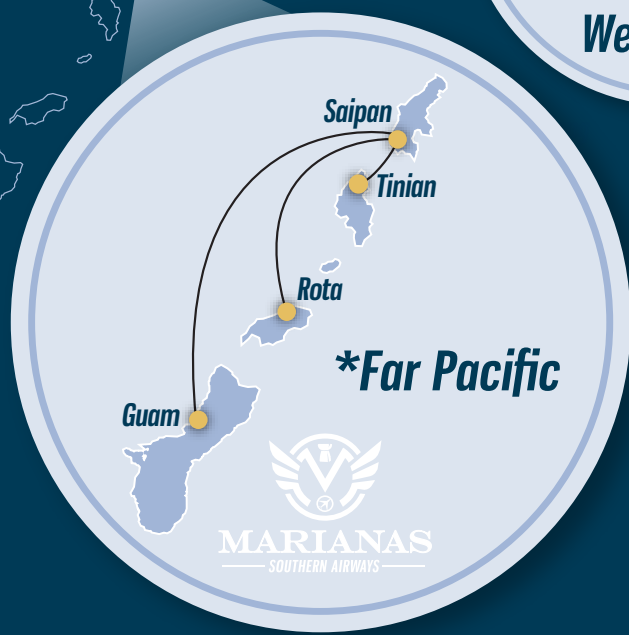
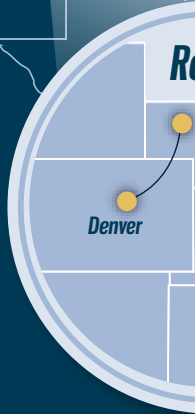
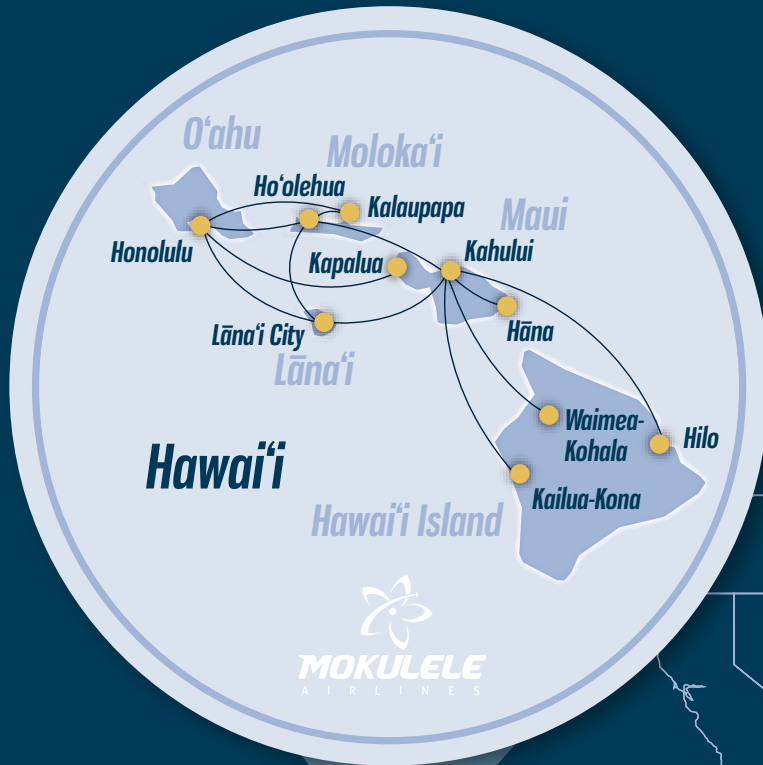
Southern is interline partners with three major airlines. This means seamless ticketing and baggage connections to and from your final destination.

American Airlines 

Alaska®

UNITED 





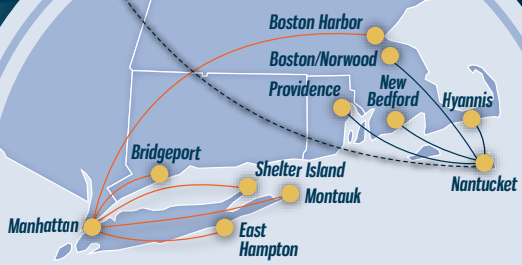
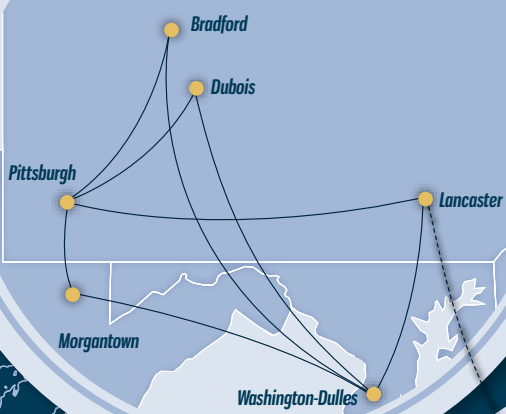
Route Map

