



# PRESQUE ISLE ESSENTIAL AIR SERVICE




## OPTION ANALYSIS, AS OF JANUARY 2020





## OUR TEAM



- > FOUR PARTNERS
- > NINE MEMBERS
- > COMBINED 100 YEARS OF EXPERIENCE
- > 78 AIRPORT CLIENTS
- > 100 NEW ROUTES SINCE JANUARY 2017
- > AIRLINE EXPERIENCE:
  - > American Airlines 
  - > Southwest 
  - > MIDWEST AIRLINES 
  - > TWA



# > AGENDA

- > **THE ESSENTIAL AIR SERVICE PROCESS**
  - > PROGRAM OVERVIEW
  - > DOT PRIORITIES
  - > HOW COMMUNITY INPUT WORKS
- > **PRESQUE ISLE BID ANALYSIS**
  - > SILVER AIRWAYS
  - > SOUTHERN AIRWAYS
  - > UNITED AIRLINES



# > THE ESSENTIAL AIR SERVICE PROCESS







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  - > SMALL COMMUNITIES
  - > REMOTE COMMUNITIES





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- > COMMUNITY MUST CONTINUE TO:
  - > BOARD AT LEAST TEN PEOPLE PER DAY
  - > AT A SUBSIDY OF LESS THAN \$1,000 PER PASSENGER





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- > **COMMUNITY INPUT A SMALL FACTOR**





# THE ESSENTIAL AIR SERVICE PROCESS

## #1: RELIABILITY OF AIRLINE





# THE ESSENTIAL AIR SERVICE PROCESS

**#1: RELIABILITY OF AIRLINE**

**#2: NETWORK CONNECTIVITY**





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**#3: INTERLINE AGREEMENTS**





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**#4: COMMUNITY INPUT**





# THE ESSENTIAL AIR SERVICE PROCESS

#1: RELIABILITY OF AIRLINE

#2: NETWORK CONNECTIVITY

#3: INTERLINE AGREEMENTS

#4: COMMUNITY INPUT

#5: MARKETING



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BID #1

- > SKYWEST/UNITED EXPRESS
- > CHICAGO O'HARE
- > 50 SEAT REGIONAL JET
- > 12 FLIGHTS PER WEEK
- > \$3,308,945 SUBSIDY

DECATUR



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- > CAPE AIR
- > CHICAGO AND ST. LOUIS
- > 9 SEAT PROP
- > 38 FLIGHTS PER WEEK
- > \$2,915,273 SUBSIDY

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**DOT AWARD**

DECATUR



# > PRESQUE ISLE BID ANALYSIS





# > BID #1

## BID #1

- > SILVER AIRWAYS
- > JETBLUE CODE
- > 12 FLIGHTS PER WEEK TO BOSTON
- > SAAB 340 TURBOPROP
- > 34 SEATS



PRESQUE ISLE

BOSTON





# > BID #2

## BID #2

- > SOUTHERN AIRWAYS
- > 30 TO 38 FLIGHTS PER WEEK TO BOSTON AND/OR PORTLAND
- > CESSNA 208 CARAVAN, SINGLE-ENGINE
- > NINE SEATS

PRESQUE ISLE

PORTLAND

BOSTON





# > BID #3

## BID #3

- > UNITED AIRLINES/EXPRESS
- > 12 FLIGHTS PER WEEK TO NEWARK
- > EMBRAER 145 REGIONAL JET
- > 50 SEATS



PRESQUE ISLE

NEWARK





# SOUTHERN OPERATES SINGLE ENGINE AIRCRAFT – THE COMMUNITY MUST WAIVE ITS RIGHT TO TWIN-ENGINE

## SINGLE ENGINE AIRCRAFT UNDER ESSENTIAL AIR SERVICE (EAS)

- > Under EAS, communities are guaranteed service on twin-engine aircraft.
- > To accept the bid, the Airport must waive its right to twin-engine service.
- > Once that service has operated for 60-days, the community will no longer have a right to twin-engine service under EAS in the future.
- > Specifically, the statute reads:
  - > "...service provided in aircraft with at least 2 engines and using 2 pilots, unless scheduled air transportation has not been provided to the place in aircraft with at least 2 engines and using 2 pilots for at least 60 consecutive operating days at any time since October 31, 1978."





