

Essential Air Service Proposal



Alpena, MI

DOT-OST-2009-0300

April 01, 2020

About Boutique Air

Our Story

Headquartered in San Francisco, California, Boutique Air has been in operation since 2007. We began by flying fire surveillance missions for the U.S. Forestry Service and Bureau of Land Management. We evolved to provide air charter services across the west coast with our fleet of Pilatus and Cessna aircraft. As a charter operator we have received certifications from both industry-leading safety organizations, ARG/US and Wyvern. Boutique Air employs pilots that are highly experienced and hold the most advanced FAA ratings - a key reason for our continued perfect safety record.

In July of 2012, Boutique Air applied for commuter operating authority from the Department of Transportation. We quickly passed tests on financial fitness and management competency, receiving authority for scheduled service in January of 2014. We began flying scheduled service between Los Angeles and Las Vegas in January of 2014.

We have worked to develop effective distribution channels. We have connections in place with all of the major Global Distribution Systems (GDSs), which travel agents use to access the market. You will find us on Worldspan and Galileo (Travelport), Sabre, and Amadeus. In addition, we are on the major Online Travel Agencies (OTAs), including Expedia, Travelocity, Priceline, Orbitz, CheapTickets, and CheapOAir.

EAS Contracts

On April 22, 2014 Boutique Air received its first EAS contract when the DOT selected the airline to provide service between Clovis, New Mexico and Dallas/Ft. Worth, Texas. Since then, we have continued our track record of success and now serve 16 different EAS communities and operate out of 30 different airports. Continuing on this path of successful growth, Boutique Air's most recent community began service to Victoria, Texas in November 2018.

What People Are Saying About Boutique Air

*Boutique Air PC-12, one of the **best turboprop aircraft** on the market!... Give them a try!!*

-Tarek A. via Yelp.com

*We also feel that the PC-12 aircraft bid by Boutique Air presents the **safest and most comfortable option for the traveling public.***

-Hon. Mayor David Lansford in Recommendation Letter
City of Clovis, NM

*Flew with Boutique from LA to Vegas and back and must say I was extremely surprised. From the ease of check-in, To the flight itself, **the whole process was great.** Price was competitive with any other airline out there. I plan on flying boutique for all my Vegas outings, and may even look into renting the whole plane for a group trip. Thanks Boutique!*

-Kevin J. via Yelp.com

*We find that Boutique Air is fit, willing and able to operate as a commuter air carrier, and **capable of providing reliable Essential Air Service...***

-Susan L. Kurland in Clovis EAS Award
Asst. Sec. for Aviation and International Affairs
US DOT

*Right now Boutique Air is a **very cool secret.***

-Examiner.com

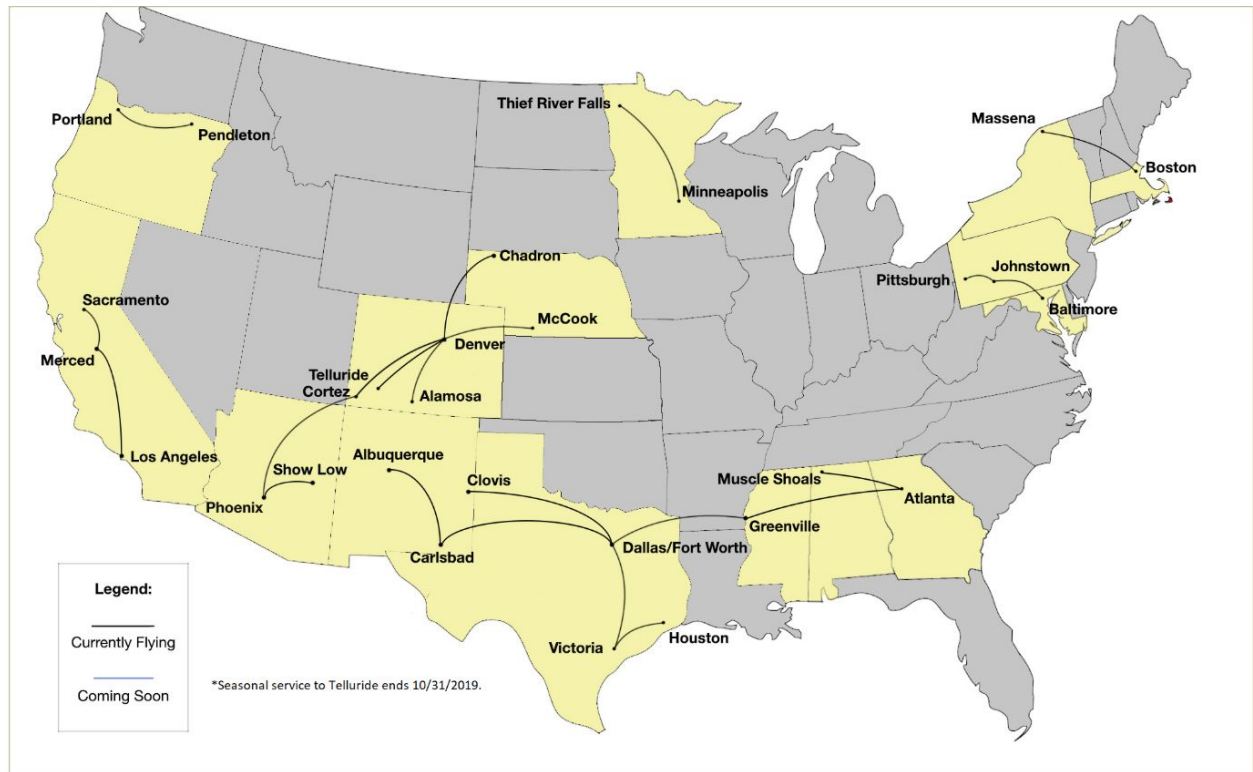
*Flew with Boutique Air from LA to Las Vegas round trip and it was a great experience. **Good service, on time departures, and a hassle free and nice way to travel in general.** A really nice pilot and copilot as well.*