Now serving 49 cities with
250 daily departures

MAP KEY

Weekend
* SERVICE BEGINS SUMMER

Mid-Atlantic



New York / New England

Seaplane routes
operated by: **TAILWIND**
TRAVEL FASTER



Gulf

Rockies

Chadron

WAYS

lap

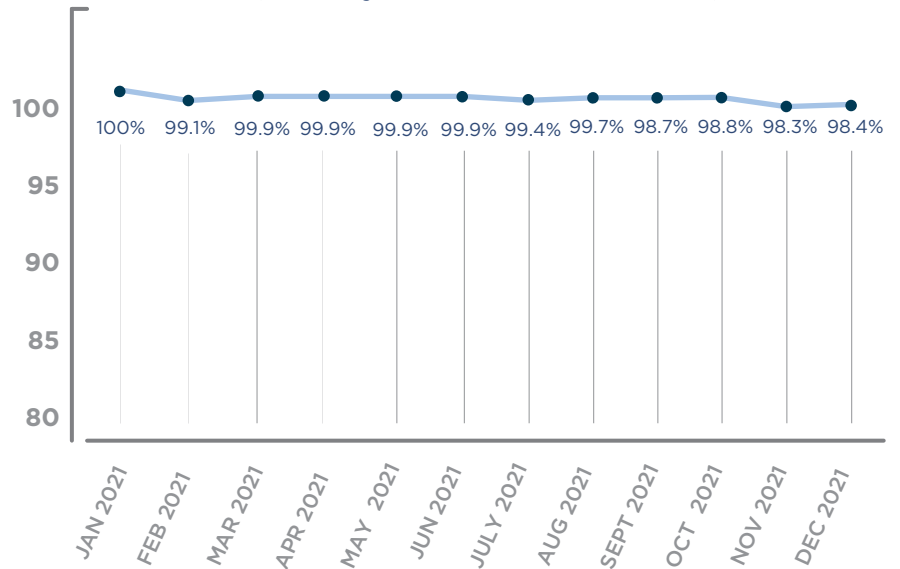
with over
es!

ER 2022

Consistency in the Marketplace

Southern has been one of the top-performing EAS airlines in the country with controllable completion rates setting the industry standard. Further, Southern does not compare its on-time performance against other commuter airlines. Instead, Southern compares its operational statistics against the biggest and best in the industry. Both airlines operated by Southern Airways Corporation have been industry leaders in these categories.

**2021 EAS Controllable Completion
(January 2021 - December 2021)**



Hot off the Press!



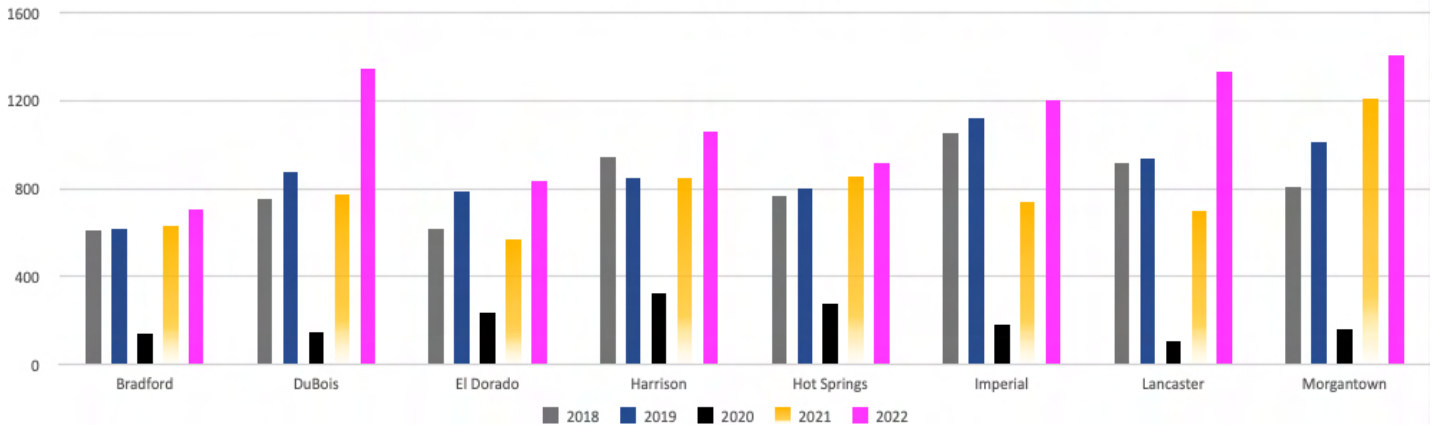
Southern was recently featured in the international magazine *Airliner World*!

