



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

Issued by the Department of Transportation
on the 5th of August, 2020

Essential Air Service at

ESCANABA, MICHIGAN

Under 49 U.S.C. § 41731 *et seq.*

DOT-OST-2003-15128

ORDER REQUESTING PROPOSALS

Summary

By this Order, the U.S. Department of Transportation (the Department) is requesting proposals from air carriers interested in providing Essential Air Service (EAS) at Escanaba, Michigan, for a new contract term beginning January 1, 2021, with or without subsidy. Air carriers should file proposals no later than September 9, 2020.

Background

By Order 2018-6-18, issued June 26, 2018, the Department selected SkyWest, branded as Delta Connection, to provide EAS at Escanaba for the two-year contract term from January 1, 2019, through December 31, 2020. SkyWest was selected to provide 12 round trips per week to Detroit Metropolitan Wayne County Airport (DTW) using 50-passenger Canadair Regional Jet CRJ-200 (CRJ-200) aircraft for an annual subsidy of \$3,017,718.

The complete public file for EAS at Escanaba may be accessed online through the Federal Docket Management System at www.regulations.gov by entering the community's docket number in the "Search" field.

Request for Proposals: General Requirements

The Department is requesting proposals from air carriers interested in providing EAS at Escanaba, with subsidy support if necessary, for a new contract period beginning January 1, 2021. Air carriers should file their proposals no later than September 9, 2020. The proposals will then be uploaded to www.regulations.gov, thereby making them public. Shortly afterwards, the Department will provide a summary of the proposals to the community and ask them to submit their final comments.

The Department expects clear, well-documented proposals that will facilitate their evaluation by the community and the EAS team.¹ Air carrier proposals should be submitted to the Department with all materials merged into a single document. In addition, proposals should be formatted to be viewed online. In order to evaluate air carrier proposals, the Department requires that air carriers adequately describe the service being proposed and the annual amount of subsidy being requested, if any. The Department requests that proposals include information concerning proposed schedules, projected block hours, and financial data supporting subsidy requests including information on projected expenses and revenues. In cases where an air carrier proposes to provide EAS without subsidy and the Department determines that basic EAS, as required by 49 U.S.C. § 41732, can be reliably provided without such compensation, the Department typically will not proceed with the air carrier selection case. Instead, the Department will simply rely on that air carrier's subsidy-free service as proposed. Lastly, the Department expects that air carriers will have completed due diligence regarding any community-specific operational requirements. Air carriers should prepare their proposals with every expectation that, should they be selected by the Department, they will be able to commence full EAS as described in their proposal on the first day of the new contract term.

Interested air carriers should prepare their proposals with the understanding that their initial proposals will represent their *final* and *only* proposals. However, the Department retains the discretion to negotiate proposals with air carriers when it deems it desirable; in such cases, the Department will give all applicants the same opportunity. The Department also retains the discretion to re-solicit a new round of proposals, in the event that all proposals received are rejected due to being unreasonable or unrealistic.

Proposals should provide sufficient capacity to accommodate historical levels of traffic with, as a general matter, service to a large- or medium-hub airport that provides numerous connecting opportunities to the national air transportation system.² In order to assist air carriers in developing traffic and revenue projections for their proposals, the Department has provided a summary of recent historical passengers in Appendix B.³ The Department encourages air carriers to work with the community as they prepare their proposals in order to craft a service proposal that meets the community's needs with subsidy requirements that remain competitive. As always, the Department will fully consider the community's and State's views before making a long-term air carrier decision.

¹ In selecting an air carrier to provide subsidized EAS for an eligible place not in Alaska, 49 U.S.C. § 41733(c)(1) directs the Department to consider five factors: (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 the users; and (e) whether the air carrier has included a plan in its proposal to market its service to the community. And the Further Continuing Appropriations Act, 2020, Pub. L. No. 116-94 (Dec. 19, 2019) authorizes the Department to consider the relative subsidy requirements of the applicant air carriers. Interested air carriers should also be aware that the general provisions governing Essential Air Service will be included in the selection Order as part of our authorization of subsidy for the selected service. Appendix C of this Order contains those general provisions.

² For basic EAS where the nearest hub airport is more than 400 miles from the eligible place, service to a small hub or nonhub airport is acceptable. 49 U.S.C. § 41732(a)(2). Under certain circumstances, the Department may also require service from the eligible place to two (but not more than two) hubs.

³ Source: Bureau of Transportation Statistics, Schedule T-100.

Air carriers may propose more than one service option. They also need not limit themselves to these requirements if they envision other, potentially more attractive service possibilities—differing lengths of contract terms, for example—with subsidy requirements that remain competitive.

Air carriers should note that it is a federal crime to knowingly and willfully make materially false, fictitious, or fraudulent statements, entries, or representations in an EAS proposal submitted to the Department (18 U.S.C. § 1001).