-Patrick S. via Yelp.com

***Smooth flights and personable staff** are part of the experience...*

-Clovis News Journal

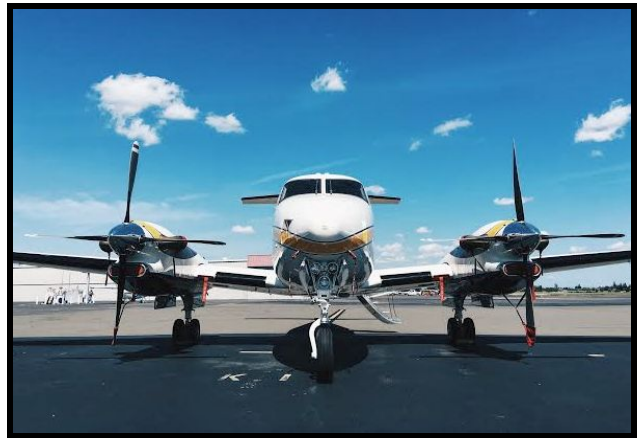
Route Map



Aircraft:

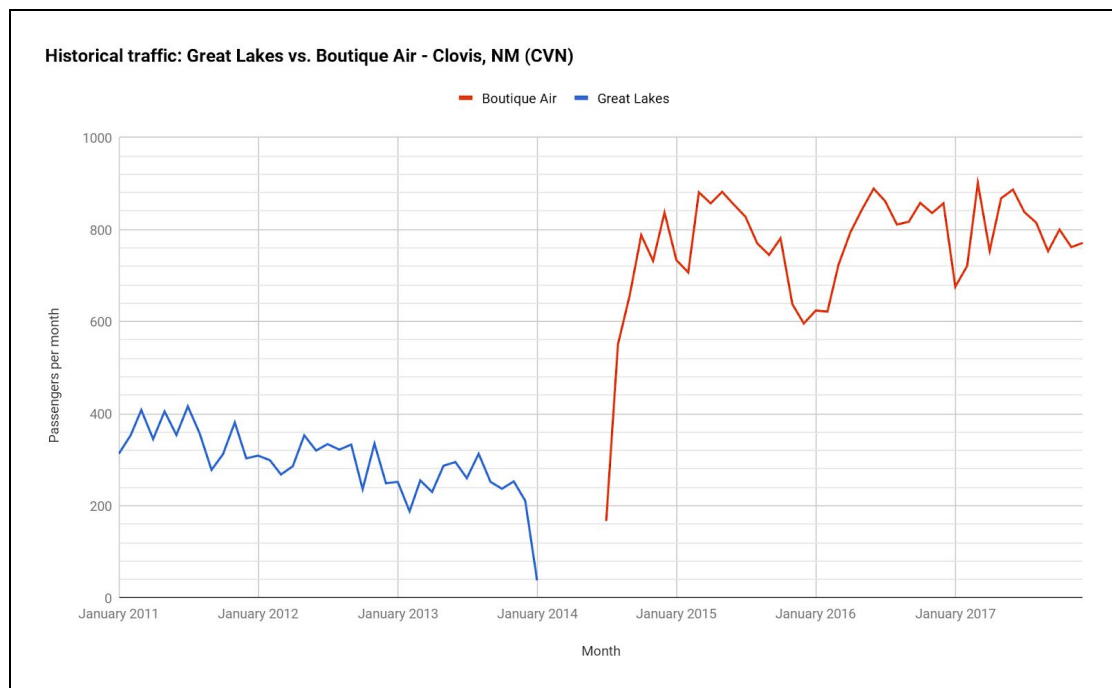
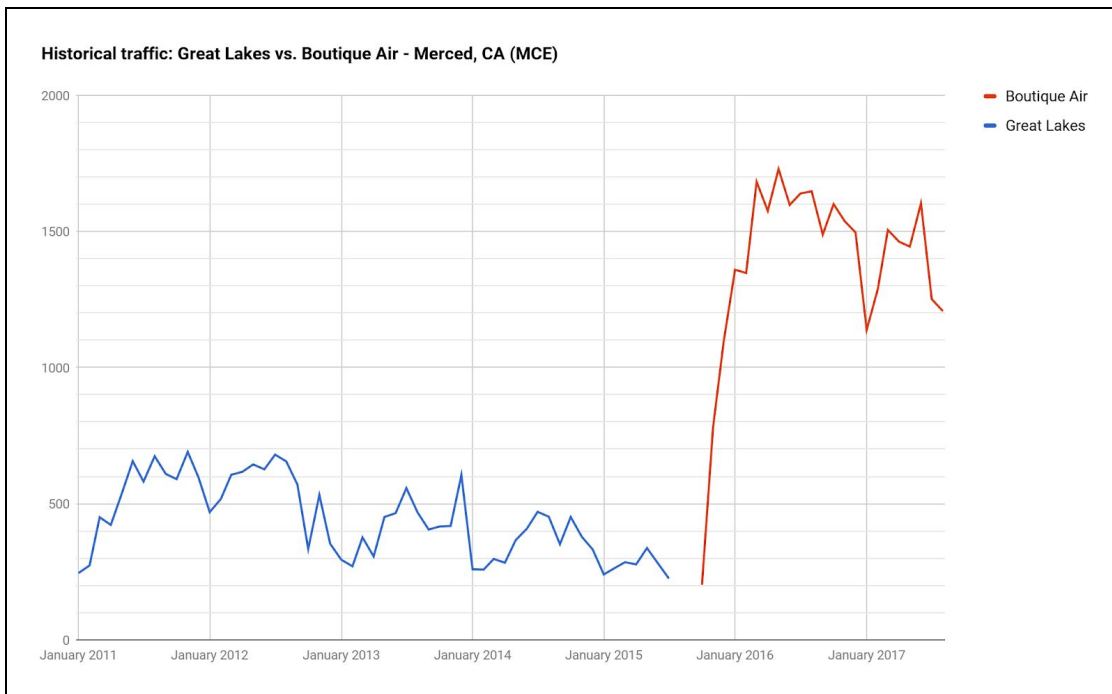
Boutique Air currently operates a modern fleet of Pilatus PC-12, Piaggio Avanti, and Beechcraft King Air 350 aircraft. All flights are flown by Captains with over 1,200 hours of flight experience and an instrument rating. While we are certified to fly single pilot we opt to fly with a two pilot crew. Boutique Air ensures pilots provide a level of customer service beyond that of normal commercial airlines.

- 8 or 9 Passenger Executive Configuration
- Pressurized Cabin
- Power Outlets
- Enclosed Lavatory

