

Commissioner Gerald W. Billings Jr.
Grant County New Mexico
- P O Box 695, Tyrone, New Mexico 88065-
575-313-2780

June 28, 2021

Merced, California Mayor: Matthew Serratto

Councilmembers: Jesse Ornelas, Fernando Echevarria, Betha Perez, Kevin Blake, Sarah Boyle, Delray Shelton

RE: EAS and Advanced Air

Dear Mr. Mayor, Council Members,

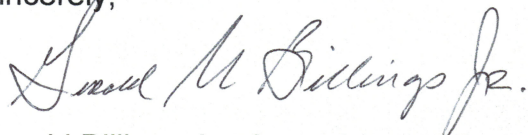
Please accept this letter of recommendation for Advanced Airlines (our EAS operator in Grant County / Silver City, NM). As you may know, they were just recently awarded a second contract in our community.

Although we were impressed by their presentation when submitting their first bid in the fall of 2018, we were cautious as they promised big improvements and this was a big decision for our community. We were very interested in making a change, as our existing operator, Boutique Air, had significant reliability issues when it came to on time performance, flight completion and maintenance.

Levi Stockton, President of Advanced Airlines, told me personally that they would "knock it out of the park" if given the opportunity. I can tell you that Levi kept his word. Advanced Air planes are larger, faster, significantly newer, and ticket prices are lower. Pilot and staff moral is high, and flight completion numbers are 99.8%. Advanced Air customer service is excellent, and they have been great community partners. Levi and his team communicate with us on a regular basis, not just when a contract is up for renewal. In fact, Levi came to meet with our Grant County Commission in person last week to discuss their future plans after receiving the renewal. They are truly an excellent company to work with.

I am happy to speak with you if you desire more information or have any questions. You won't regret the decision to go with Advanced Air.

Sincerely,



Gerald Billings Jr., Grant County Commissioner



June 28, 2021

City of Merced City Council
c/o Merced City Clerk
678 West 18th Street, 1st Floor
Merced, CA 95340
Via email: cityclerk@cityofmerced.org

RE: July 6, 2021 Agenda Item – Air Carrier Selection for Essential Air Service Program at Merced Regional Airport

Dear Mayor Serratto and Members of the Merced City Council,

After learning that you will again be reviewing the proposals received in response to the RFP issued by the Department of Transportation on March 4, 2021, we would like to take this opportunity to submit information simply to clarify information that was presented in our original proposal. Pursuant to the instructions in the RFP specifically stating that, “interested air carriers should prepare their proposals with the understanding that their initial proposals will represent their *final and only* proposals,” it would be inappropriate for us to add to or make changes to the proposal that was already submitted by Advanced Air and recommended to the DOT by the City Manager.

Advanced Air provided the City of Merced with several options for air service destinations including Las Vegas (LAS), Sacramento (SMF), Los Angeles (LAX) and Hawthorne (HHR). The subsidy provided by the DOT allows selection of up to two destinations and, based on the time we spent in the community prior to the bid, it was clear that Las Vegas and Los Angeles were the primary destinations of interest with Las Vegas being a major priority. Attached, for your reference, is a copy of a letter submitted to the DOT describing the potential benefits of selecting Hawthorne as the airport of choice in the Los Angeles area. While we believe these benefits are compelling, the choice is yours. We encourage you to visit both facilities in order to make the best decision and we are prepared to initiate service to whichever destination you believe will best benefit your constituents. That is why the original proposal included both options and both are still available for selection.

When selecting an airline, a city must consider the proposal by the operator as well as their track record, including reliability, on time departures, flight completions, maintenance history, safety records, and financial stability. We encourage you to contact EAS airport directors across the country and ask them their experience with the Airlines that have submitted bids to your community, review what airlines are reselected in the communities they serve, look at what was offered in the bids the airlines proposed, and then confirm if these promises were kept. Also please read the DOT orders for airlines that have not been reselected and why.

This is not an industry that allows for shortcuts. Employing a diligent management team to provide continuous oversight of every aspect of the operation is an absolute necessity. Be certain the best value for the community of Merced is at heart in the selection you make, i.e., the safety of the traveling passenger, the reliability of the airline, the destinations provided in the bids, and the long-term viability and value of the airline you choose. What airline will be most effective in getting you to the goal of 10,000 enplanements?