# PRESQUE ISLE HAS FIVE OPTIONS FOR ESSENTIAL AIR SERVICE, RANGING FROM NINE SEATS TO 50 SEATS PER FLIGHT

BIDS FOR ESSENTIAL AIR SERVICE

Carrier	Equipment		Seats	Freq	Hub	Subsidy
Silver	SF340	Turboprop	34	12	BOS	\$4,447,273
Southern #1	C208	Single Engine	9	30	BOS	\$5,400,272
Southern #2	C208	Single Engine	9	38	BOS/PWM	\$5,616,202
Southern #3	C208	Single Engine	9	38	BOS/PWM	\$5,828,198
United	ERJ145	Regional Jet	50	12	EWR	\$6,838,045

PRESQUE ISLE

BOSTON

NEWARK



# > ONLY UNITED OFFERS FULLY-INTEGRATED NETWORK SERVICE; WHILE SILVER OFFERS A FULL JETBLUE CODESHARE

BIDS FOR ESSENTIAL AIR SERVICE

Company	Founded	Base	Equip	Fleet	DOT Status	FAA Status	EAS Cities	Codeshare	T&B
Silver	2011	Ft. Lauderdale	Saab 340	9	Regional	P121	1	JetBlue	UA, AA, DL, +
			ATR 42	6 (+13)					
			ATR 72	1					
Southern	2013	Memphis	C208/Caravan	35	Commuter	P135	11	None	AA, AS, DE, NZ
United	1931	Chicago	Varies	738	Major	P121	3	Star Alliance	All

PRESQUE ISLE

BOSTON

NEWARK



# > UNITED WILL CARRY THAT MAJOR CARRIER'S BRAND, WHILE THE OTHERS WILL OPERATE WITH INDEPENDENT BRANDS

## BIDS FOR ESSENTIAL AIR SERVICE

### HUB OPTIONS FOR PRESQUE ISLE

Hub	Distance	Carrier	Hub Flts/Day	Nonstop Routes	Avg Fare	Primary Carrier	Remarks
BOS	333	Silver	184	67	\$171	JetBlue	Silver intergrated with JetBlue - but not branded
		Southern					
EWB	515	United	416	151	\$201	United	Fully integrated pricing and United brand.

