

Essential Air Service Proposal



Alamosa, CO

DOT-OST-1997-2960

July 6, 2018



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 and DFW. Since then, we have continued our track record of success and now serve 17 different EAS communities and operate out of 30 different airports. Continuing on this path of successful growth, Boutique Air began service to Dodge City, KS on January 1, 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

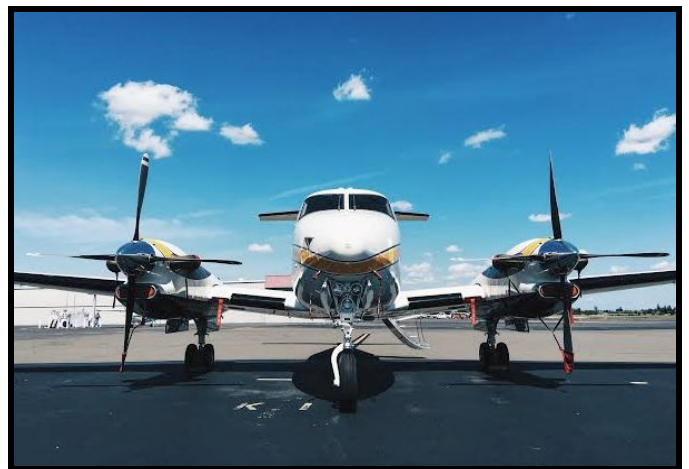
Route Map



Aircraft:

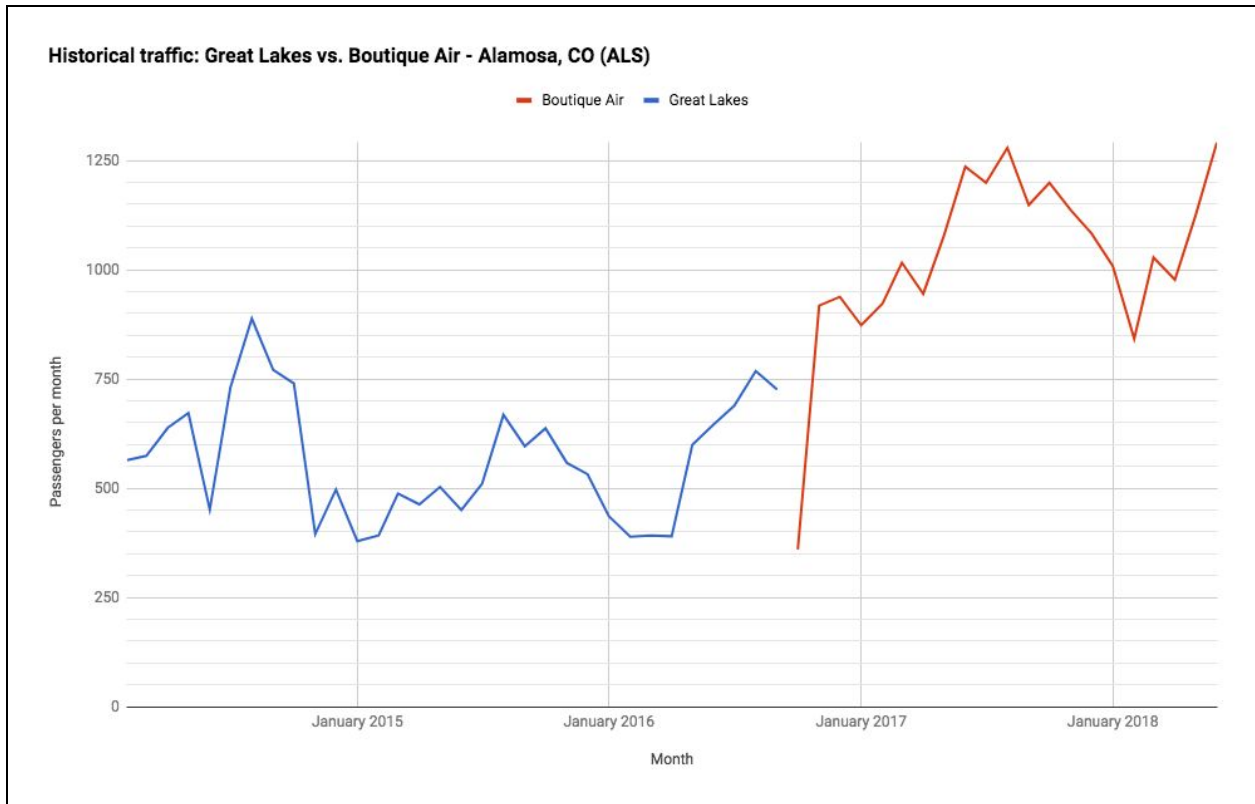
Boutique Air currently operates a modern fleet of Pilatus PC-12 and Beechcraft King Air 350 aircraft. All flights are flown by Captains with over 1,200 hours of flight experience and an instrument rating. While we are certified to fly single pilot we opt to fly with a two pilot crew. Boutique Air ensures 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 enjoyed the privilege of serving the Alamosa community since October of 2016 when it initiated service. During this period, Boutique Air has worked tirelessly to improve the quality of air service Alamosa has received, as can be witnessed from the graph below:

