

ESSENTIAL AIR SERVICE AT  
*Presque Isle, Maine*

UNDER 49 U.S.C. § 41731 ET SEQ.  
**BY ORDER 2019-11-11 | DOT-OST -2000-8012**

**Proposal to Provide Subsidized  
Essential Air Service**

By Order 2019-11-11, the Department requested proposals from carriers interested in providing Essential Air Service to Presque Isle, Maine. Pursuant to that Order, Southern Airways Express LLC ("Southern") cordially submits this proposal.

**Correspondence with regard  
to this document should be  
addressed to:**

R. Stan Little  
**CHAIRMAN & CEO**

101 North Riverside Drive; Suite 211  
Pompano Beach, Florida 33062

(901) 672-7820  
s.little@iflysouthern.com

*America's Most Reliable Commuter Airline*

**SOUTHERN**



**Southern Airways Express** hereby offers a proposal to become the air service provider at the Presque Isle International Airport. The proposal is for a period of two years.

## ***The Southern Story***

Southern Airways was born out of necessity. When Delta Air Lines de-hubbed Memphis, a vacuum in air travel was created in the Mid-South. Most of the popular non-stop destinations that residents of the metro area had enjoyed for years were no longer offered. Southern took flight in 2013 and became the preferred method of travel for leisure travelers commuting to the Florida Gulf Coast and for some of the area's most affluent business travelers. Providing affordable, high-touch, first class, charter-style service to passengers who had given-up on short-haul air travel (and instead turned to the automobile) became the model upon which Southern built its reputation. In short, Southern Airways has a proven track record of putting people on airplanes.

Southern Airways acquired Sun Air Express in 2016 and quickly began to transform the two air service providers into one dynamic airline. Sun Air Express operated Essential Air Service routes in and around the

Commonwealth of Pennsylvania. Sun was outsourcing half of its flights to Mokulele Airlines and operated its East Coast hub at Washington-Dulles. Southern's first objectives were to move all flight operations in-house and to transition the East Coast flights to the more user-friendly Baltimore-Washington International Airport.

Now, almost four years, Southern Airways Corporation has acquired Mokulele Airlines. This acquisition doubled the size of the company. With Southern Airways Express operating in the contiguous 48 states and Mokulele Airlines operating in the Hawaiian Islands, Southern Airways Corporation has become one of the most dominant players in the commuter airline industry.

By capitalizing on scale in specific geographical areas, Southern has shown significant gains at the hometown airports and growth at hubs along the way. Southern is now the largest commuter carrier in the 50 states.

***Spring 2016: Southern doubles in size***

***Winter 2017: Southern doubles in size***

***Winter 2019: Southern doubles in size***



*“Voted as the  
best Specialty &  
Leisure Airline in  
the USA”*

— Trip Advisor, April 2019



#### **SOUTHERN'S PROVEN MODEL versus the REALITIES OF PRESQUE ISLE**

For many years, Southern Airways subscribed to the business model that success in Essential Air Service communities comes from scale. **A carrier generally cannot provide consistent and reliable service to only one or two cities in a regional footprint.** It needs multiple aircraft, dozens of pilots, and full support services to be able to handle the daily issues that come from operating an airline.

Through Southern's acquisition of Mokulele Airlines, Southern has learned how stand-alone operations, like our route in Imperial, California, can perform just as well as those in areas where large scale has been obtained. For the past year at Imperial, we have achieved a 99.6% reliability rate, with over 90% on-time performance—the best of any airline in California!

**The key to operating near-perfect completion rates in stand-alone communities is the availability of spare aircraft and reserve pilots based in the community.** Southern is committed to having at least one spare aircraft based at Presque Isle to maintain the airline's 99% system-wide completion rate.

#### **ABOUT THE SOUTHERN AIRCRAFT**

Southern intends to continue its reliable, low-fare service using its fleet of 9-passenger turboprop Cessna Caravan aircraft. This model aircraft has been well received by the communities. **With the Caravan, Southern has demonstrated the ability to offer record-setting passenger counts across many of its cities.** Only the Cessna Caravan has an acquisition cost and a cost of operation affordable enough to guarantee a “hot spare” based in Presque Isle. Other turbine aircraft are just too costly to keep spares idle on a ramp. Basing a more costly spare aircraft at PQI would lead to an unnecessary increase in the amount of subsidy required for the route. With the Caravan, Presque Isle receives the most reliable 9-seat aircraft in the history of aviation and a “ready-spare” to serve as a back-up plane when needed..

Despite the proven success of the Caravan, Southern still retains Piper Chieftains that can be used for any city requiring twin engines.

# Southern Solves The National Pilot Shortage

Entire aircraft fleets have been retired in the past decade, and many American carriers have ceased operations as a direct and proximate result of not being able to recruit and retain adequate numbers of crew members.

Southern recognized this issue early and began taking steps to position itself to stay ahead of the competition.

Southern's Chairman served as a member of the Department of Transportation Working Group to study ways to address these issues and to help alleviate the problems related to rural air service.

Since that time, Southern has implemented groundbreaking programs to recruit and retain quality pilots, including the *Southern Senior Pilot Leadership Program* and the *Southern Airways Pilot Cadet Program*. In addition, Southern has a full-time recruiting staff dedicated to bringing the "best and the brightest" to Southern Airways. The pilot corps numbers are among the best in the industry and promise a very positive 2020 and beyond.

Of more than 60,000 scheduled flights since November of 2017, Southern has cancelled less than 20 flights due to crew availability.

As other commuter airlines struggle to become fully staffed, or perhaps worse yet, wishfully and stubbornly believe that they are somehow immune to the pilot shortage, Southern has already invested in a permanent solution.



FACEBOOK.COM/IFLYSOUTHERN



INSTAGRAM.COM/FLYSOUTHERN



PINTEREST.COM/IFLYSOUTHERN



TWITTER.COM/IFLYSOUTHERN



YOUTUBE.COM/USER/IFLYSOUTHERN

*Every Passenger.  
Every Flight.  
Every Day.*



*Southern's Spokes-singer  
Sonny McFly performs  
the airline's jingle in  
its television and radio  
commercials as well  
entertaining at live  
events in communities  
served by Southern*

*Sonny McFly*



# ***Southern Airways***

## By the Numbers

*218 Daily Departures*

*30,000 Monthly Passengers*

*500 Employees*

*200 Pilots*

*35 Aircraft*

*32*  
*Amazing Destinations*

### IN THE GULF:

Destin, Fla.

El Dorado, Ark.

Harrison, Ark,

Hot Springs, Ark.

Key West, Fla.

Nashville, Tenn.

Tampa, Fla.

### IN CALIFORNIA:

Imperial/El Centro, Calif.

### IN HAWAII:

Hana

Kapalua

Kalaupapa

L na'i City

Molokai

Waimea-Kohala

### IN THE MID-ATLANTIC:

Altoona, Penn.

Bradford, Penn.

DuBois, Penn.

Lancaster, Penn.

Morgantown, W.Va.