PRESQUE ISLE

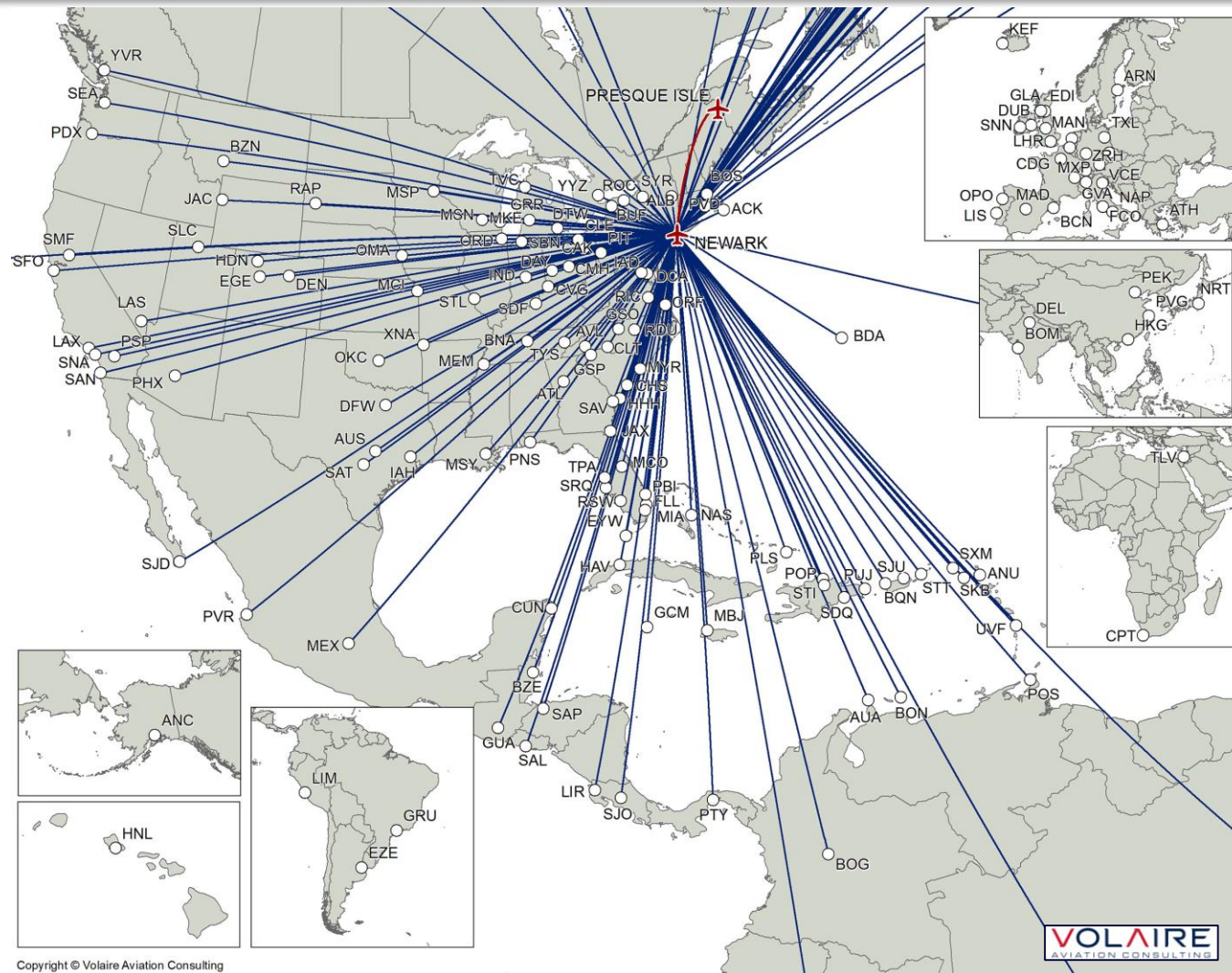
BOSTON

NEWARK





# THE UNITED NEWARK HUB CONNECTS PRESQUE ISLE TO 151 CITIES IN A SINGLE STOP WITH 416 DEPARTURES PER DAY

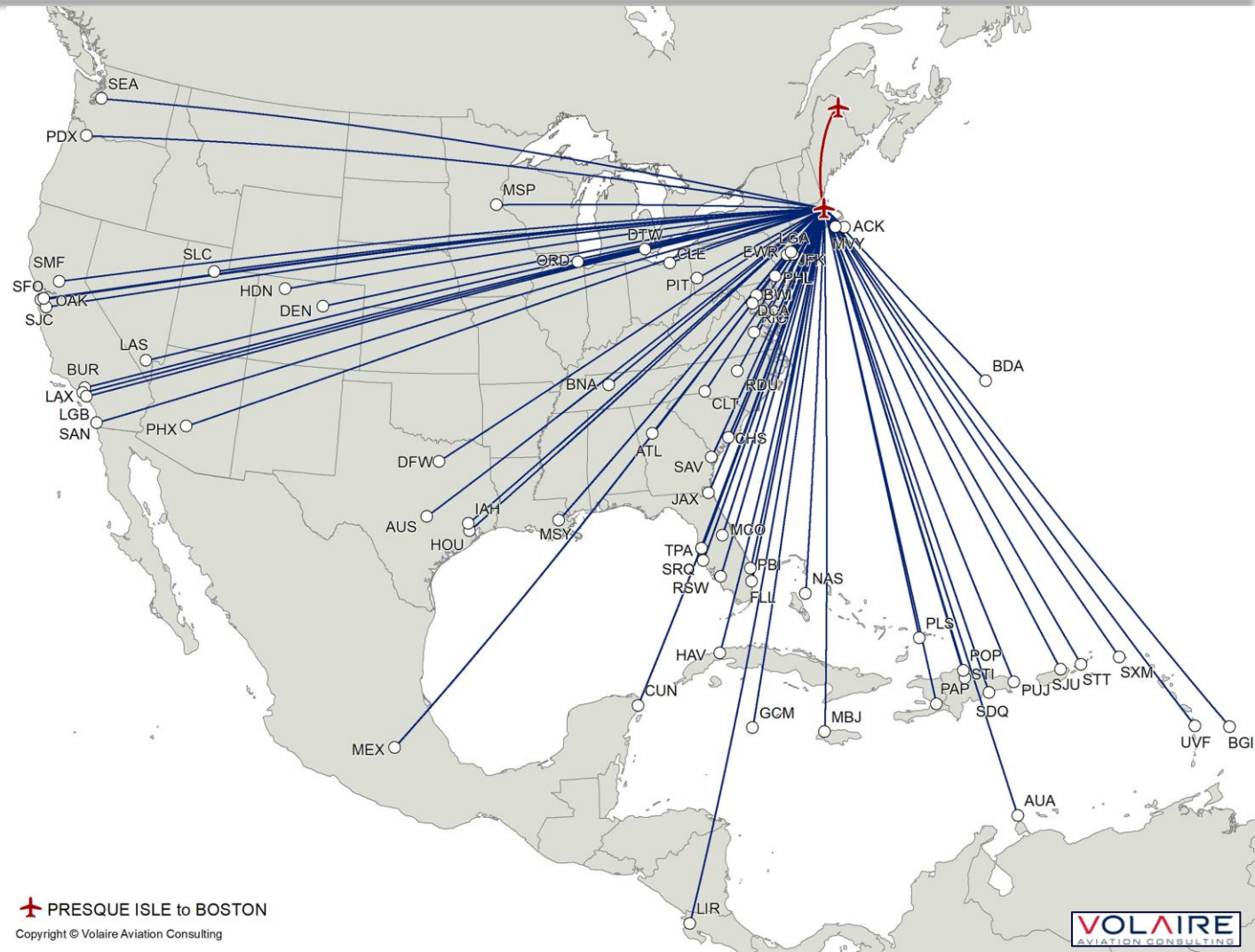


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SOURCE: VOLAIRE AVIATION ANALYSIS