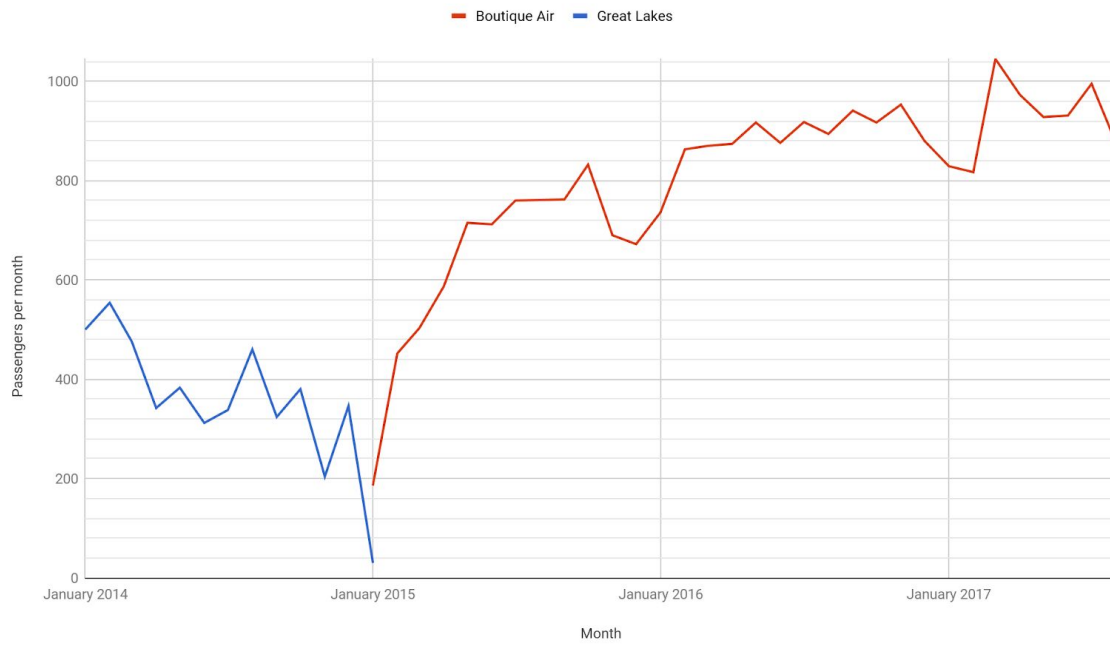


Historical Passenger Traffic Performance

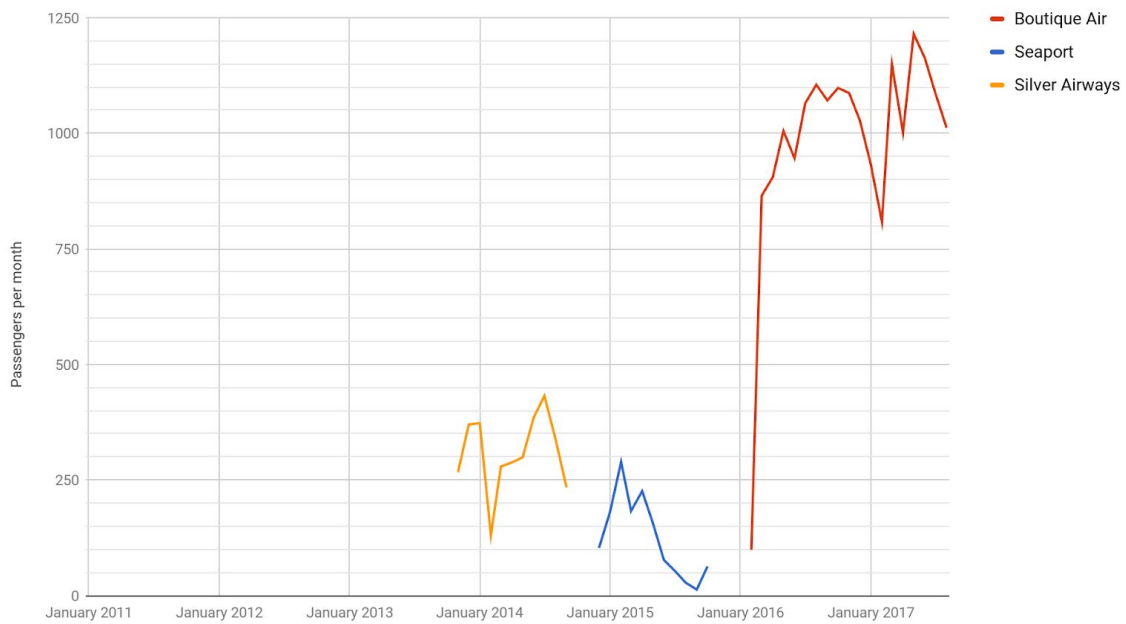
Boutique Air has established a proven track record in resuscitating air service in EAS communities which have been devastated by poor execution from prior carriers as illustrated by the passenger traffic graphs below.