### 10 HUB/FOCUS CITIES:

Baltimore

Los Angeles

Dallas

Memphis

Honolulu

Nantucket

Kahului

Palm Beach

Kona

Pittsburgh

### IN NEW ENGLAND

New Haven, Conn.

Norwood, Mass.

Providence, R.I.

*Morgantown, W.Va.*



## ALL MAJOR DISTRIBUTION CHANNELS

Southern invests a considerable portion of its marketing budget to promote its service to traditional travel agents and to internet shoppers who purchase tickets through online travel agencies.

### MAJOR GLOBAL DISTRIBUTION SYSTEMS:

Sabre  
Amadeus  
Worldspan  
Galileo  
Travelport  
Apollo

### MAJOR ONLINE TRAVEL AGENCY WEBSITES:

Expedia  
Travelocity  
Orbitz  
Kayak  
Priceline  
Cheaptickets

amadeus

Sabre

Travelport

KAYAK

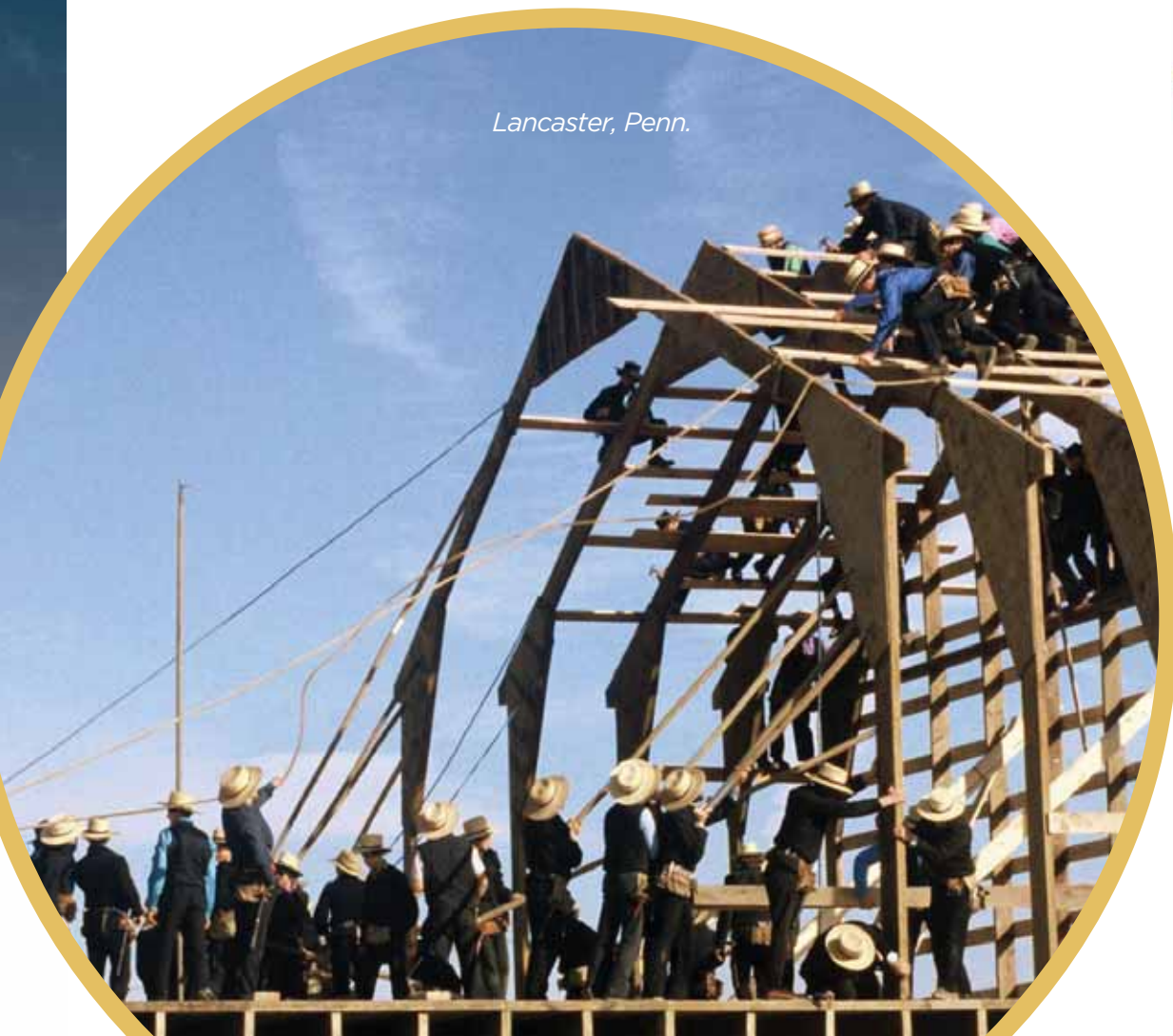
ORBITZ

priceline.com

Expedia

travelocity

Lancaster, Penn.



# Southern's interline partner, American Airlines.

In spring 2018, Southern Airways became an interline partner of American Airlines. This means that traveling from the hometown airport to any American Airlines destination now tops any other air travel option.