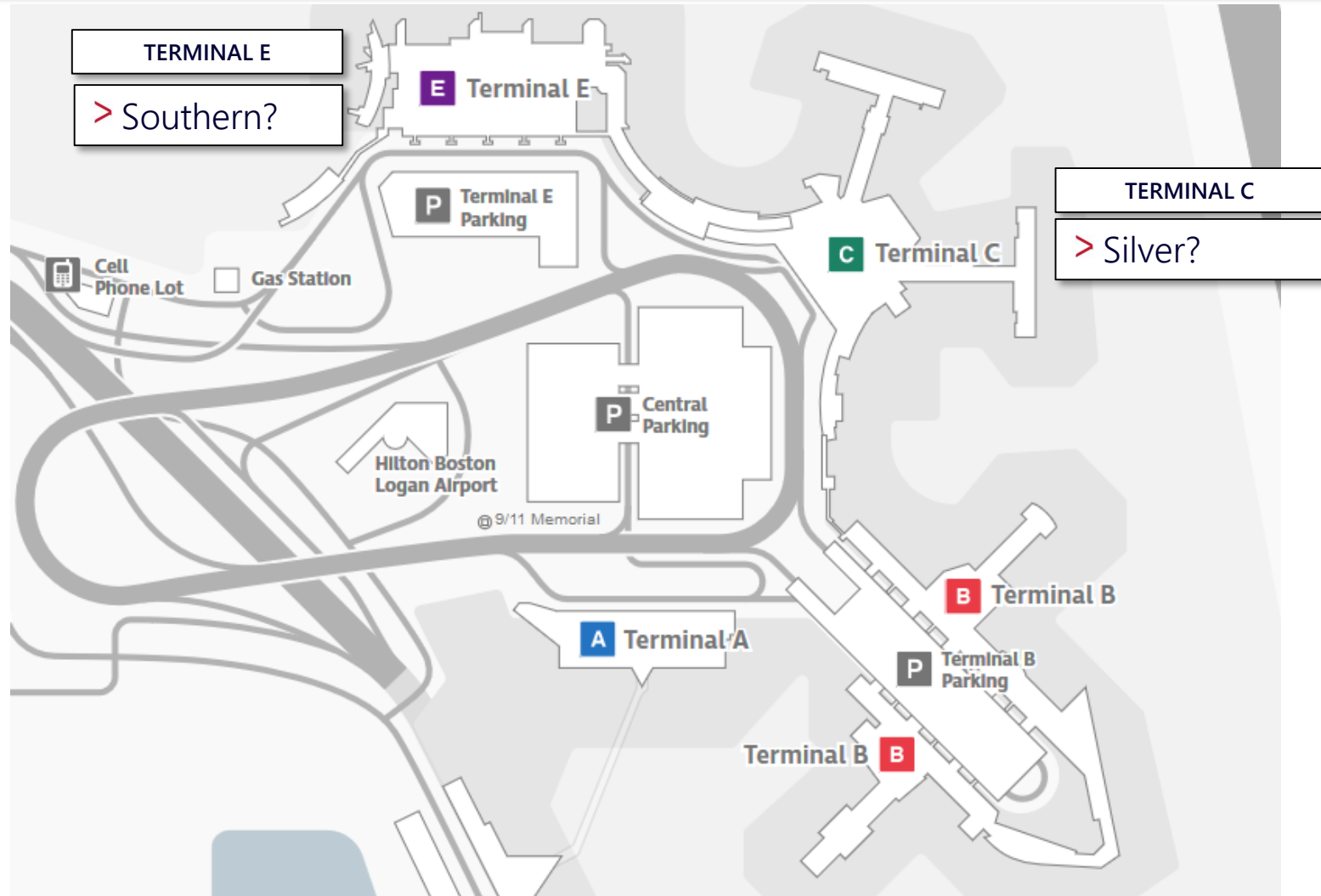
# > THE JETBLUE NETWORK AT BOSTON CONNECTS PRESQUE ISLE TO 67 CITIES WITH AN AVERAGE OF 184 DEPARTURES PER DAY







