

Letter No. 22-69

June 22, 2022

Michael Martin
U.S. Department of Transportation
EAS & Domestic Analysis Division
1200 New Jersey Ave., SE
Washington, DC 20590
202-366-9967

Reference: Cape Girardeau Essential Air Service DOT-OST-2005-20736 and Order 2022-3-8

Dear Mr. Martin,

Background – This letter constitutes the official comments of Cape Girardeau Regional Airport Board, which is the official governing body of the airport (CGI), on the matter of Essential Air Service (EAS) proposals received in response to the Department's March 11, 2022, request for Cape Girardeau service proposals. The request for proposals was the result of the March 10, 2022, notice of termination of service filed by SkyWest Airlines regarding its current EAS contract at Cape Girardeau.

In response to the May 11 RFP deadline, three carriers; Boutique Air, Contour Air and Southern Airways Express offered proposals to provide Cape Girardeau EAS.

Summary of EAS Proposals – Boutique Air's proposal would provide 28 weekly round trip flights between Cape Girardeau and Nashville Baltimore (BNA), using single engine 8-passenger PC-12 aircraft. 25,800 annual passengers are forecast on approximately 25,200 annual seats with a load factor of 102.3%. First year subsidy would be \$5,136,776 with a 2% subsidy inflation in year two of service.

Southern Airways Express offered two proposals, all operated with 9-passenger Caravan or PC-12 single engine aircraft.

Option A called for 24 weekly round trips (all Caravan) to either Nashville or St. Louis, 16,000 annual passengers, a 72% load factor and a first-year subsidy of \$2,954,416 with a 2.5% second year subsidy inflation.



Option B called for 30 weekly round trips, 23 to Nashville or St. Louis and 7 to Chicago (ORD) with the ORD service operated with PC-12 aircraft. 21,000 annual passengers are forecast with a 78% load factor and a first-year subsidy of \$4,163,203 with a 2.5% second year subsidy inflation.

Contour Airlines offered 12 weekly round trips to Nashville, operated with a 30-seat regional jet. 28,080 annual passengers are forecast on 37,440 seats with a 75% load factor. First year subsidy would be \$5,485,833 with a 7% annual subsidy inflation.

SkyWest Option - The Airport Board also considered the option of allowing incumbent EAS provider SkyWest Airlines to rescind its EAS termination notice based on SkyWest's suggestion to Cape Girardeau that it would pair Cape Girardeau service with either Decatur or Paducah effective this summer for an indefinite period. This proposal also included the plan that eventually SkyWest would restore Cape Girardeau service to two round trips to United hubs, using a FAA Part 135 30-seat regional jet operated under DOT Part 380 Public Charter rules. We greatly appreciate the service SkyWest has provided us the past few years.

Analysis of New Service Proposals – The Airport Board conducted a careful analysis of the three carrier air service proposals plus the option of remaining with SkyWest pending their roll out of the 30-seat regional jet product.

The Boutique Air and Southern Airways Express proposals are all single engine service proposals, and we decline, at this time, to waive our rights to twin engine service.

The SkyWest proposal to restore Cape Girardeau to two nonstop round trips at some future date with an undefined Part 135/Part 380 product is difficult to evaluate because there is no detail on what the product will look like in terms of code share, ticket and bag agreement, pricing and hub route. There is also no timeline as to when that product would replace the current reduced service (paired with other cities) with the restoration of all nonstop service.

Contour has provided outstanding service to eight EAS cities (ten effective July 1). Nashville is a hub for Southwest Airlines and has significant Ultra-Low-Cost Carrier (ULCC) service. This concentration of low fare service means that network service, including that of Contour's interline partner American, is somewhat disciplined.

Recommendation – The Cape Girardeau Regional Airport Board respectfully declines the Boutique and Southern Airways Express single engine service proposals. We will not, at this time, waive our rights to twin engine service.

We strongly considered recommending the retention of the existing, reduced SkyWest service pending the roll out of the new SkyWest Part 135/Part 380 30-seat air service product. SkyWest has done a wonderful job serving our market for more than five years.



However, the SkyWest future service product remains ill-defined. The Contour services at Tupelo, Macon, Parkersburg and Beckley (among others) are well defined and well received by those communities.

Therefore, we recommend to the DOT that Contour Airlines be designated our new EAS carrier and that a DOT Order to that effect be issued as quickly as possible so the carrier can assume our EAS on or before October 1, 2022.

We have guidance to request a waiver in order for our EAS contract award to Contour to be via conventional EAS regulations. Therefore, Cape Girardeau requests that the Secretary waive 49 USC 41732(a), which states that basic EAS is scheduled air transportation. The proposal submitted by Contour Airlines is for public charter service, not scheduled air transportation as defined by Department's regulations. If the Secretary grants a waiver, we request that it be for a limited period of time, the duration of this EAS contract.

We appreciate that moving this process through via conventional EAS is not standard procedure. At the same time, it is critical that the Department quickly review and approve our recommended new air service by Contour Airlines and issue the appropriate order. Therefore, we request the Secretary grant the aforementioned waiver by June 15, 2022, in order to expedite EAS contract award. If a waiver cannot be granted by June 15, we will pivot to the more conventional AEAS grant application process and have the application before the Department by June 17, 2022.

Thank you for your ongoing efforts to support small community air service and for providing this opportunity to comment on proposals to provide airline service to the Cape Girardeau Regional Airport.

Sincerely,



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City Manager

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