American Airlines 

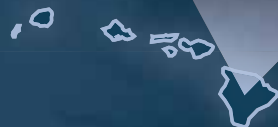
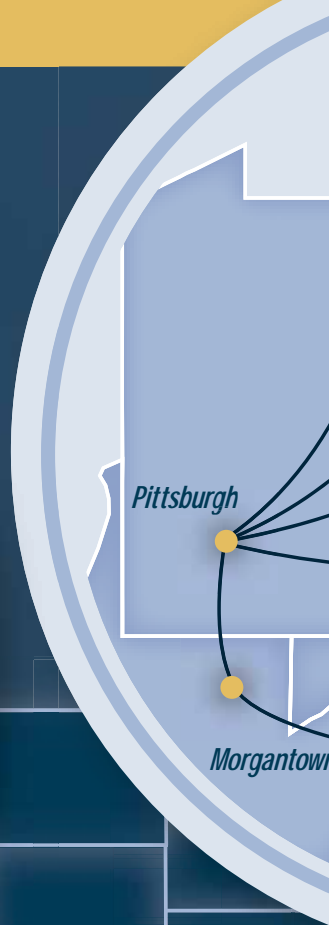
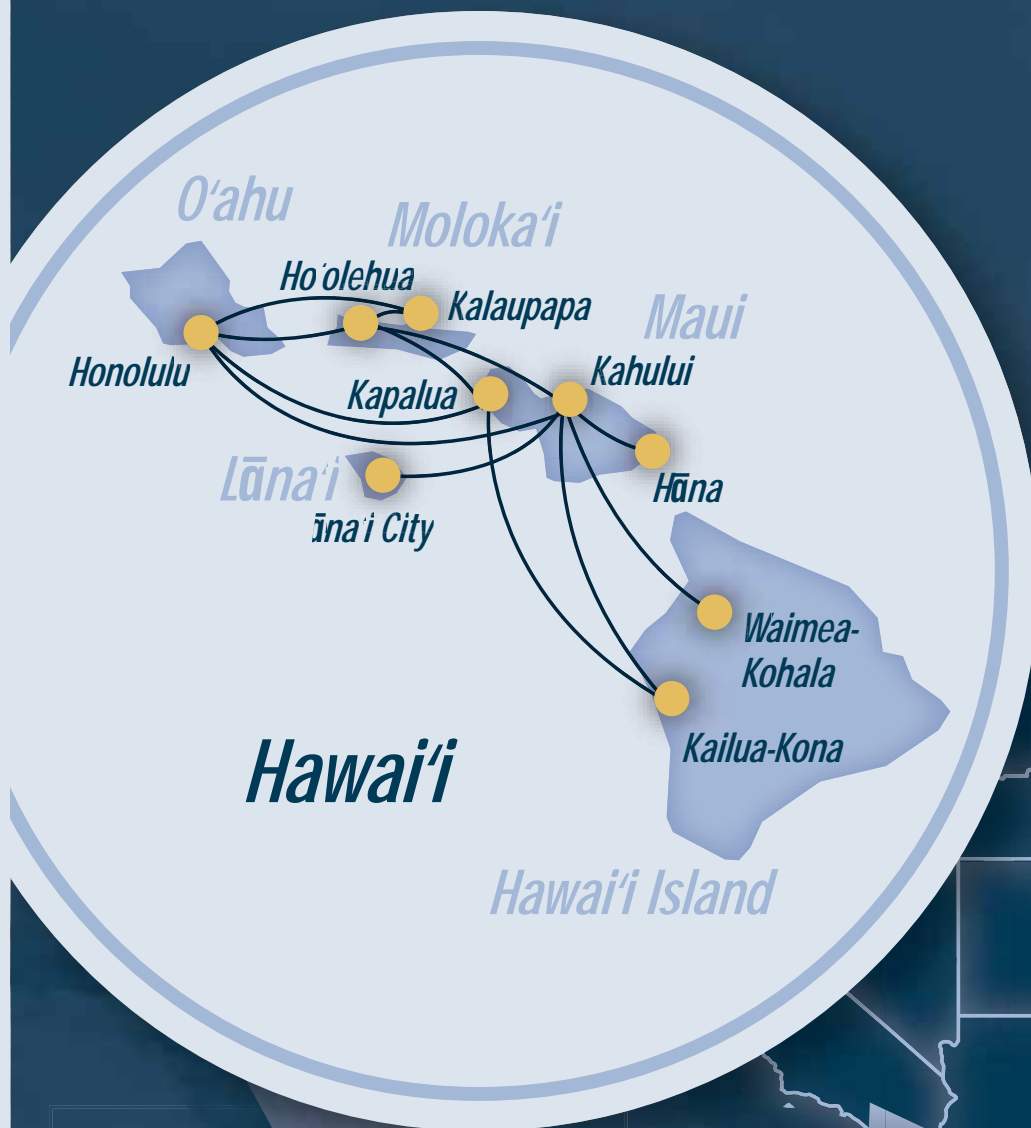


**SOUTHERN'S ADDITIONAL  
INTERLINE PARTNERS**

**Alaska**  
AIRLINES  
LAUNCHED NOV. 7, 2019

 **Condor**

  
**AIR NEW ZEALAND**  
COMING 2020



**MOKULELE**  
AIRLINES

*Now serving 32 cities with close  
to 200 daily departures!*

**MAP KEY**

One Stop  
Service  
Available .....

Weekend -----

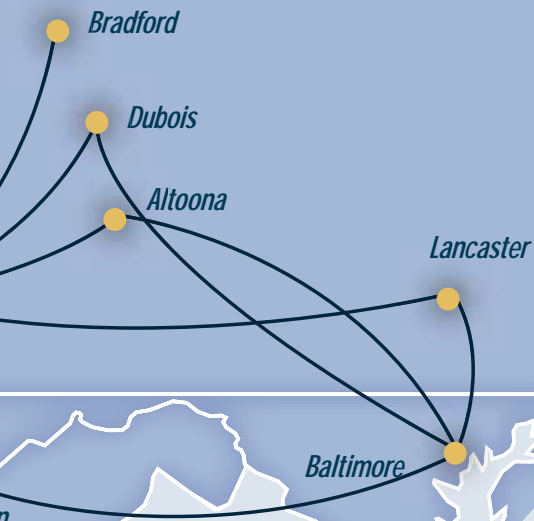
\* Future Service

★ Seasonal Service (May - October)





## Mid-Atlantic



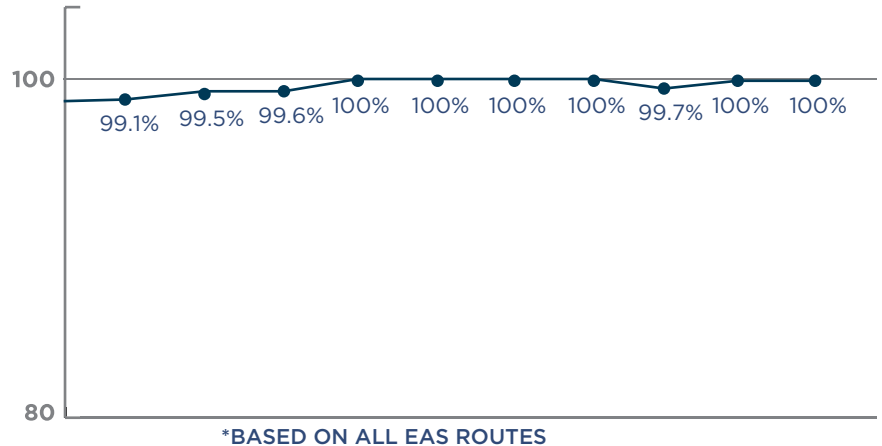
## Route Map



# Consistency in the Marketplace

Southern has been one of the top-performing EAS airlines in the country with controllable completion rates setting the industry standard. Further, Southern does not compare its on-time performance against other commuter airlines. Instead, Southern compares its operational statistics against the biggest and best in the industry. Both airlines operated by Southern Airways Corporation have been industry leaders in recent months.