# BOSTON CAN BE A DIFFICULT CONNECTING HUB – SILVER APPEARS TO HAVE GATE SPACE IN THE JETBLUE TERMINAL

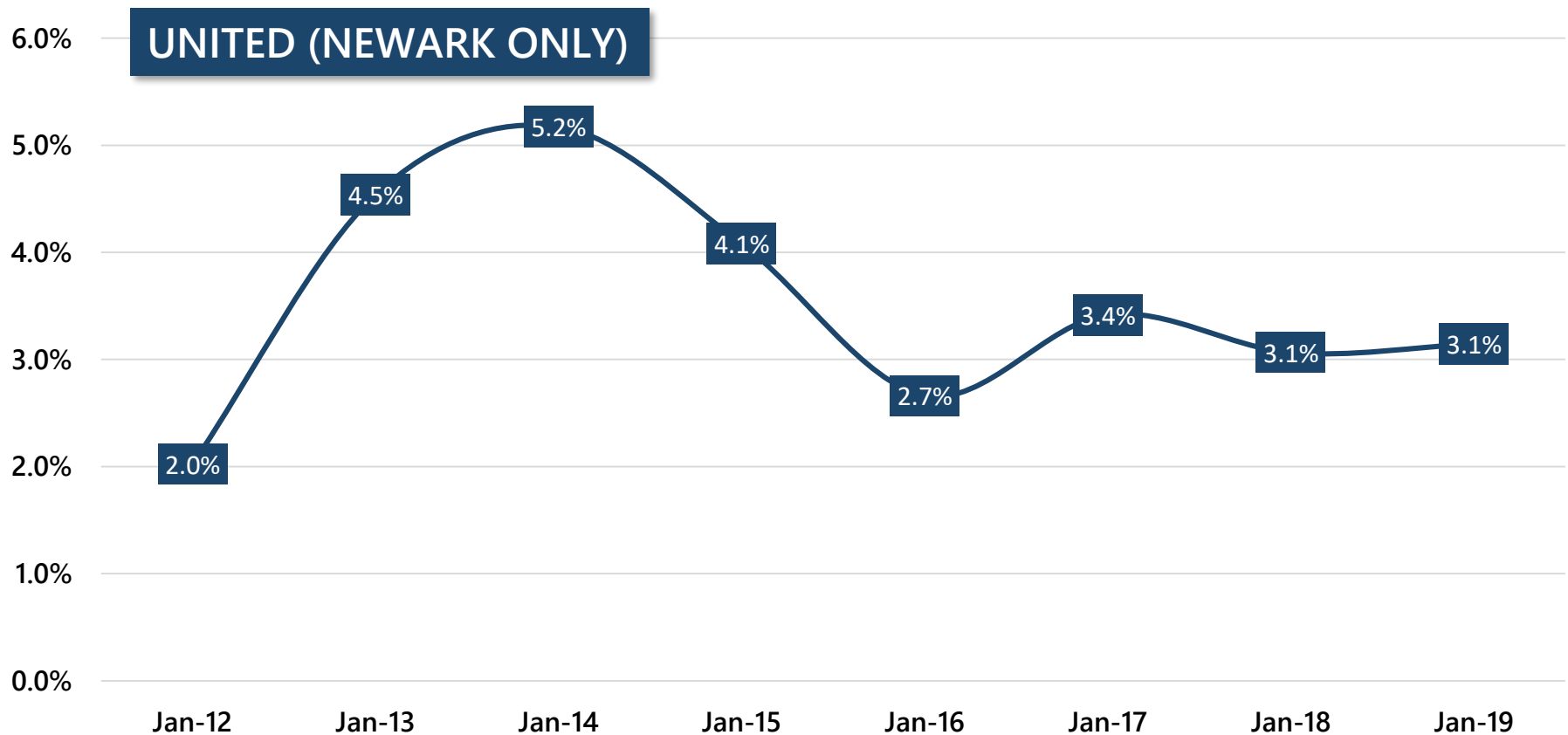






# SILVER'S OPERATIONAL PERFORMANCE IS VERY SIMILAR TO UNITED'S PERFORMANCE AT THE NEWARK HUB

ANNUAL CANCELLATION PERCENTAGE BY CARRIER



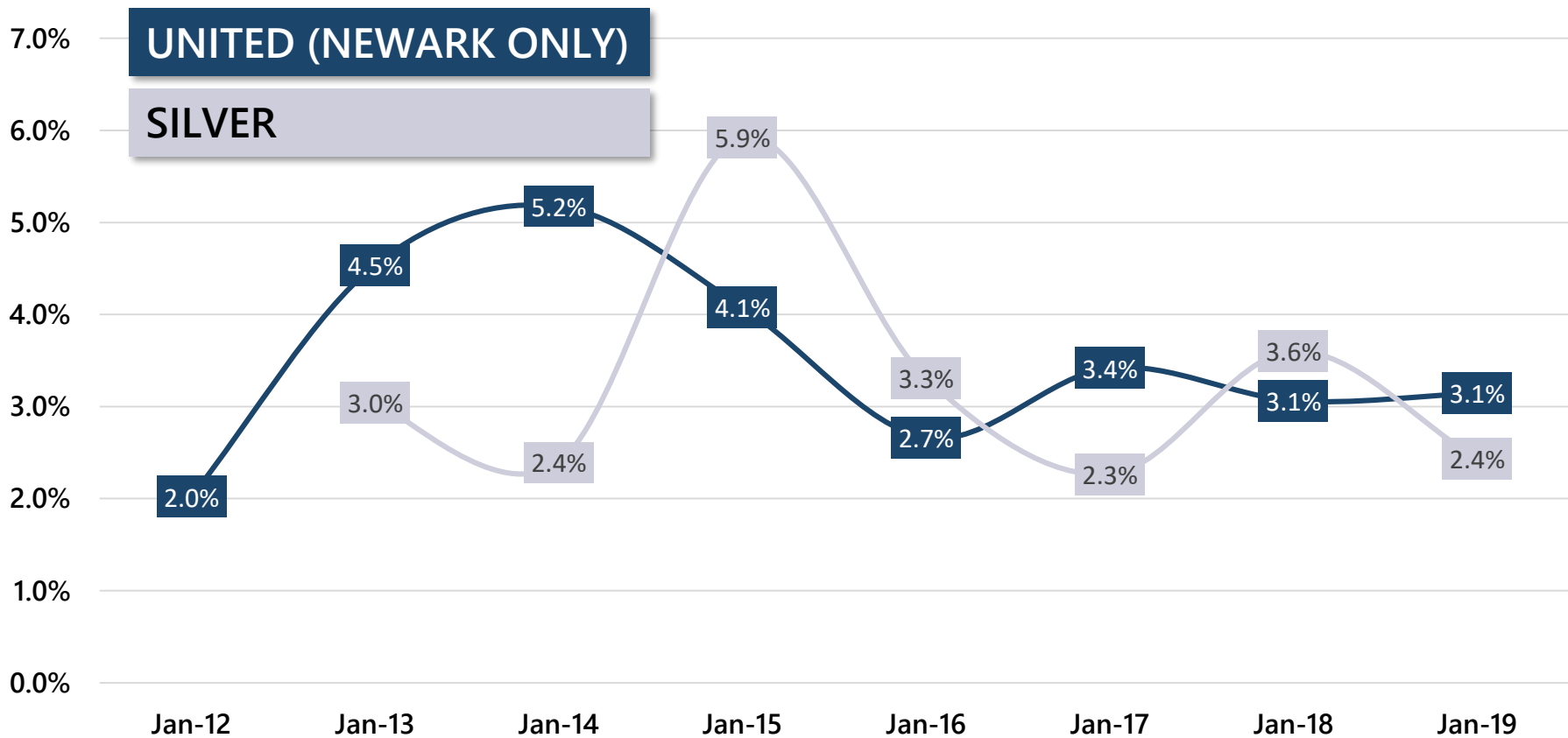
SOURCE: US DOT TABLE T100, AIRLINE DATA, INC.