Request for Proposals: Specific Requirements

The Department expects proposals that are consistent with what the community currently receives. Therefore, for proposals with 30-50-passenger aircraft, the Department expects 12 round trips per week (two round trips a day, six days a week) to DTW.⁴ For proposals using smaller aircraft (8/9 passengers),⁵ the Department will consider additional frequencies, i.e. more than 12 round trips per week.

Community and State Comments

The community and State are welcome to submit comments at any time. The Department encourages interested air carriers to contact the community *before* they submit their proposals so that they can tailor them to the community's needs, as they will not be able to amend them after the due date. As noted earlier, the Department will provide a summary of the proposals to the civic parties shortly after the deadline for air carrier proposals, and ask them to submit their final comments.

Other Air Carrier Requirements

The Department is responsible for implementing various federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁶ Consequently, all air carriers receiving subsidy for EAS must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those air carriers whose subsidies exceed \$100,000 over the life of the contract must also certify that they are in compliance with the regulations governing lobbying activities. Because the Department is prohibited from paying subsidy to air carriers that do not submit these documents, all air carriers that plan to submit proposals involving subsidy should be aware that the selected air carrier will be required to

⁴ While the Department expects proposals to serve DTW, the Department may consider service proposals to a different airport that provides numerous connecting opportunities to the national air transportation system, with community support.

⁵ For an eligible place not in Alaska, 49 U.S.C. § 41732(b)(3) establishes that a 15-seat requirement for aircraft, subject to exceptions, if daily boardings at the place in any calendar years from 1976-1986 were more than 11 passengers. This requirement was stricken for the current fiscal year by the Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94 (Dec. 20, 2019).

⁶ The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 – Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from federal financial assistance; and 14 CFR Part 382 – Nondiscrimination on the basis of disability in air travel; (3) 49 CFR Part 32 – Governmentwide requirements for drug free workplace; and (4) 2 CFR Part 1200 – Government-wide debarment and suspension (non-procurement).

complete the required certifications. Interested air carriers requiring more detailed information regarding these requirements should contact the Office of Aviation Analysis at (202) 366-5903.⁷

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR 1.25a(b)(6)(ii)(D) and re-delegated to the Director, Office of Aviation Analysis.

ACCORDINGLY,

1. The Department requests that air carriers interested in providing Essential Air Service at Escanaba, Michigan, submit their proposals, with or without subsidy, no later than September 9, 2020. The proposals should be e-mailed to: michael.f.martin@dot.gov and EAS@dot.gov, with the title "Proposal to Provide EAS at Escanaba, Michigan";⁸
2. This docket will remain open until further Order of the Department; and
3. The Department will serve this Order on the mayor of Escanaba, Michigan, the airport manager of Delta County Airport, the State of Michigan Department of Transportation, and the courtesy distribution list for requests for proposals for EAS communities.

By:

TODD M. HOMAN
Director
Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available
online at www.regulations.gov.*

⁷ The certifications are available online under "Reports and Publications" at <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

⁸ Questions regarding filings in response to this Order may be directed to Mr. Michael Martin at (202) 366-6494 or michael.f.martin@dot.gov.

AREA MAP



Map generated by the Great Circle Mapper - copyright © Karl L. Swartz.

Annual Passenger Traffic at Escanaba, Michigan, April 1 - March 30 Timeframe

<u>Year</u>	<u>Quarter</u>	<u>Deplanements</u>	<u>Enplanements</u>	<u>Total Traffic</u>	<u>Enplanements per Day</u>
2017	2	3,907	3,371	7,278	57.5
2017	3	4,272	4,692	8,964	56.7
2017	4	4,570	4,568	9,138	57.8
2018	1	<u>3,669</u>	<u>4,130</u>	<u>7,799</u>	<u>50.6</u>
	Annual Totals	16,418	16,761	33,179	53.0
2018	2	4,410	4,042	8,452	54.2
2018	3	4,672	5,020	9,692	61.3
2018	4	4,702	4,693	9,395	59.5
2019	1	<u>3,960</u>	<u>4,437</u>	<u>8,397</u>	<u>54.5</u>
	Annual Totals	17,744	18,192	35,936	57.4
2019	2	4,780	4,232	9,012	57.8
2019	3	5,312	5,512	10,824	68.5
2019	4	4,751	4,545	9,296	58.8
2020	1	<u>3,585</u>	<u>3,708</u>	<u>7,293</u>	<u>47.4</u>
	Annual Totals	18,428	17,997	36,425	58.2

Example of General Terms and Conditions for Essential Air Service

The air 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 air 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 air 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 air carrier contemplates any such changes beyond the scope of the Order during the applicable period of these rates, 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 air carrier to provide service on these routes. The air 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 complete, 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 amounts or at the stipulated service levels, the air 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 air 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 [DATE]. The Government's obligation for performance under this Order beyond [DATE], 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 [DATE], until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond [DATE], the Department will provide notice in writing to the air 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 31st; August claims must be submitted by November 30th, and so on.