

August 10, 2020

Venkatesh Paluvai
Office of the Under Secretary for Transportation Policy
Office of Aviation Analysis
1200 New Jersey Avenue, SE, 20590

RE: Essential Air Service Karluk, AK DOT- OST-2004-19342

Mr. Paluvai and All It May Concern,

The recent and ongoing impact of COVID-19 has wreaked havoc throughout the Alaskan economy and has created unprecedented decline in business activity and severely disrupted the transportation infrastructure that supports most Alaskan communities.

Several years ago, concern was raised that the consolidation of air transportation companies under Corvus Airlines (Ravn Alaska) could create a scenario where statewide air transportation could be gravely affected should Ravn Group suffer a catastrophic accident or economic setback that significantly affected operations.

As you are aware, unfortunately, both these events recently occurred. First, the recently acquired PenAir division of Ravn experienced a fatal crash at Dutch Harbor Airport in Unalaska with its Saab 2000 Aircraft. This crash ceased all scheduled operations to Unalaska and created a negative transportation ripple effect throughout the Aleutian Island communities and parts of the Alaska Peninsula.

Furthermore, due to continuing internal corporate economic solvency issues, greatly exacerbated by the effects of COVID-19, Ravn Group and all its subsidiary airlines were forced to cease operations permanently. This has affected hundreds of communities and hundreds of thousands of Alaskans and tourists who depend on the air transportation infrastructure to support their needs.

Issues of Continuity Affecting Kodiak

With the recent downsizing of Andrew Airways and departure of Paklook Air, Island Air remains the only air carrier providing scheduled or per-seat air service to the communities of Kodiak Island. Should Island Air economically falter, or suffer a catastrophic loss that curtails operations, all village communities would lose air service.

Furthermore, the subsidized route Island Air proposes is entirely dependent on its service to Larsen Bay. The Island Air proposed subsidy does not ensure uninterrupted air service to Karluk. In the event there is further operational, economic, or pandemic related interruption of service to Larsen Bay, this would directly impact all service to Karluk. In these times, the most responsible and prudent way to support EAS communities is to ensure that issues affecting one community or route does not impact other communities.

Economic Issues Concerning Karluk EAS

The Island Air subsidy request assumes a stop in Larsen bay. Should the community of Larsen Bay suffer an event that would prohibit outside community members from landing at the village or require special procedures such as quarantine that would impact through passengers, Karluk would be adversely affected. The Island Air subsidy request is not sufficient to ensure direct service to Karluk without the stop in Larsen Bay. Subsequently, if Island Air falters, service to Karluk will again be impacted as the subsidy is re-evaluated and the RFP process begins anew.

The economic projections on which the Island Air proposal is based ignores both the economic reality resulting from the impacts of the COVID-19 pandemic and lacks an appropriate economic projection to account for future fiscal eventualities.

As evidenced by the continual aviation industry re-evaluation of the short and medium-term economic impacts of COVID-19, it is difficult to impossible to predict operational conditions and community needs regarding subsidized routes in current long-term projections. The cost of all elements comprising operational support from fuel and labor to airport fees and insurance are constantly changing as a reaction to the current Pandemic. A five (5) year subsidy is inappropriate for the current market conditions.

Economic Issues relating to Island Air

Most recently in regard to Karluk, Island Air cited a “profound impact on the economics of Island Air Service and its ability to continue providing service¹.”

The declaration of economic instability and service cession by Island air threatens the transportation infrastructure of Kodiak and, in turn, the livelihoods of thousands of Kodiak Island community members and visitors.

We believe that the financial situation of Island Air is cause for concern. Should Island Air curtail operations or collapse altogether, all the remote communities of the Kodiak archipelago will lose meaningful scheduled passenger and freight air service, and the remaining charter operators will have a difficult time providing equivalent service. This has been the exact experience of the communities of Dutch Harbor and others after the collapse of PenAir and Ravn Alaska.

COVID-19 Related Considerations

The health and safety issues resulting from COVID -19 directly affect air transportation for Karluk and all Kodiak communities. Most recently, the seafood facility in Alitak experienced a near universal spread of COVID-19 throughout its facility. Direct exposure from infected persons or indirect exposure from unclean aircraft used in multiple village operations create a real and present exposure vector that can have a profound effect on the health of each community. Historically, remote community exposure to introduced pathogens has resulted in extremely devastating results.

Proper sanitization of aircraft and facilities between flights must be a priority for all Air Carriers. Servant Air stands ready to meet the challenges of COVID-19 and all the unique and important needs of the Kodiak island community. Servant Air has implemented a robust COVID-19 response and operations plan based on Center for Disease Control guidelines and industry best practices. Highlights include:

¹ Submission by Island Air to the DOT Office of Aviation Analysis DOT-OST-2004-19342 www.regulations.gov

- All servant Air, Inc. employees are mandated to maintain social distancing and mask protocols at all times regardless of state and local regulations or lack thereof.
- Sanitary stations are provided at the terminal facility and its use is required by personnel and strongly encouraged for all customers while on premises.
- Hand sanitizer is provided in all company aircraft and its use is mandatory for company employees before and after handling passenger baggage and other items.
- Complimentary face masks will be provided to all customers upon request.
- All company aircraft will be sanitized before each flight.
- All company passenger vehicles will be sanitized regularly before passenger use.

Servant Air Proposal Considerations

Servant Air values and respects the transportation, health, and safety needs of the Karluk community. In consultation with the community of Karluk and other community leaders throughout Kodiak Island, Servant has created a strategy to ensure robust, safe, and reliable service including the following:

- The proposed Servant Air service to Karluk is stand-alone and requires no passenger or other revenue from additional stops to fully support essential air service operations in Karluk, decreasing service interruptions.
- The Servant Air proposal is based on the current and short-medium term predicted economic realities facing Alaska commuter operations. The Servant Air proposal is not artificially low as part of a bidding strategy. Rather, it is a thorough, data-driven proposal that ensures the stability of the route and the stability of the Air Carrier. This ensures a significantly decreased likelihood of service interruptions or economically derived issues related to safety.
- The Servant Air proposal is of sufficient duration to ensure robust essential air service to Karluk, but allows for re-evaluation based on social, economic, and operational challenges or improvements during the bid period.

- The Servant Air proposal implements a robust, community, government, and industry accepted program for managing the spread of COVID-19.
- The Servant Air proposal emphasizes the needs of the Karluk community.

Community Support

Servant Air asks that the Office of Aviation Analysis consider only letters of support from organizations, agencies, and individuals directly associated with the Karluk essential air service route and its specific needs.

Conclusion

We strongly encourage the Essential Air Service office to consider the economic realities of COVID-19 and the long-standing pervasive transportation issues facing Kodiak communities. Servant Air stands ready to serve the community of Karluk.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eoghan Joyce', with a stylized, flowing script.

Eoghan Joyce
Servant Air, Inc.