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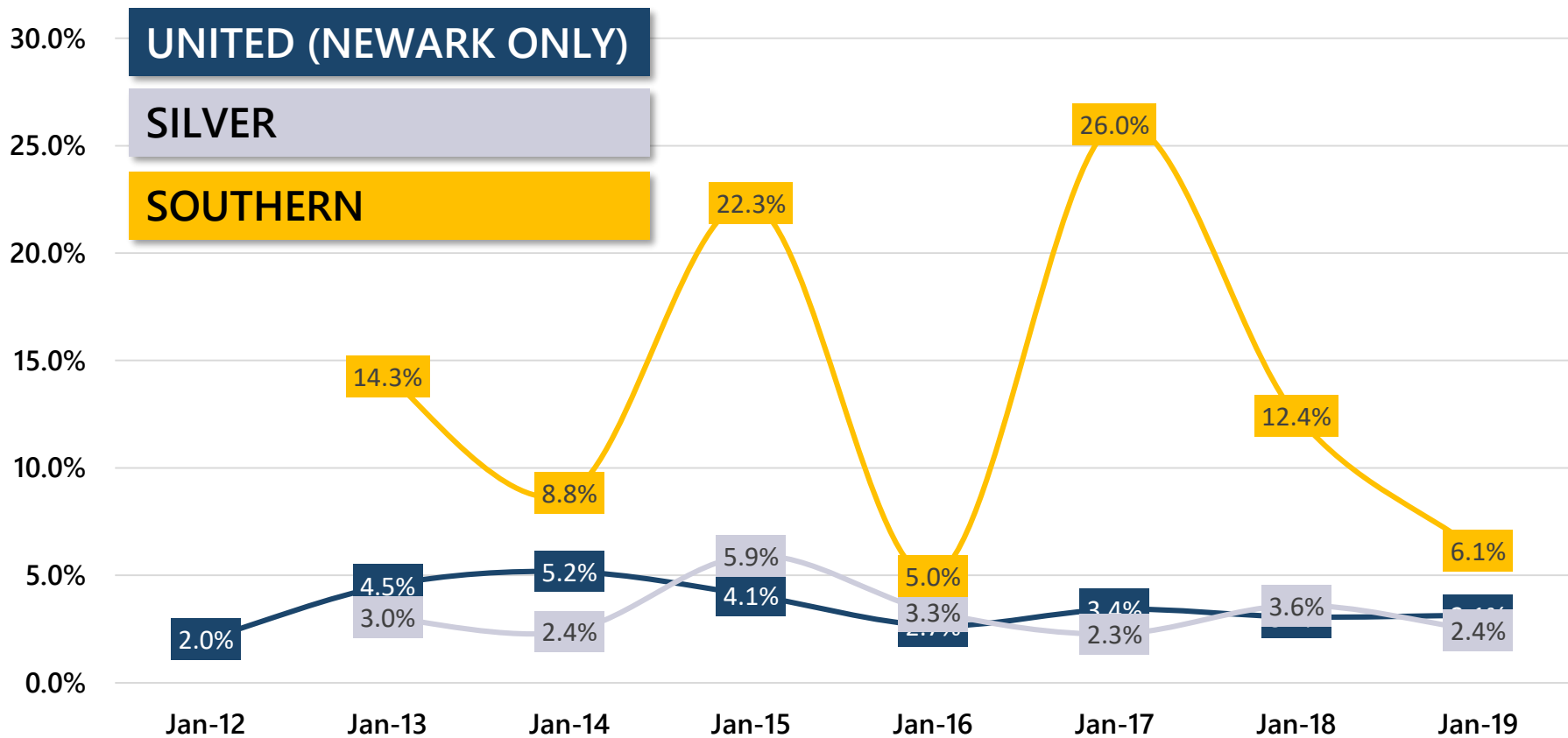
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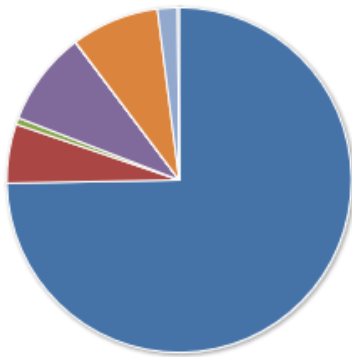
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# > BOSTON HAS MARGINALLY BETTER RELIABILITY, BUT IT STILL LAGS THE NATIONAL AVERAGE: 82% ON-TIME FLIGHTS

