



Redemption, Inc.

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Essential Air Service Proposal

Docket DOT-OST-2004-19342, Karluk, Alaska

July 20, 2020

Essential Air Service & Domestic Analysis Division
Office of Aviation Analysis
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, DC 20590

To whom it may concern:

Please accept Redemption, Inc. d/b/a Island Air Service's proposal to provide Essential Air Service between Kodiak, Alaska and Karluk, Alaska, in accordance with the Department of Transportation's request for proposal, dated June 29, 2020.

This proposal is based on providing roundtrip service between Kodiak, Alaska and Karluk, Alaska, three days per week, using a combination of 5-passenger PA-32 Cherokee, 9-passenger BN2 Islander(multiengine), and 9-passenger C208 Caravan(turbine) aircraft. We have worked with the community of Karluk in preparing this bid and will continue to provide additional sections and use larger aircraft at no additional subsidy as required to meet the needs of the community. This includes passenger transport as well as handling and interim storage of mail and freight between Kodiak, Alaska and the village of Karluk.

Our main office is conveniently located directly across from the Alaska Airlines terminal, allowing quick and easy access to transportation to Anchorage, Alaska. We provide continued service for our customers and their baggage by providing pickup and delivery between Island Air Service and Alaska Airlines, ensuring a high level of reliability for connecting flights. We currently market scheduled service to Karluk on our Website as well as offer online bookings. We plan to continue working with Karluk in the coming years to further market the community on a larger scale.

Island Air Service is requesting an annual subsidy for a 5-year term based on the attached Table: (Appendix A)

Year 1	Year 2	Year 3	Year 4	Year 5
\$ 197,041	\$ 206,447	\$ 214,037	\$ 221,884	\$ 229,994

Island Air Service has operated in the Kodiak area for almost 40 years, providing scheduled air service for more than 20 years. We look forward to the opportunity to continue providing safe and reliable scheduled air service to the community of Karluk.

Very Respectfully,

Adam R. Lutz, CEO

Appendix A

Weekly Frequency	3
Roundtrip Block Minutes	90
Block Hours (w/10% weather delays)	260

	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Projected Revenue</u>					
Passenger	\$ 105,435	\$ 107,544	\$ 109,695	\$ 111,889	\$ 114,127
Mail	\$ 15,377	\$ 13,580	\$ 13,852	\$ 14,129	\$ 14,411
Freight	\$ 18,232	\$ 18,597	\$ 18,969	\$ 19,348	\$ 19,735
Total Revenue	\$ 139,044	\$ 139,720	\$ 142,515	\$ 145,365	\$ 148,273
<u>Direct Expenses</u>					
Pilots	\$ 60,677	\$ 62,497	\$ 64,372	\$ 66,304	\$ 68,293
Fuel/Oil	\$ 30,864	\$ 31,790	\$ 32,744	\$ 33,726	\$ 34,738
Insurance	\$ 18,760	\$ 19,322	\$ 19,902	\$ 20,499	\$ 21,114
Maintenance	\$ 36,725	\$ 37,827	\$ 38,962	\$ 40,130	\$ 41,334
Ownership/Depr.	\$ 30,820	\$ 31,745	\$ 32,697	\$ 33,678	\$ 34,688
Total Direct Expenses	\$ 177,846	\$ 183,181	\$ 188,677	\$ 194,337	\$ 200,167
<u>Indirect Expenses</u>					
Station Expense	\$ 67,571	\$ 69,598	\$ 71,686	\$ 73,837	\$ 76,052
Administrative Costs	\$ 74,664	\$ 76,904	\$ 79,211	\$ 81,587	\$ 84,035
Total Indirect Expense	\$ 142,235	\$ 146,502	\$ 150,897	\$ 155,424	\$ 160,087
Total Operating Exp.	\$ 320,081	\$ 329,683	\$ 339,574	\$ 349,761	\$ 360,254
Profit Margin 5%	\$ 16,004	\$ 16,484	\$ 16,979	\$ 17,488	\$ 18,013
Requested Subsidy	\$ 197,041	\$ 206,447	\$ 214,037	\$ 221,884	\$ 229,994

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
OFFICE OF AVIATION ANALYSIS**

CERTIFICATION REGARDING INFLUENCING ACTIVITIES

**Certification for Contracts, Grants, Loans,
and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Influencing Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



Signature

7/20/2020

Date

CEO

Title

Redemption, Inc. dba Island Air Service
Air Carrier

Kodiak, AK and Karluk, AK

Essential Air Service Point(s) To Which Certification Applies

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
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**TITLE VI ASSURANCE
(Implementing Title VI of the Civil Rights Act of 1964, as amended)**

**ASSURANCE CONCERNING NONDISCRIMINATION ON THE
BASIS OF DISABILITY IN FEDERALLY-ASSISTED PROGRAMS
AND ACTIVITIES RECEIVING OR BENEFITING FROM
FEDERAL FINANCIAL ASSISTANCE**

**(Implementing the Rehabilitation Act of 1973, as amended, and the
Air Carrier Access Act of 1986)**

49 CFR Parts 21 and 27 and 14 CFR Parts 271, and 382

Redemption, Inc. dba Island Air Service (the Recipient) HEREBY AGREES THAT,
(Name of Recipient)

I. As a condition to receiving any Federal financial assistance from the Department of Transportation, it will comply: with Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d--42 U.S.C. 2000d-4; all requirements imposed by or pursuant to: Title 49, Code of Federal Regulations, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; and other pertinent directives so that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Recipient receives Federal financial assistance from the Department of Transportation. This assurance is required by Title 49, Code of Federal Regulations, section 21.7(a) and Title 14, Code of Federal Regulations, section 271.9(c).