Southern's new in-flight magazine, *Cloud 9*, hit the sky in November 2020!

Did you know?

Despite having multiple proposals for regional jet service, every Arkansas city selected to stay with Southern for another two years!

Southern Airways Cities See Record May Passenger Counts in 2022



ADDITIONAL ACCOMPLISHMENTS

HARRISON, AR 2018, Over 10,000 passengers for only the third time in the last two decades.

BRADFORD, PA Two consecutive months of record-setting passenger counts (April and May 2022).

MORGANTOWN, WV Eight consecutive months of record-setting passenger counts for Southern. (July 2019 - February 2020).

EL DORADO, AR 2019, The second-highest number of passengers per departure in the last 15 years.

LANCASTER, PA Fiscal Year 2019, The lowest subsidy-per-passenger in five years.

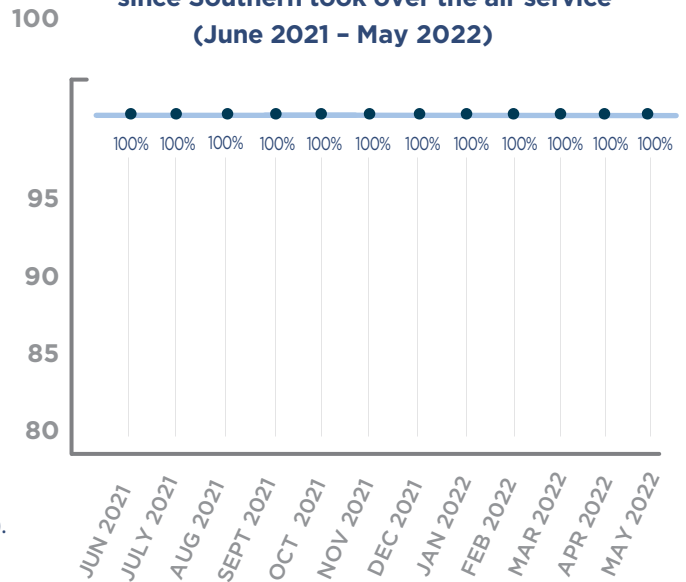
EL CENTRO/IMPERIAL, CA Fiscal Year 2019, Under the \$200 Subsidy Cap.

HOT SPRINGS, AR 2019, Highest passenger count on record.

DUBOIS, PA Highest monthly passenger count of all time (May 2022).

365 Days WITHOUT an Operational Cancel!

Chadron, Nebraska Controllable Completion since Southern took over the air service (June 2021 - May 2022)



Becoming the Best Commuter Airline in America

Southern Airways is the fastest growing airline in America. This explosive rate-of-growth is attributed to many factors. Below are a few of the improvements that Southern has made over the past few years that has positioned the airline to become "The Best Commuter Airline In America."

- Southern has secured interline agreements with American, Alaska, and United Airlines.
- Southern developed the most robust pilot recruiting program in the country. As a result of five full years of pilot recruiting, training, and retention, Southern is now poised to provide reliable service for the next decade.
- Southern developed SIREN, a proprietary software program that automatically updates passengers of delays by text, email, and voice.
- Southern moved its crew-basing away from the hubs, an involved process that included the recruiting of new pilots wishing to live in smaller communities. Now completed, this move assures the originating flight to the hubs and the terminating flight into the EAS communities every day.
- Southern implemented online check-in.
- Southern has upgraded all outdated arrival and departure boards at the hometown airports to digital monitors that are updated throughout the day with flight status information.
- In Fiscal Year 2019, Southern brought all of its EAS airports into subsidy compliance.
- Southern joined TSA PreCheck.
- Southern pioneered a passenger intercept data collection and reporting system to provide the local airports and their governing boards with passenger demographic data, including passengers' home ZIP codes and final destinations.
- Southern increased its call center and customer service center to 24 hours per day, 365 days a year.
- **New***
Southern will unveil its custom-designed booking app in summer of 2022, allowing customers to easily book, check-in, and get flight status updates on their iOS or android device.