## OPERATIONAL PERFORMANCE: BOSTON

YEAR ENDED OCTOBER 2019



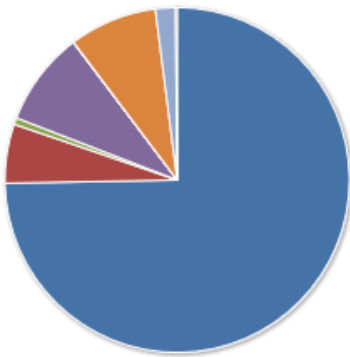
On Time:	74.71%
Air Carrier Delay:	5.54%
Weather Delay:	0.62%
National Aviation System Delay:	8.83%
Security Delay:	0.03%
Aircraft Arriving Late :	8.25%
Cancelled:	1.87%
Diverted:	0.15%



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## OPERATIONAL PERFORMANCE: BOSTON

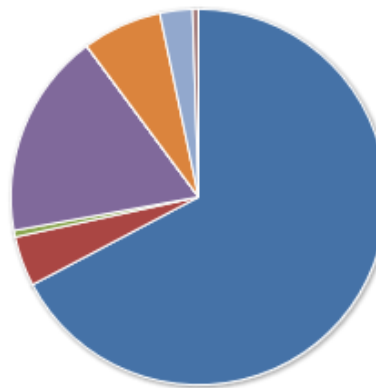
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## OPERATIONAL PERFORMANCE: NEWARK