II. As a condition to receiving any Federal financial assistance from the Department of Transportation, it will comply with: section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794); the Air Carrier Access Act of 1986 (49 U.S.C. 1374(c)); and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefitting from Federal Financial Assistance, Title 14, Code of Federal Regulations, Part 382, Nondiscrimination on the Basis of Handicap in Air Travel; and other pertinent directives

so that no otherwise qualified person with a disability, be excluded from participation in, be denied the benefits of, be discriminated against by reason of such handicap in the provision of air transportation, or otherwise be subjected to discrimination under any program for which the Recipient receives Federal financial assistance from the Department of Transportation. This assurance is required by Title 49, Code of Federal Regulations, section 27.9 and Title 14, Code of Federal Regulations, sections 271.9(c) and 382.9.

III. It will promptly take any measures necessary to effectuate this agreement. The Recipient further agrees that it shall take reasonable actions to guarantee that it, its contractors and subcontractors subject to the Department of Transportation regulations cited above, transferees, and successors in interest will comply with all requirements imposed or pursuant to the statutes and Department of Transportation regulations cited above, other pertinent directives, and the above assurances.

IV. These assurances obligate the Recipient for the period during which Federal financial assistance is extended. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the statutes and Department of Transportation regulations cited above, other pertinent directives, and the above assurances.

V. These assurances are given for the purpose of obtaining Federal subsidy under the Essential Air Service Program and are binding on the Recipient, contractors, subcontractors, transferees, successors in interest, and all other participants receiving Federal subsidy in the Essential Air Service Program. The person or persons whose signatures appear below are authorized to sign this agreement on behalf of the Recipient.

VI. In addition to these assurances, the Recipient agrees to file: a summary of all complaints filed against it within the past year that allege violation(s) by the Recipient of Title VI of the Civil Rights Act of 1964, as amended, section 504 of the Rehabilitation Act of 1973, as amended, or the Air Carrier Access Act of 1986; or a statement that there have been no complaints filed against it. The summary should include the date the complaint was filed, the nature of the complaint, the status or outcome of the complaint (i.e., whether it is still pending or how it was resolved).

7/20/2020

Date

Redemption, Inc. dba Island Air Service

Legal Name of Recipient

By: 

Signature of Authorized Official

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
OFFICE OF AVIATION ANALYSIS**

**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS
IN THE PERFORMANCE OF SUBSIDIZED ESSENTIAL AIR SERVICE**

A. The subsidized essential air service carrier certifies that it will, or will continue, to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the carrier's workplace, and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about--
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of work supported by the subsidy be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment supported by the subsidy, the employee will--
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of conviction. Employers of convicted employees must provide notice, including position title, to the Office of Aviation Analysis. Notice shall include the order number of each affected subsidized service;
- (f) Taking one of the following actions, within 30 days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted--
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended, or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The subsidized essential air service carrier *may*, but is not required to, insert in the space provided below the site for the performance of work done in connection with the specific grant.

Places of Performance (street address, city, county, state, zip code). For the provision of essential air service, workplaces include outstations, maintenance sites, headquarters office locations, training sites and any other worksites where work is performed that is supported by the subsidy.

_____	_____
_____	_____
_____	_____
_____	_____

Check [X] if there are workplaces on file that are not identified here.

	_____ 7/20/2020 _____
Signature	Date

INSTRUCTIONS FOR CERTIFICATION

1. By signing and/or submitting this application or grant agreement, the subsidized essential air service carrier is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the subsidy. If it is later determined that the subsidized carrier knowingly rendered a false certification, or otherwise violated the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the subsidy application. If the subsidized carrier does not identify the workplaces at the time of application, or upon award if there is no application, the carrier must keep the identity of the workplaces on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the subsidized carrier's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (*e.g.*, all counters at the airports served by the carrier).
5. If the workplace identified to the agency changes during the performance of the subsidized service, the subsidized carrier shall inform the agency of the change, if it previously identified the workplace in question.
6. Definitions of terms in the Nonprocurement Suspension and Debarment common rule (49 CFR Part 29) and Drug-Free Workplace common rule (49 CFR Part 29, Subpart F) apply to this certification. Carriers' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 USC 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of *nolo contendere*) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a subsidized carrier directly engaged in the performance of work supported by the subsidy, including: (i) All *direct charge* employees; (ii) All *indirect charge* employees unless their impact or involvement is insignificant to the performance of subsidized service; and (iii) Temporary personnel and consultants who are directly engaged in the performance of work supported by the subsidy and who are on the subsidized carrier's payroll. This definition does not include workers not on the payroll of the subsidized carrier (*e.g.*, volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the subsidized carrier's payroll; or employees of subrecipients or subcontractors in covered workplaces).