We would also like to take this opportunity to clarify our ticket pricing structure. It may surprise you to learn that the ticket prices quoted in our proposal are not based on "dynamic" pricing metrics as may be typical in the industry. Dynamic pricing sets a limited number of lower fares, often only one seat, and then, depending upon market demand and timing of purchase, remaining seats are sold at significantly higher prices. We hold one price, whether you book a flight well in advance or last minute. This is just part of the superior service you can count on with Advanced Air. Also of interest for businesses, families, and frequent travelers, we offer Bulk Ticket Books that can be purchased at a discounted price and managed by your own online booking portal. These ticket books are fully transferable and the flexible refundable fare rules apply for changes or exchanges.

Should you have any questions prior to the July 6 City Council meeting, we will make ourselves available with the understanding that all meeting arrangements will be made through the City Clerk's office and publicly posted. We will be present and would like to speak at the July 6 meeting to confirm our interest in serving the City of Merced, answer any questions you may have and demonstrate our confidence that we will perform. We are a company that operates with discipline, does not over-promise or over-extend, and executes on its commitments. Our track record speaks for itself. We are excited for the opportunity to prove this to you first hand.

Best regards,

A handwritten signature in black ink, appearing to be 'LS', written in a cursive style.

Levi Stockton
President



June 15, 2021

Mr. Scott Faulk
U.S. Department of Transportation
EAS & Domestic Analysis Division
1200 New Jersey Ave., SE
Washington, DC 20590
Via email: Scott.Faulk@dot.gov

RE: DOT-OST-1998-3521 – Merced, California

Dear Scott,

The purpose of this correspondence is to provide additional information that may be of value to the EAS & Domestic Analysis Division as you review proposals and comments associated with the Selection Order for Merced, CA.

You will note in the two proposals submitted by Advanced Air and ultimately recommended by the City of Merced in their letter dated May 24, 2021 two Los Angeles area airport options were proposed, LAX and Hawthorne (HHR). We would like to provide more information in support of the possible selection of HHR as the second destination where Las Vegas - LAS would meet the required medium/large hub primary destination in both proposals.

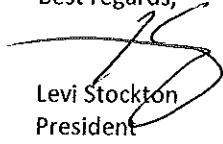
While HHR represents the home base of Advanced Air and, as such, its use would maximize both efficiency and reliability, this is not the primary motivation for this appeal. Below are several factors for your consideration:

- **Ease of access for the traveling public.**
 - HHR air traffic is not hindered by flow control or long ground taxi times after landing.
 - For passengers connecting to flights from LAX, shuttle service will be provided from HHR to the connecting terminal at LAX, usually in less time than the combination of extended aircraft taxi time to remote parking for small aircraft and the airside shuttle from this remote parking area to Terminal 6, which may or may not be the passenger's connecting terminal. Passengers connecting to Advanced Air from LAX will be picked up via shuttle at their incoming terminal and delivered directly to their aircraft in HHR.
 - For passengers whose ultimate destination is Los Angeles, they will avoid the busy LAX terminals, lines for rental cars and rideshare services, as both are readily available onsite in HHR.
- **Reduced subsidy requirement, increased marketing dollars.**
 - With reduced costs, Advanced Air is able to provide more weekly flights (28 per week vs. 24 per week) from HHR in addition to a lower subsidy requirement.
 - The increase of four round-trip flights per week will add 1,664 more available seats out of Merced toward the goal of 10,000 enplanements and will also help to meet the subsidy cap.
 - Should HHR be selected, we have committed to investing an additional \$20,000 annually (\$70,000 vs. \$50,000) in direct marketing to increase Merced enplanements.

The benefits presented by utilization of HHR will ultimately improve the experience for the traveler while still fulfilling the requirements and the spirit of the Essential Air Service Program, providing rural communities direct and affordable access to the National Air Transportation System.

We will, of course, maintain our historical high level of service at either airport selected. We appreciate your consideration and welcome your questions and comments.

Best regards,



Levi Stockton
President

Cc: Kevin Schlemmer