Historical traffic: Great Lakes vs. Boutique Air - Silver City, NM (SVC)



Historical traffic: Silver and Seaport vs. Boutique Air - Muscle Shoals, AL (MSL)



Proposal

Overview

Our proposals would be flown in eight or nine-seat, modern, pressurized Pilatus PC-12 or Beechcraft King Air 350 aircraft. This term we are proposing is for 2 years.

In order to increase brand recognition in the community, Boutique Air will spend at least \$20,000 per year if it is selected for advertising & marketing to help ensure that air service for the community is a success. We will utilize a combination of radio, print, billboard, TV, and internet advertising.

Note on Service Start Date

Because Boutique Air already operates at all the destination airports we anticipate being able to start service approximately 2-6 weeks following an order selection.

Note on Interline Agreements

Boutique Air launched its interline and codeshare agreement with United Airlines on May 1, 2017. Customers now have flow-through ticketing and baggage capabilities for those flights that connect with United Airlines. In addition Boutique Air has an interline agreement with American Airlines as of August 7, 2019. Passengers will be able to book through United.com and AA.com and connect with any of United or American flights. Below are screenshots of our current service as reflected on United and American Airlines websites both domestic and international.

Departure: Cortez, CO, US → Tokyo, JP

Fares are for the entire one-way trip, per person, and include taxes and fees. Additional bag charges may apply.

Sat 3/14	Sun 3/15	Mon 3/16	Tue 3/17	Wed 3/18	Thu 3/19	Fri 3/20
\$648	\$648	\$648	\$648	\$778	\$778	\$778

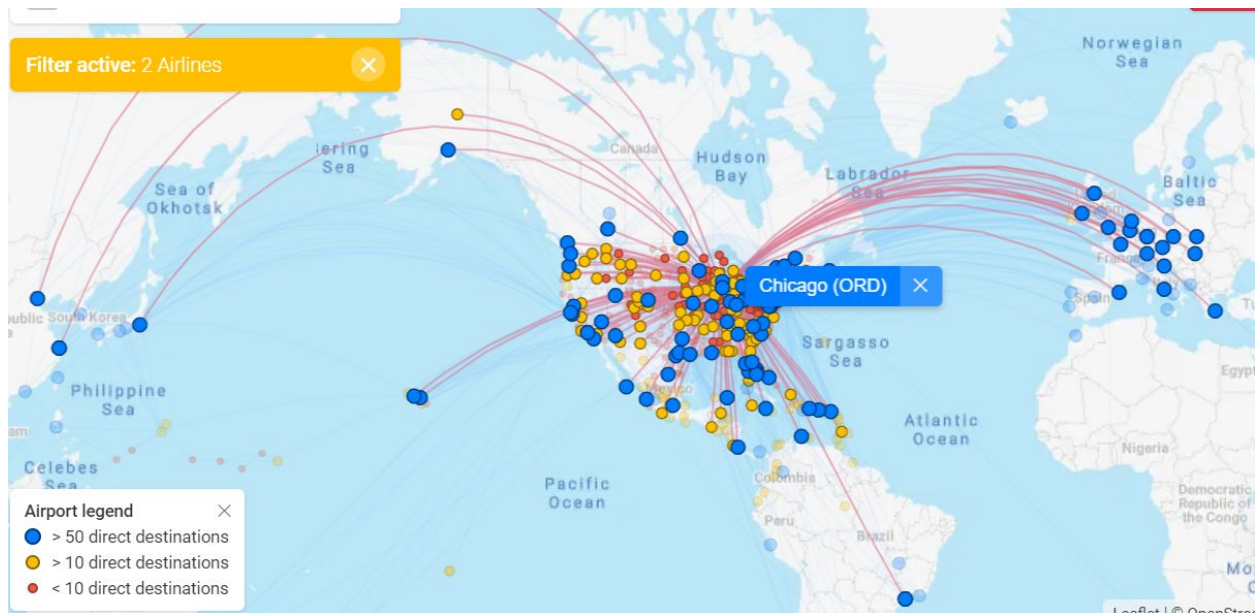
☒ With stops **\$648** Choose connecting airports

Show fare type comparison

Sort flights by: Custom

Depart	Arrive	Stops	Duration		Economy (lowest)	Economy (flexible)	Premium Economy (lowest)	Business (lowest)	
Tue, Mar 17 6:45 am CEZ	Thu, Mar 19 5:00 am HND	2 stops	31h 15m	Details	Seats	\$648	\$649	\$1,887	\$6,913
Includes Travel Operated By Boutique Air , All Nippon Airways				Select	Select	Select	Select		
				4 tickets left at this price		4 tickets left at this price		4 tickets left at this price	
Tue, Mar 17 10:40 am CEZ	Thu, Mar 19 5:00 am HND	2 stops	27h 20m	Details	Seats	\$648	\$649	\$1,887	\$6,913
Includes Travel Operated By Boutique Air , All Nippon Airways				Select	Select	Select	Select		
				1 ticket left at this price		1 ticket left at this price		1 ticket left at this price	

All Possible Connections with United Airlines and American American in Chicago (ORD).