## TEN MONTH TRAILING CONTROLLABLE COMPLETION JANUARY 2019 - OCTOBER 2019



### APRIL 2019

#### CONTROLLABLE COMPLETION

#### ON-TIME ARRIVALS

Hawaiian	99.7%
<b>Southern</b>	<b>99.6%</b>
<b>Mokulele</b>	<b>99.5%</b>
Delta	99.3%
United	97.7%
American	97.2%

<b>Mokulele</b>	<b>94.0%</b>
Hawaiian	88.3%
<b>Southern</b>	<b>82.1%</b>
Delta	71.7%
United	69.6%
American	65.7%

### MAY 2019

#### CONTROLLABLE COMPLETION

#### ON-TIME ARRIVALS

<b>Southern</b>	<b>99.9%</b>
Hawaiian	99.7%
Delta	99.0%
<b>Mokulele</b>	<b>98.9%</b>
United	96.6%
American	95.9%

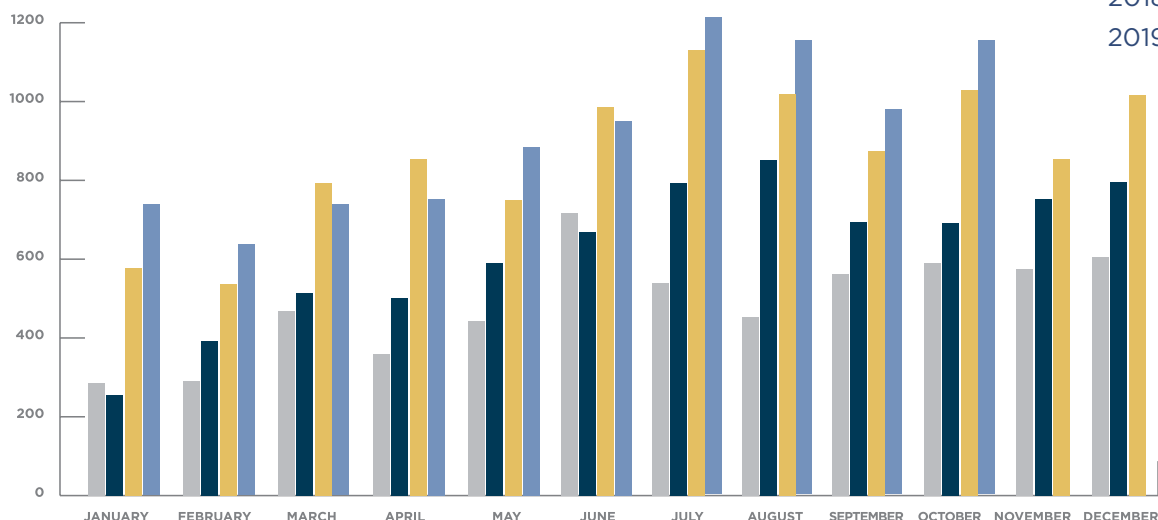
<b>Mokulele</b>	<b>93.7%</b>
Hawaiian	88.6%
Delta	86.4%
<b>Southern</b>	<b>86.0%</b>
United	77.8%
American	77.7%



## SOUTHERN SEES FOUR CONSECUTIVE RECORD-SETTING MONTHS IN DUBIOS

JULY 2019 - OCTOBER 2019

2016-SILVER  
AIRWAYS  
2017-SOUTHERN  
2018-SOUTHERN  
2019-SOUTHERN



**DUBOIS, PA** 2017 Passenger loads were 27% higher than Silver Airways in the previous year (even more impressive considering Silver operated nearly double the seats as Southern).

## ADDITIONAL ACCOMPLISHMENTS

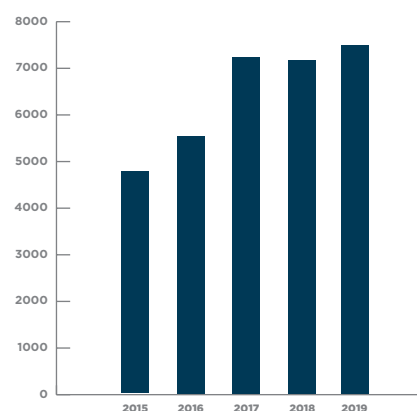
**BRADFORD, PA** 2016 & 2019; Respectively, the two best emplanement years in the last nine.

**MORGANTOWN, WV** Four consecutive months of record-setting passenger counts for Southern. (July 2019 - October 2019).

**LANCASTER, PA** Fiscal Year 2019, The lowest subsidy-per-passenger in five years.

**HOT SPRINGS, AR** 2018; Highest passenger on record, beat previous best year (2006) by 18%. 2019 projections point towards another record setting year.

## TOTAL ALTOONA



## ALTOONA, PA

Highest passenger count since 2011.



# *Becoming the Best Small Airline in America*

Southern Airways is the fastest growing airline in America. This explosive rate-of-growth is attributed to many factors. Below are a few of the improvements that Southern has made over the past few years that has positioned the airline to become “The Best Small Airline In America.”

- Southern secured interlined agreements with American Airlines and Condor Airlines. Interline tickets are available for purchase on iFlySouthern.com. Southern’s interline with Alaska Airlines went live on November 7, 2019.
- Southern innovated one of the most robust pilot recruiting programs in the country. As a result of two full years of pilot recruiting, training, and retention Southern is now poised to provide reliable service well into the next decade.
- Southern developed SIREN, a proprietary software program that automatically updates passengers of delays by text, email, and voice.
- Southern moved its crew-basing away from the hubs, an involved process that included the recruiting of new pilots wishing to live in smaller communities. Now completed, this move guarantees the originating flight to the hubs and the terminating flight into the EAS communities every day.
- Southern upgraded the Sun Air piston-driven fleet to an all-turbine fleet featuring the roomy and reliable Cessna Caravan.
- Southern implemented online check-in.
- Southern has upgraded all outdated arrival and departure boards at the hometown airports to digital monitors that are updated throughout the day with flight status information.
- In Fiscal Year 2019, Southern brought all of its EAS airports into subsidy compliance.
- Southern joined TSA PreCheck.
- Southern pioneered a passenger intercept data collection and reporting system to provide the local airports and their governing boards with passenger demographic data, including passengers’ home ZIP codes and final destinations.

TSA Pre✓





- Southern transitioned all remaining third-party passenger handling vendors to in-house employees. This allowed for direct control over the level of customer service at the hometown airports.
- Southern increased its call center and customer service center to 24 hours per day.
- Southern and local airport directors have collaborated to create tailored media-buying campaigns designed to market

the air service connectivity from the hometowns to the hubs.

#### NEXT STEPS

Now that Southern is operating with extra maintenance reserves, aircraft will begin an aggressive rotation through the contracted paint shop to receive the official livery. The entire conformity process is estimated to be completed in twelve months.

## Southern's New Livery



#### ENPLANEMENT INITIATIVES

Southern Airways has developed a number of proprietary business development and enplanement initiatives that can be customized to each marketplace. Many of these programs have already been launched across the Southern system. Full implementation of the Initiative Suite will happen in early 2019 in all Southern Airways markets.



# Fueling the Local Economy



Southern is committed to being a good airport partner and an asset to not just the aviation community, but to the entire area as a whole. To this extent, Southern pledges to purchase as much competitively priced fuel in its hometown airports as weight and balance restrictions allow.

From a finance prospective, Southern's obligation as the EAS provider must be to operate as cost effectively as possible in an effort to manage the subsidy. If while doing so, Southern can also purchase fuel in the out-stations, then both the airline, and the local community benefit.

## **AS THE FOLLOWING BIDS ARE BEING REVIEWED, PLEASE CONSIDER:**

Southern's commitment to reliable service and long-term sustainability is evidenced by its commitments to the hometown airports. Through solving problems related to the National Pilot Shortage, creating interline partnerships, and providing consistent executive level "boots on the ground," Southern's developed a strong platform for growth in all of its communities.