TSA Pre✓



SOUTHERN: The Airline for Your Community



1. Mississippi State fans ringing cowbells on the Southern Airways MD-80 charter to Miami for the Orange Bowl!
2. One of Southern's trademark customer appreciation ramp parties
3. Southern sponsors community events throughout the year
4. Southern engages the local airports, like when we bet the Harrison. Arkansas airport director on the outcome of the 2020 Ole Miss versus Arkansas football game... and lost! Southern sold \$5.00 tickets to Dallas for losing.



ENPLANEMENT INITIATIVES

Southern Airways has developed a number of proprietary business development and enplanement initiatives that can be customized to each marketplace. Many of these programs have already been launched across the Southern system. Full implementation of the Initiative Suite will happen in 2022 in all Southern Airways markets.



Fueling the Local Economy



Southern is committed to being a good airport partner and an asset not just to the aviation community, but to the entire area as a whole. To this extent, Southern pledges to purchase as much competitively-priced fuel in its hometown airports as weight and balance restrictions allow.

From a finance prospective, Southern's obligation as the EAS provider must be to operate as cost-effectively as possible in an effort to manage the subsidy. If while doing so, Southern can also purchase fuel in the out-stations, then both the airline and the local community benefit.

AS THE FOLLOWING BIDS ARE BEING REVIEWED, PLEASE CONSIDER:

Southern's commitment to reliable service and long-term sustainability is evidenced by its commitments to the hometown airports. Through solving problems related to the National Pilot Shortage, creating interline partnerships, and providing consistent executive level "boots on the ground," Southern has developed a strong platform for growth in all of its communities.

Southern Airways Express believes that our proposal will provide an unsurpassed level of service, grow enplanements, seamlessly connect passengers to the world's transportation infrastructure, and provide the local community with a sustainable airline partner for both the local passengers and the visitors traveling to the community. Southern further believes that it is the right partner to deliver the above benefits while also maintaining compliance with all Department of Transportation requirements for continued participation in the Essential Air Service program.

Respectfully submitted,

R. Stan Little Jr.
Chairman & Chief Executive Officer
Southern Airways Express, LLC



Quincy Proposal

	Option A C-208	Option B C-208
Annual Round Trips		
UIN-STL	24	18
UIN-ORD	12	18
Total	36	36
Operating Revenues		
UIN-STL	\$620,536	\$502,250
UIN-ORD	\$500,544	\$809,750
Total Operating Revenues	\$1,121,080	\$1,312,000
Operating Expenses		
Flying Operations	\$1,673,621	\$1,900,005
Fuel and Into Plane	\$1,153,192	\$1,314,698
Maintenance	\$858,942	\$968,950
Aircraft	\$416,700	\$416,700
Indirect	\$537,994	\$540,222
Total Operating Expenses	\$4,640,449	\$5,140,575
Operating Loss	\$3,519,369	\$3,828,575
Profit Element (5%)	\$232,022	\$257,029
Compensation Required	\$3,751,391	\$4,085,604
Compensation per Pax	\$197	\$199
Compensation per Departure	\$1,017	\$1,108
Annual Seats	33,192	33,192
Annual Passengers	19,000	20,500
Load Factor	57%	62%
Departures	3,688	3,688
Average Fare	\$59	\$64
Completion Factor	98.5%	98.5%
Compensation Required Year 1	\$3,751,391	\$4,085,604
Compensation Required Year 2	\$3,845,176	\$4,187,744
Compensation Required Year 3	\$3,941,305	\$4,292,438
Compensation Required Year 4	\$4,039,838	\$4,399,749

SCHEDULE:

Upon the community's selection of the preferred option, Southern will work with local officials to develop an optimized flight schedule.

STATUS	VENDOR	VENDOR	PROJECTED SPEND
Proposed	Local Newspaper	Newspaper	\$3,000
Proposed	Television	Cable/Broadcast	\$4,000
Proposed	Local Radio	Radio	\$5,000
Proposed	Enhanced Digital	Digital	\$3,000
Proposed	Community Sponsorships	Chamber, CVB, Etc	\$6,000
Proposed	Customer Appreciation Party	Live Airport Event	\$4,000
Total			\$25,000

Southern targets a marketing budget of \$25,000 per year until its enplanement goal is reached.



We fly to make your day!

Sonny McFly




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