American Airlines [Plan Travel](#) [Travel Information](#) [AAdvantage](#)

Depart Thief River Falls, MN to Dallas/ Fort Worth, TX
Friday, November 22, 2019

① American Airlines flights may be listed first.

[Product comparison](#)

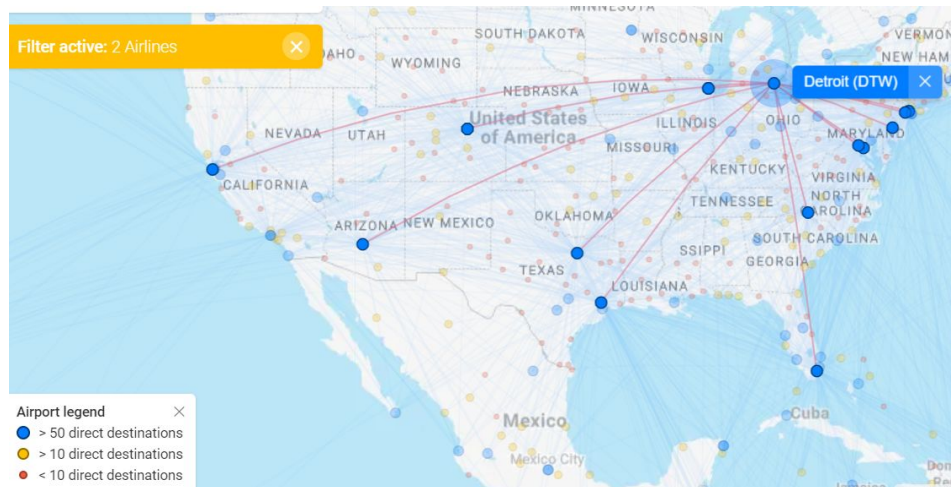
	Fri, Nov 22	Sat, Nov 23	Sun, Nov 24	Mon, Nov 25	Tue, Nov 26
Lowest Fare	\$ 266	\$ 266	\$ 266	\$ 266	\$ 260

Sort by: Relevance

	Main Cabin	First
TVF → DFW 10:10 AM → 3:56 PM 5h 46m 1 stop TVF - MSP → 4B 829 → PL2-Pilatus PC-12 MSP - DFW → AA 2086 → 738-Boeing 737	One way \$ 266 3 seats left	One way \$ 405 3 seats left

[Details](#) | [Seats](#)

All Possible Connections with United Airlines and American American in Detroit (DTW).



Community Input

Shortly after the bids are complete, Boutique Air will schedule meetings with airport and/or city officials. This will allow us to answer any questions and provide additional information.

While we can not promise we will be able to implement everyone's suggestions, we welcome feedback from the community, as well as anyone who may have an interest in the proposed flights. What we can promise is that we will listen to your feedback, and give it the attention and consideration it deserves.

With respect and appreciation,

Shawn Simpson
CEO



Alpena, MI**Reference Pricing: Option 1 24 Weekly Nonstop Round Trips to DTW**

Operations	<u>PC-12</u>
Scheduled Flights	2,496
Completed Flights (98%)	2,446
Scheduled Block Hours	2,662
Scheduled Seats	19,968
Scheduled ASMs	3,933,696
Revenue	
Passengers	12,380
Average Fare	\$39
Fare Revenue	\$482,820
Total Revenue	\$482,820
Expenses	
Fuel	\$701,542
Ownership	\$920,000
Maintenance and Reserves	\$1,011,222
Crew	\$245,356
Airport Rent	\$147,600
Landing Fees	\$17,606
Staff	\$175,500
Insurance	\$40,000
Marketing and Distribution	\$30,000
Other Indirect Costs	\$30,000
Corporate	\$292,169
Total Costs	\$3,610,996
Profit Element	\$180,550
Margin	5.0%
Total Annual Subsidy Year 1	\$3,308,725
Total Annual Subsidy Year 2	\$3,374,899