Southern Airways Express believes that its proposal will provide an unsurpassed level of service, grow enplanements, seamlessly connect passengers to the world's transportation infrastructure, and provide the local community with a sustainable airline partner for both the local passengers and the visitors traveling to the community. Southern further believes that it is the right partner to deliver the above benefits while also maintaining compliance with all Department of Transportation requirements for continued participation in the Essential Air Service program.

We respectfully submit this bid, which is consistent to the service the community currently receives.

R. Stan Little Jr.

Chairman & Chief Executive Officer  
Southern Airways Express, LLC



# Presque Isle Proposal

	OPTION A (C-208)	OPTION B (C-208)	OPTION C (C-208)
<b>Weekly Round Trips</b>			
PQI-BOS	30	19	24
PQI-PWM	-	19	14
<i>Total</i>	<i>30</i>	<i>38</i>	<i>38</i>
<b>Operating Revenues</b>			
PQI-BOS	\$2,945,680	\$1,671,136	\$2,111,363
PQI-PWM	\$0	\$1,190,233	\$876,691
<i>Total Operating Revenues</i>	<i>\$2,945,680</i>	<i>\$2,861,369</i>	<i>\$2,988,053</i>
<b>Operating Expenses</b>			
Flying Operations	\$3,262,635	\$3,268,972	\$3,383,429
Fuel and Into Plane	\$1,987,529	\$1,991,465	\$2,129,796
Maintenance	\$1,430,100	\$1,542,300	\$1,609,238
Aircraft	\$890,677	\$890,677	\$890,677
Indirect	\$377,585	\$380,464	\$383,290
<i>Total Operating Expenses</i>	<i>\$7,948,525</i>	<i>\$8,073,877</i>	<i>\$8,396,430</i>
Operating Loss	\$5,002,846	\$5,212,508	\$5,408,377
Profit Element (5%)	\$397,426	\$403,694	\$419,822
<b>Compensation Required</b>	<b>\$5,400,272</b>	<b>\$5,616,202</b>	<b>\$5,828,198</b>
<b>Compensation per Pax</b>	\$255	\$234	\$242
<b>Compensation per Departure</b>	\$1,766	\$1,450	\$1,505
Annual Seats	27,522	34,848	34,848
Annual Passengers	21,192	24,045	24,045
Load Factor	77%	69%	69%
Departures	3,058	3,872	3,872
Average Fare	\$139	\$119	\$124
Completion Factor	98.00%	98.00%	98.00%
Compensation Required Year 1	\$5,400,272	\$5,616,202	\$5,828,198
Compensation Required Year 2	\$5,562,280	\$5,784,688	\$6,003,044

Southern has included in its indirect operating expense a direct marketing spend of \$50,000.

## SCHEDULE:

*Upon the community's selection of the preferred option, Southern will work with local officials to develop an optimized flight schedule.*

STATUS	VENDOR	VENDOR	PROJECTED SPEND
Proposed	Local Newspaper	Newspaper	\$6,000
Proposed	Regional Billboard	Billboard	\$6,000
Proposed	Local Radio	Radio	\$10,000
Proposed	Local Cable/Broadcast TV	Cable	\$15,000
Proposed	Enhanced Digital	Digital	\$4,000
Proposed	Community Sponsorships	Chamber, CVB, Etc	\$4,000
Proposed	Customer Appreciation Party	Live Airport Event	\$5,000
Total			\$50,000

(Southern is committed to \$50,000 of annual advertising spend until enplanement goals are met.)



*We fly to make your day!*

*Sonny McFly*



FACEBOOK.COM/IFLYSOUTHERN



INSTAGRAM.COM/IFLYSOUTHERN



PINTEREST.COM/IFLYSOUTHERN



TWITTER.COM/IFLYSOUTHERN



YOUTUBE.COM/USER/IFLYSOUTHERN



**iFlySouthern.com**





DUNS Number: 078369539

December 18, 2019

Todd Homan  
Kevin Schlemmer  
Michael F. Martin  
Office of Aviation Analysis  
US Department of Transportation  
1200 New Jersey Avenue SE  
Washington, DC 20590

RE: EAS at Presque Isle, Maine ("PQI") Docket DOT-OST-2000-8012

Dear Messrs. Homan, Schlemmer, and Martin:

Silver Airways LLC ("Silver") is pleased to present to the Department of Transportation (the "Department"), Silver's response to the Request for Proposals for Essential Air Service to Presque Isle, Maine ("PQI"). In addition to responding to the specifics of the RFP, we will demonstrate that Silver Airways meets all five selection criteria outlined in 49 U.S.C. § 41733(c)(1) and is the best possible service provider for Presque Isle and the surrounding communities.

#### **A. Proposal Summary**

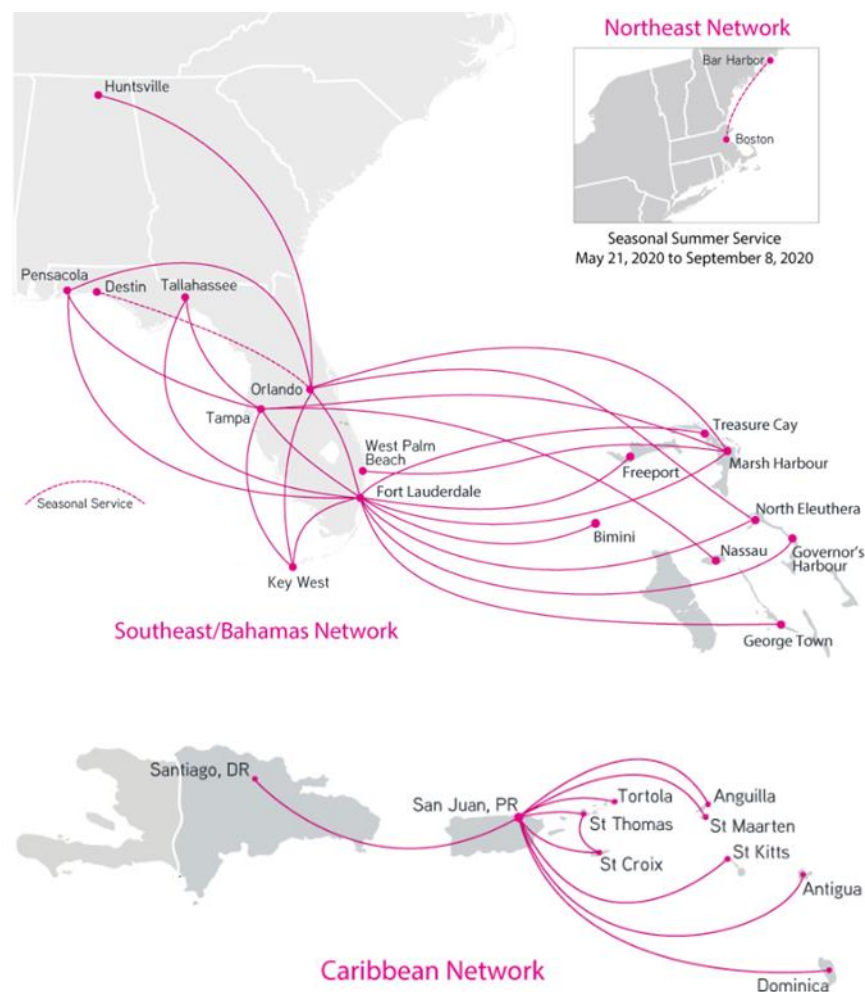
Silver proposes to provide safe, reliable, and cost-efficient roundtrip Essential Air Service between Presque Isle, Maine (PQI) and Boston Logan International Airport (BOS). Silver intends to operate Essential Air Service flights with a 34-seat Saab 340 *Bplus* aircraft with 12 weekly frequencies, as defined by the Department to meet historical demand and increase passenger count based upon Silver's marketing and GDS arrangements and its managerial commitment to work hand-in-hand with the community grow passenger counts as Silver has done elsewhere