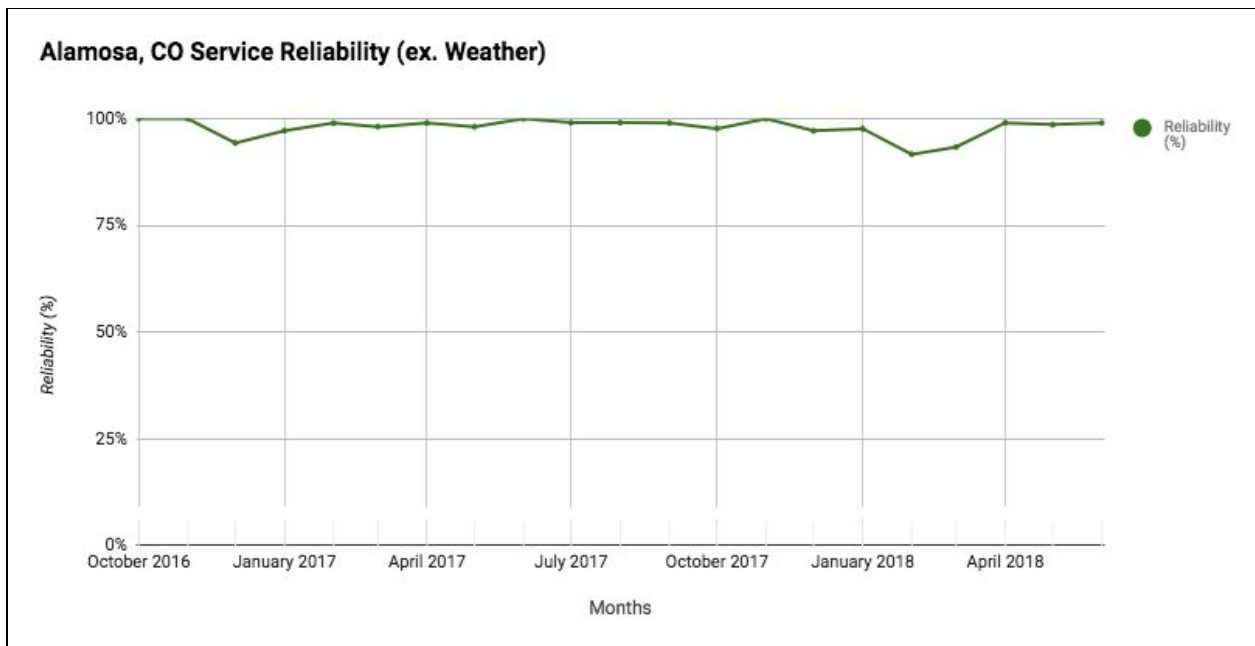


Boutique Air has increased Alamosa traffic by 97% versus Great Lakes during each carrier's last twelve months of operation. (Source: T100 & Company Submitted data ending June 2018)

For June of 2018, Boutique Air transported 1,292 total passengers - a level of traffic the Alamosa community hasn't seen since August of 2013. (Source: T100 & Company Submitted data ending June 2018)

Boutique Air Completion Reliability

Boutique Air also prides itself on its flight completion reliability. Since initiating service, Boutique Air has averaged completion reliability of 98% (*T100 data Oct 2016 through June 2018*).





