



Essential Air Service Proposal

Merced, CA

DOT-OST-1998-3521

July 10, 2025

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 Beechcraft aircraft.

In July of 2012, Boutique Air applied for commuter operating authority from the Department of Transportation. Boutique Air began flying scheduled service between Los Angeles and Las Vegas in January of 2014.

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, providing reliable and high quality air transportation to over twenty EAS communities over the past 9 years.

Our Aircraft

Boutique Air currently operates a modern fleet of Pilatus PC-12 aircraft. Boutique Air ensures that aircraft are equipped with amenities beyond those found in typical commercial airline aircraft, and that pilots provide a level of customer service beyond that of normal commercial airlines, as they may routinely fly both public and private charter flights. Our aircraft have the following amenities:

- 8 or 9 Passenger Seat Configuration
- Leather Seats
- Pressurized Cabin
- Power Outlets
- Enclosed Lavatory
- Refreshments Provided on all Boutique Flights

Proposal

Our airline service will be operated with 8 or 9 seat Single-Engine Pilatus PC-12 aircraft. We are proposing a two, three, or four year contract duration for the community to consider with a 5% increase each year. We are proposing four options for EAS at Merced.

Boutique Air is uniquely positioned to operate at SFO due to our aircraft wingspan size and passenger limit. We are able to deliver full size bags landside and we do not need to wait for gates with passenger boarding bridges.

Option 1

Boutique Air will fly 24 Weekly Round Trips from Merced to SFO and LAX. The service pattern will be 12 round trips to each hub, but Boutique Air may shift up to 6 flights from one hub to the other. The minimum service to either hub will be 6 weekly round trips.

Option 2

Boutique Air will fly 24 Weekly Round Trips from Merced to SFO. This option provides the most value to passengers and DOT and allows faster travel times to most destinations in the US. SFO is a major hub for United Airlines, an interline partner of Boutique Air.

Option 3

Boutique Air will fly 24 Weekly Round Trips from Merced to LAX. This option provides the most opportunities for travelers to and from Los Angeles, which is Merced's top direct market, while still allowing connecting travelers to reach their final destination with one stop at LAX. LAX is a hub for both United and American Airlines, with whom Boutique Air has interline agreements.

Option 4

Boutique Air will fly 24 Weekly Round Trips from Merced to LAX and LAS. The service pattern will be 12 round trips to each hub, but Boutique Air may shift up to 6 flights from one hub to the other. The minimum service to either hub will be 6 weekly round trips. LAS is a preferred leisure destination for Merced, as many community members have expressed a strong desire to have a direct route to LAS.

Option 5

With admission into the Alternate Essential Air Service Program, Boutique Air will work with the community to develop an ideal service pattern between SFO, LAX, and LAS/HND. For fixed subsidies per flight, Boutique Air will operate a flexible service which more succinctly meets the air transportation needs of Merced. The minimum service will be 14 weekly round trips to a single hub, likely SFO or LAX. There is no maximum weekly service level.

Yearly subsidy requirement will be based on 10 Weekly Round Trips to SFO, 12 Weekly Round Trips to LAX, plus 2 Weekly Round Trips to LAS/HND. Boutique Air and the Merced Community will collaborate on a schedule which maximizes value to the community while keeping within the fixed subsidy allotted under the AEAS program. LAS/HND Trips may be moved to SFO or LAX, SFO trips may be moved to LAX and LAX Trips may be moved to SFO. LAS trips can increase up to four weekly round trips by shifting 2 flights from SFO or LAX. Service will remain constant at 24 weekly round trips.

Reliability

Boutique Air will maintain at least 98% controllable flight completion. Through the past 12 months, Boutique Air has maintained 99.78% controllable completion over nearly 5,000 scheduled flight operations.

Marketing

In order to further increase brand recognition in the community, Boutique Air will spend at least \$25,000 per year in each market if it is selected for advertising & marketing to help ensure that air service for the community is a success. Service option which include SFO present the opportunity to match funds up to \$50,000 per year. We will utilize a combination of radio, print, billboard, television, and internet advertising. We will offer flight vouchers and promotional ticket pricing when appropriate.

We have worked to develop effective marketing distribution channels with a reservation system that connects to all primary Global Distribution Systems (GDSs), allowing travel agents access to our flight inventory. 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, and Orbitz.

United Airlines and American Airlines Interline Agreements

Boutique Air launched an interline agreement with United Airlines on May 1, 2017. Customers of Boutique Air will have flow-through ticketing and baggage capabilities for those flights that connect with United Airlines.

Boutique Air also has an interline agreement with American Airlines as of August 7, 2019. Passengers are also able to book through United.com and AA.com and connect with any of United or American flights.