Silver respectfully requests an annual subsidy package as described herein to begin service to Presque Isle for a period of at least 24 months beginning July 1, 2020.

## B. Silver Airways Background

Silver is a Part 121 certificated U.S. air carrier operating approximately 65 daily scheduled flights principally between gateways in Florida and the Islands of the Bahamas. Silver also operates summer-seasonal flights between Bar Harbor, Maine and Boston, Massachusetts under award of Essential Air Service with the Department. Silver markets 30 daily flights in the Caribbean which are operated by Seaborne Airlines, Silver's wholly-owned subsidiary.

Silver is headquartered in Fort Lauderdale, Florida, and operates its primary maintenance facility at the Orlando International Airport. As of December 31, 2019 the airline will operate nine Saab 340 *Bplus* aircraft, six ATR-42-600, and one ATR-72-600 aircraft, with commitments to acquire an additional 13, factory-new, ATR-42-600 or ATR-72-600 turboprop aircraft by 2020. The airline is supported by a team of over 800 aviation professionals including approximately 180 pilots.



Silver manages and maintains its own industry-leading reservations system, powered by Sabre. This system allows Silver to independently manage and market all of its flights. Passengers can book Silver flights through a variety of media including its website, [www.silverairways.com](http://www.silverairways.com), its telephone reservations center, and all major online travel agencies, including Expedia and Travelocity.

The airline maintains valuable and consumer-friendly relationships with major U.S. and international air carriers. Silver has domestic codeshare relationships with American Airlines, Delta, JetBlue Airways, and United Airlines. Silver has international codeshare relationships with Copa and Avianca. United codeshare passengers can earn and redeem MileagePlus benefits while travelling on Silver Airways. JetBlue passengers can earn TrueBlue points on codeshare flights. Additionally, the company has entered into interline baggage and ticketing agreements with Air Canada, Alaska Airlines, All Nippon Airways, Azul Brazilian Airlines, Bahamasair, Cape Air, Emirates, TACA, Vieques Air Link, and Hahn Air.

As a Part 121 certificated air carrier, Silver Airways adheres to the airline industry's most rigorous standard safety practices. In addition to vigilant Part 121 oversight from the Federal Aviation Administration, Silver participates with the IOSA registry – a worldwide safety standard established by the International Air Transport Association (IATA) recognized by major airlines across the globe as a requirement for establishing commercial partnerships. Further, the company has the ability to establish fares with the United States government through the General Services Administration's Government Airfare program. Only carriers who routinely pass rigorous inspections from the Department of Defense are allowed to participate in this program.

Steven A. Rossum, Silver's Chief Executive Officer and a thirty year veteran of commercial airlines has had senior executive roles at mainline and regional air carriers and is well versed in the air needs of EAS communities Silver's senior leaders have held executive positions with passenger and cargo airlines including US Airways, AirTran Airways, American Airlines, DHL Airways, Ameriflight, Comair, Pinnacle Airlines, World Airways, Reno Air, and National Airlines. The new management team has drastically improved operations and has led the airline to successfully re-enter the EAS program in Bar Harbor, Maine with rave reviews from the community and a 100% controllable completion factor during the 2018 and 2019 operating season.

## C. Proposal Details

Silver believes that its unique proposal can fundamentally improve air service to Presque Isle given the key attributes to the product offering, in line with the Department's selection criteria, including:

- An uncompromising commitment to safety
- Reliable service operated on a schedule built to be defensible against delays
- Access to substantial connection opportunities through Silver's existing interline ticketing and baggage agreements with all of the major carriers
- Multiple ticket distribution channels, from website to all major GDS platforms
- Strong community coordination and cooperation
- A robust marketing program supported by both Silver and PQI
- A US-based call center staffed by bi-lingual Silver employees for customer support
- An eco-friendly, modern turboprop aircraft
- Maintenance staff on-site at PQI and BOS
- Supply-chain arrangements with the manufacturer (OEM) of Saab aircraft and other parts and engine suppliers to have ready spares available in the event of unanticipated maintenance required on the aircraft or a major component

### 1. Essential Air Service Selection Criteria

Our proposal is specifically designed to meet all five selection criteria as indicated in the Department's request for proposals and in 49 U.S.C. § 41733(c)(1). Furthermore, our ability to meet all of the selection criteria is key to why we believe Silver's proposal will be superior to all other proposals.













1. Service Reliability. Silver has put in place a number of initiatives to ensure service reliability across its network. These initiatives include co-locating crew bases, maintenance bases, spare aircraft and spare parts including by contracting with the OEM and other suppliers; ensuring strong pilot retention and recruitment, and building schedules that allow for optimal recovery of delays should they occur. These efforts have produced system-wide Controllable Completion Rates and Controllable On-Time Performance on par or exceeding major U.S. carriers.

Silver's recent service entry and operational performance in Bar Harbor, Maine exemplifies its commitment to reliability in the Essential Air Service program. To date, the Bar Harbor program has achieved a Controllable completion factor of 100% and a controllable on-time performance rate in excess of 80%.



2. Contractual and marketing relationships with a large carrier at the hub.

Silver has in place codeshare and frequent flyer program agreements with Jet Blue, Delta, American and United Airlines. Upon award, Silver will invite all of these carriers to extend our existing agreements.

Partner	Interline	Codeshare	Frequent Flyer
	At service start	Invite to Codeshare	With Codeshare
	At service start	Invite to Codeshare	With Codeshare
	At service start	Invite to Codeshare	With Codeshare
	At service start	Invite to Codeshare	
	At service start	Invite to Codeshare	
	At service start	Invite to Codeshare	
	At service start		
	At service start		
	At service start		
	At service start		
	At service start		
	At service start		

Passengers who take advantage of our marketing agreements will be able to purchase tickets with joint itineraries via online and “brick-and-mortar” travel agencies, partner airline websites, and reservations centers.