Codeshare, Interline and MileagePlus Frequent Flyer Agreements

Boutique Air launched its interline agreement with United Airlines in May 2017 and its codeshare agreement in May 2018. Customers have flow-through ticketing and baggage capabilities for those flights that connect with United Airlines.

Passengers are also able to book through United.com and connect with any of United’s flights at our mutual hubs.

Boutique Air also participates in United Airlines’ MileagePlus Frequent Flyer Program. Passengers can earn and redeem award miles on all Boutique Air flights.

(Image of codeshare fares currently available on United.com for travel between Alamosa and Los Angeles, CA)

Departure: Select your flight
Alamosa, CO, US → Los Angeles, CA, US

Economy (lowest)

Mon 9/10	Tue 9/11	Wed 9/12	Thu 9/13	Fri 9/14
\$277	\$277	\$277	\$277	\$277

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

With stops **\$309** Choose connecting airports Show fare type comparison ?

Depart	Arrive	Stops	Duration		Economy	Economy (flexible)	First (lowest)
6:00 am	9:27 am	1 stop	4h 27m	Details Seats	\$350 Select 2 tickets left at this price	\$878 Select 2 tickets left at this price	\$644 Select 2 tickets left at this price
Includes Travel Operated By Boutique Air							
MileagePlus earnings (each way, per person):				Base award miles PQM PQS PQD	1,275 862 1 \$308	4,000 862 1 \$800	1,505 1,724 1.5 \$582
Alamosa, CO, US (ALS) to Denver, CO, US (DEN) 6:00 am - 7:00 am (1h) UA 2950 Pilatus PC-12 Operated By Boutique Air					Economy (E)	Economy (B) (flexible)	Economy (M) (lowest)
50m connection							
Denver, CO, US (DEN) to Los Angeles, CA, US (LAX) 7:50 am - 9:27 am (2h 37m) UA 1093 Boeing 737-800 Wi-Fi					United Economy (E) Snacks for Purchase	United Economy (U) (flexible) Snacks for Purchase	United First (P) (lowest) Snack



Proposal

Overview

Our proposals would be flown in eight or nine-seat, modern, pressurized Pilatus PC-12 or Beechcraft King Air 350 aircraft. The term is two years, with a four year option.

In order to increase brand recognition in the community, Boutique Air will spend at least \$20,000 per year in Alamosa 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

Due to Boutique Air's existing operations in Alamosa, a flight service interruption will not result if Boutique Air is selected to continue providing the community air service. Boutique Air is committed to a long term relationship with Alamosa and looks forward to sustained growth in passenger traffic and trust in our service.

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't 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



Alamosa, CO

Option: 24 Weekly Nonstop Round trips ALS-DEN (4 RTs Daily)

Operations	<u>PC-12</u>	<u>King Air 350</u>
Scheduled Flights	2,496	2,496
Completed Flights (98%)	2,446	2,446
Scheduled Block Hours	2,721	2,579
Scheduled Seats	19,968	22,464
Scheduled ASMs	3,574,272	4,021,056
Revenue		
Passengers	14,976	17,297
Average Fare	\$89	\$108
Fare Revenue	\$1,332,864	\$1,876,409
Total Revenue	\$1,332,864	\$1,876,409
Expenses		
Fuel	\$675,453	\$1,165,205
Ownership	\$860,000	\$760,000
Maintenance and Reserves	\$1,173,956	\$1,516,544
Crew	\$673,046	\$902,734
Airport Rent	\$242,400	\$242,400
Landing Fees	\$91,030	\$130,666
Staff	\$139,750	\$139,750
Insurance	\$20,000	\$20,000
Marketing and Distribution	\$20,000	\$20,000
Other Indirect Costs	\$127,384	\$122,010
Total Costs	\$4,023,020	\$5,019,309
Profit Element	\$201,151	\$250,965
Margin	5.0%	5.0%
Total Subsidy Year 1	\$2,891,307	\$3,393,865
Total Subsidy Year 2	\$2,949,133	\$3,461,742
Total Subsidy Year 3	\$3,008,115	\$3,530,977
Total Subsidy Year 4	\$3,068,278	\$3,601,597