YEAR ENDED OCTOBER 2019

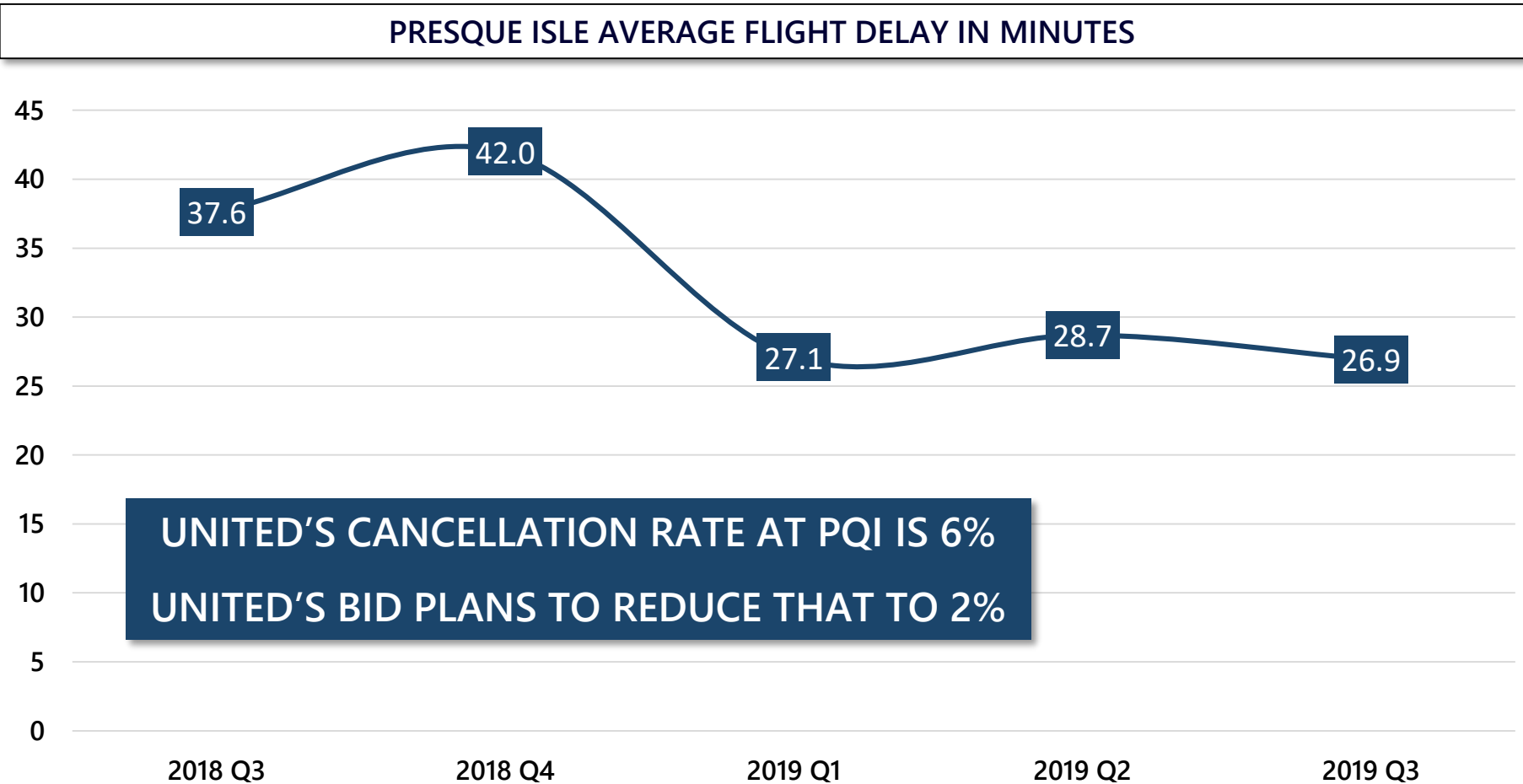


On Time:	67.26%
Air Carrier Delay:	4.32%
Weather Delay:	0.56%
National Aviation System Delay:	17.67%
Security Delay:	0.02%
Aircraft Arriving Late :	6.85%
Cancelled:	2.8%
Diverted:	0.51%

SOURCE: US DEPARTMENT OF TRANSPORTATION



# > PRESQUE ISLE'S AVERAGE DELAYS HAVE BEEN DECREASING OVER THE LAST SEVERAL QUARTERS; 2/3<sup>RDS</sup> OF FLIGHTS ARE ON-TIME



SOURCE: US DOT TABLE T100, AIRLINE DATA, INC.





# UNITED RANKS #1 IN FOUR OF SEVEN CATEGORIES, WHILE SILVER IS #1 IN TWO AND SOUTHERN IS #1 IN ONE

## PRESQUE ISLE RANKING OF BIDS ON KEY METRICS

Carrier	Freq
Southern #2	38
Southern #3	38
Southern #1	30
Silver	12
United	12

Carrier	Subsidy
Silver	\$4,447,273
Southern #1	\$5,400,272
Southern #2	\$5,616,202
Southern #3	\$5,828,198
United	\$6,838,045

Carrier	O&D
United	28,207
Silver	26,465
Southern #2	24,045
Southern #3	24,045
Southern #1	21,192

Carrier	Seg Fare
United	\$118
Southern #2	\$119
Southern #3	\$124
Silver	\$128
Southern #1	\$139

Carrier	Seats/Seg
United	50
Silver	34
Southern #1	9
Southern #2	9
Southern #3	9

Carrier	Annual Seats
United	61,300
Silver	42,024
Southern #2	34,848
Southern #3	34,848
Southern #1	27,522

Carrier	Hub Fare
Silver	\$171
Southern #1	\$171
Southern #2	\$171
Southern #3	\$171
United	\$201

Carrier	Connect/Code
Silver	?
Southern #1	None
Southern #2	None
Southern #3	None
United	UA and Star



# > UNITED OFFERS THE BEST FULLY INTEGRATED PRICING, WHILE SILVER OFFERS THE JETBLUE CODE; SILVER IS INDEPENDENT

## SUMMARY OF CONSIDERATIONS

<u>Carrier</u>	<u>Codeshare</u>	<u>T&amp;B</u>	<u>Reliable</u>	<u>Pricing</u>	<u>EAS Experience</u>	<u>Equip</u>	<u>Ability to Get Codeshare</u>
Silver	?	Majors	Fair	Fair	1 City	SF340	JetBlue
Southern	None	AA, AS	Good	Good	11 Cities	C208	Unlikely
United	Star Alliance	All	Fair	Good	3 Cities	ERJ145	UA and Star

PRESQUE ISLE

BOSTON

NEWARK



**JACK PENNING**  
MANAGING PARTNER  
VOLAIRE AVIATION