3. Interline arrangements with a larger carrier at the hub. Silver maintains interline ticketing and baggage agreements with twenty-one carriers from with worldwide reach, including the codeshare partners. These arrangements allow for passengers to purchase a single ticket across airlines, experience a single check-in with the first carrier, and have baggage automatically transferred between carriers without reclaiming and rechecking during the connection. We have an additional agreement with Hahn Air creates the ability for dozens of additional carriers to create single ticket itineraries to the Silver network.
4. Community views, giving substantial weight to the elected officials representing the users. Silver has already engaged in working with the airport director and we will

work with locally elected officials to ensure our proposal will meet the needs of the community.

5. Whether the carrier has included in its proposal a plan to market its service to the community. Silver has included several aspects of marketing plans in its proposal.
- i. As discussed, Silver intends to market flights to allow maximum connectivity to the flights of our codeshare and interline airline partners.
  - ii. Silver will also incorporate Presque Isle into its own system-wide marketing efforts, which include:
    1. Adding the ability for sales through Silver's website, call centers, and travel agent distribution network.
    2. Silver will commit to a minimum annual marketing spend of \$25,000. These funds will be expended on behalf of Silver's proposed service to Presque Isle, and in coordination with community leaders and commercial organizations.
    3. Silver will seek to foster and leverage community relationships and cooperative marketing programs to extend the reach of marketing for each community. This can include use of pre-existing airport sponsored sales teams, and the use of promotions and trade with local organizations to extend the reach and frequency of Silver's marketing efforts.
    4. Silver will also work to become a greater part of the Presque Isle community through community outreach, sponsorships, promotions, and volunteer programs.
    5. Silver has designated Katie Loughlin, Manager of Alliances and Business Development as the executive who will be responsible to address any needs of PQI or the Department including Silver's operational performance. Her e-mail is [katie.loughlin@silverairways.com](mailto:katie.loughlin@silverairways.com).

## **2. Service Pattern and Schedule**

Silver Airways' proposal is rooted in providing Presque Isle with a level of capacity and frequency outlined by the Department in the RFP and in alignment with historic traffic trends.

Silver proposes a cost-effective service pattern of 12 weekly roundtrips between PQI and Boston.

### **a. Proposed Schedule**

Silver is proposing a schedule with twelve weekly roundtrips per the Department of Transportation solicitation and optimized for connections. All flights will be operated by 34-seat Saab 340 *Bplus* aircraft.

Presque Isle (PQI) – Boston (BOS)						
Depart	Arrive	Operating Days				
06:30	08:15	Mo	Tu	We	Th	Fr
13:30	15:15	Mo	Tu	We	Th	Fr
08:45	10:30					Sa
13:45	15:30					Su
Boston (BOS) – Presque Isle (PQI)						
Depart	Arrive	Operating Days				
09:15	11:00	Mo	Tu	We	Th	Fr
18:15	20:00	Mo	Tu	We	Th	Fr
11:15	13:00					Sa
16:15	18:00					Su

Silver Airways proposes to operate the services described for a two-year term, beginning July 1, 2020. The schedules indicated are subject to change and further community input.

**b. Modern, cabin-class aircraft**

Silver will utilize its fleet of Saab SF340 *Bplus* aircraft to support Essential Air Service in PQI. All Silver flights are operated with twin-engine aircraft and flown by a crew of two highly trained and qualified Part 121 pilots. Silver’s SF340 seats up to 34 passengers with standard and extended legroom economy seating in a configuration similar to regional jets.



Onboard, passengers have access to overhead bins, a restroom, and beverage service provided by an inflight crew member.



**c. Schedule Built for Reliability**

We have designed our PQI schedule and our airline to operate reliably. The following concepts are employed to create a reliable network:

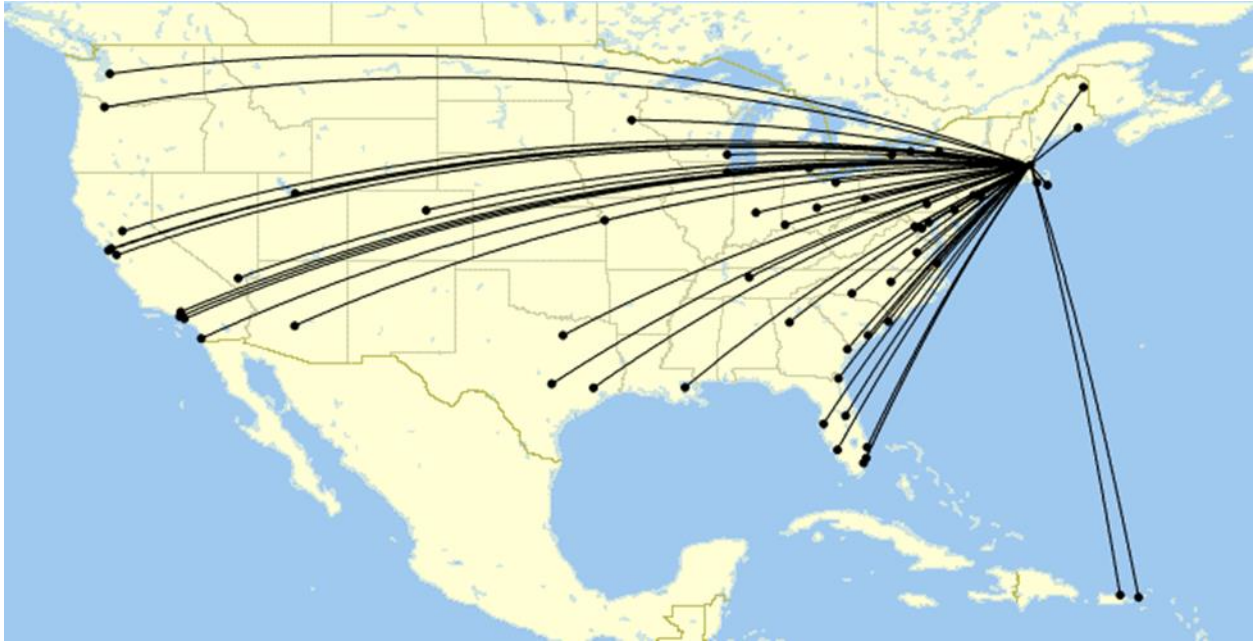
1. Dedicated Aircraft. Silver will have a dedicated aircraft to fly only the route to Presque Isle.
2. Pilot Retention and Recruitment. A key to reliable airline operations is a consistent supply of pilots. Silver currently has a steady stream of prospective pilots and no reliability concerns related to lack of crew. Silver already has a pipeline program in place with Denver-based Frontier Airlines where Silver pilots may continue their career path with Frontier. We are continuously improving our pilot hiring program in order to attract a talented workforce who wish to be a part of the communities we serve.
3. Pilot Efficiency. In order to attract and retain a full complement of highly trained pilots, Silver's schedule will contain specific items designed to support our pilot team, including easily commutable lines; in-base accommodations, and single crew overnights designed to make pilot work days efficient within Part 117 standards.

**d. Operation Built for Connectivity**

Service to Boston allows for single connection service to over 120 airports beyond BOS.



### Combined Proposed Silver / Interline Partner Boston Route Map



1. Hub Structure. Silver's schedules are designed around the published schedules and minimum connection times of our partner carriers. This focus will ensure Silver is able to maximize connections to our interline partners.
2. Connections. Silver will provide seamless, one-stop connections to more than 120 destinations via Boston with access to hundreds more.
3. Remain-Over-Night (RON). Silver's aircraft will remain over-night at Presque Isle. This schedule allows for morning departures and evening arrivals, allowing travelers from Presque Isle to create "day-trips" and maximize their time in many destinations.

#### 4. Financial Proposal

Silver's financial proposal is below.

Silver requires a total annual subsidy package of \$4.4 million in order to initiate 12 weekly roundtrips between Presque Isle and Boston.

<b><u>Information</u></b>	<b><u>Annual Total</u></b>
Stage Length	333
Completed Departures per year (99%)	1,236
Completed Block Hours	2,099
ASMs	13,988,557
Passengers	26,465
Load Factor	63%
Revenue per Passenger	\$128
<b>Passenger Revenue</b>	<b>\$3,387,499</b>
Variable Costs	\$6,174,507
Aircraft Ownership	\$383,793
Overhead & Interest	\$860,665
Marketing Expense	\$25,000
<b>Expenses</b>	<b>\$7,443,964</b>
<b>Profit (Loss) Excluding Subsidy</b>	<b>(\$4,056,465)</b>
<b>Subsidy Revenue (5% margin)</b>	<b>\$4,447,273</b>
Subsidy per Departure	\$3,600
Subsidy per Block Hour	\$2,119
Subsidy per Passenger	\$168
Weekly Maximum	\$85,524

Silver requires a minimum service period of 24 months.

## D. Conclusion

We believe Silver has presented a compelling case to become the Essential Air Service provider at Presque Isle . Silver is uniquely positioned to meet all of the Department's selection criteria while offering the community the maximum consumer benefits.

We believe the community and the Department of Transportation will find Silver's response superior to all other responses. We believe no other carrier will be able to offer the combination of services that Silver offers, including:

- A safe, twin-engine, turbo-prop aircraft available operated under Part 121 of the Federal Aviation Regulations, the most stringent category of regulatory and safety oversight
- Two highly trained and experienced pilots and a flight attendant on each flight with amenities on par with major regional carriers
- Spare parts and on-site technical services personnel to optimize recovery in the event of irregular operations
- Interline and other commercial partnerships with worldwide reach
  - The potential for codeshare service with several major carriers
- Single-ticket itineraries to destinations worldwide through major carrier connections
- A management team of experienced airline and military executives committed to working with each community to maximize traffic
- Commitment to maintain industry-leading operational reliability and customer service
- Commitment to working with Presque Isle to add new and effective marketing using assets provided by Silver, the community, and other stakeholders

We are enclosing, or will be providing you with letters of support from the Airport Director at Hancock County-Bar Harbor Airport, Jet Blue and Delta.

We look forward to working with the Department and the Presque Isle community to implement this award. Our team and I are available to answer any questions, and more importantly, we are excited about the prospects of serving the Presque Isle market.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Rossum', enclosed within a large, loopy oval shape.

Steven A. Rossum  
Chief Executive Officer





Ankit Gupta  
Vice President, Domestic Network Planning  
Network Planning

### **United Airlines Proposal to Provide Essential Air Service at Presque Isle, Maine**

United Airlines ("United"), a wholly-owned subsidiary of United Airlines Holdings, respectfully submits its proposal to continue providing subsidized Essential Air Service to Presque Isle, ME ("PQI"). United seeks to operate 12 subsidized, round-trip flights per week, on a year-round basis, between PQI and our Newark hub ("EWR"). United is seeking an annual subsidy of \$6,838,045. These Essential Air Service flights would be operated with 50-seat jet aircraft. This service is important, as it allows United to continue offering the residents of Aroostook County access to a premium International connecting hub.

United and our Express and Star Alliance partners make up the largest airline network in the world. United's service allows communities of many sizes access to more than 350 airports in 48 countries on five continents, offering more than 4,900 flights per day and carrying more than 160 million annual passengers. In addition, United is a founding member of Star Alliance, through which we offer service to 1,300 airports in 191 countries via 28 member airlines. United's PQI flights will be operated with the UA code by one of our United Express partners.

PQI is part of United's industry-leading number of unique destinations served from New York. United's EWR hub serves over 160 destinations with over 400 daily flights. Whether customers want to connect to other east coast destinations, travel across the country or across the world, United flies more seat miles from New York than any other carrier.

Additionally, United will continue to promote the EWR service by including PQI in corporate and regional marketing programs where applicable as well as broader promotion of our EWR hub.

Our bid includes an increased subsidy compared to the previous contract. An increase is required as the economic outcome of the flights is below our original forecast. The increased subsidy reflects United's desire to continue operations at PQI, but also recognizes the economic reality of continuing service.

Finally, we respectfully request to amend the term of the contract to 23 months; ending May 31, 2022. This shift in end date will be beneficial to any future service transitions by putting the new contract in place ahead of the peak summer demand period. United's bid is not contingent upon this change and should be considered valid for both the original term, or this amended term (on a prorated basis).

We look forward to serving PQI for many years to come and appreciate the community's and the Department of Transportation's consideration of United Airlines service proposal.

If any follow-up information is required, please contact:

*Daniel Malinowski*  
*Director, Domestic Network Planning*  
*Daniel.Malinowski1@United.com*

Sincerely,

A handwritten signature in black ink, appearing to read "Ankit Gupta", written over a horizontal line.

Ankit Gupta  
Vice President, Domestic Network Planning



### Proposed Schedule

<u>Segment</u>	<u>Depart</u>	<u>Arrive</u>	<u>Block Hours</u>	<u>Frequency</u>
EWRPQI	10:30	12:30	2:00	Ex Tu/Sa
EWRPQI	21:59	23:59	2:00	Daily
PQIEWR	06:05	08:05	2:00	Daily
PQIEWR	13:12	15:12	2:00	Ex Tu/Sa

Schedule is shown for illustrative purposes only.

United Airlines reserves the right to change without notice.

All times are local.

### Flight Statistics

Aircraft:	Regional Jet
Number of seats per departure:	50
Mileage:	515
Block Hours per departure:	1.8
Completion Rate:	98%
Departures:	1,226

### Revenues

Passengers	28,207
Segment Fare	118
Total Revenue	\$3,328,450

### Expenses – Includes Opportunity Costs

Flight Variable	\$6,538,640
Passenger Variable/Other	\$2,494,330
Ownership	\$1,133,525
Total Expenses	\$10,166,495

Base Profit/(Loss) (\$6,838,045)

Margin (147%)

Subsidy Required \$6,838,045

Subsidy / Departure \$5,576

Subsidy / Passenger \$242

Flight Statistics, Revenues and Expenses shown are annual