United.com example: Massena, NY to Newark, NJ

DEPART ON: April 4

1 STOP

5:30 PM 9:59 PM

MSS ----- 4H, 29M ----- EWR

BOS --- 1H, 38M

Includes Travel Operated by Boutique Air

▼ Details ▼ Seats

Economy

\$148

AA.com example: Carlsbad, NM to Los Angeles, CA

Depart Carlsbad, NM to Los Angeles, CA

Thursday, April 6, 2023

Lowest Fare Flexible

Sun, Apr 02 \$344 Mon, Apr 03 \$299 Tue, Apr 04 \$232 Wed, Apr 05 \$222 Thu, Apr 06 \$222

Sort by: Total travel time

Main Cabin First

CNM LAX

3:35 PM → 7:50 PM 5h 15m 1 stop

CNM - ABQ - 48 653 - P13-P18/19 PC-12

One way \$247 2 seats left

One way \$337 1 seat left

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, Boutique Air

Boutique Air EAS Proposal at Merced, CA

Option 1: 12 Weekly Round Trips to SFO 12 Weekly Round Trips to LAX

Operations	<u>PC-12</u>
Scheduled Flights	2,496
MCE-SFO	624
SFO-MCE	624
MCE-LAX	624
LAX-MCE	624
Scheduled Flight Hours	1,944
Scheduled Block Hours	2,464
Scheduled Seats	22,464
Scheduled ASM	454,085
Revenue	
Passengers	17,522
Fare	\$49
Fare Revenue	\$858,578
Expenses	
Direct Operating Expenses	\$3,752,179
Indirect Operating Expenses	\$1,520,064
Airport Facilities	\$935,376
Ownership	\$1,190,000
Marketing - \$50,000 provided by SFO	\$125,000
Total Expenses	\$7,472,619
Profit Element	
Margin (5.0%)	\$373,631
Total Annual Subsidy Year 1	\$6,987,672
Total Annual Subsidy Year 2	\$7,337,056
Total Annual Subsidy Year 3	\$8,070,761
Total Annual Subsidy Year 4	\$8,474,299

Boutique Air reserves the right to shift flights between SFO and LAX as required to meet passenger demand. Each hub will receive 6 weekly round trips at a minimum.

Boutique Air EAS Proposal at Merced, CA

Option 2: 24 Weekly Round Trips to SFO

Operations	<u>PC-12</u>
Scheduled Flights	2,496
MCE-SFO	1248
SFO-MCE	1248
Scheduled Flight Hours	1,202
Scheduled Block Hours	1,722
Scheduled Seats	22,464
Scheduled ASM	261,045
Revenue	
Passengers	17,971
Fare	\$39
Fare Revenue	\$700,869
Expenses	
Direct Operating Expenses	\$2,599,290
Indirect Operating Expenses	\$1,020,864
Airport Facilities	\$1,184,352
Ownership	\$952,000
Marketing - \$50,000 provided by SFO	\$100,000
Total Expenses	\$5,806,506
Profit Element	
Margin (5.0%)	\$290,325
Total Annual Subsidy Year 1	\$5,395,963
Total Annual Subsidy Year 2	\$5,665,761
Total Annual Subsidy Year 3	\$6,515,625
Total Annual Subsidy Year 4	\$6,841,406

Boutique Air EAS Proposal at Merced, CA

Option 3: 24 Weekly Round Trips to LAX

Operations	<u>PC-12</u>
Scheduled Flights	2,496
MCE-LAX	1248
LAX-MCE	1248
Scheduled Flight Hours	2,686
Scheduled Block Hours	3,206
Scheduled Seats	22,464
Scheduled ASM	647,124
Revenue	
Passengers	18,196
Fare	\$59
Fare Revenue	\$1,073,564
Expenses	
Direct Operating Expenses	\$4,667,572
Indirect Operating Expenses	\$1,145,664
Airport Facilities	\$436,800
Ownership	\$1,190,000
Marketing	\$50,000
Total Expenses	\$7,490,036
Profit Element	
Margin (5.0%)	\$374,502
Total Annual Subsidy Year 1	\$6,790,974
Total Annual Subsidy Year 2	\$7,130,523
Total Annual Subsidy Year 3	\$7,487,049
Total Annual Subsidy Year 4	\$7,861,401

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Option 4: 12 Weekly Round Trips to LAX 12 Weekly Round Trips to LAS

Operations	<u>PC-12</u>
Scheduled Flights	2496
MCE-LAX	624
LAX-MCE	624
MCE-LAS	624
LAS-MCE	624
Scheduled Flight Hours	2,912
Scheduled Block Hours	3,432
Scheduled Seats	22,464
Scheduled ASM	708,304
Revenue	
Passengers	20,015
Fare	\$59
Fare Revenue	\$1,180,885
Expenses	
Direct Operating Expenses	\$5,001,452
Indirect Operating Expenses	\$1,594,944
Airport Facilities	\$872,976
Ownership	\$1,190,000
Marketing	\$75,000
Total Expenses	\$8,734,372
Profit Element	
Margin (5.0%)	\$436,719
Total Annual Subsidy Year 1	\$7,990,205
Total Annual Subsidy Year 2	\$8,389,715
Total Annual Subsidy Year 3	\$8,809,201
Total Annual Subsidy Year 4	\$9,249,661

Boutique Air reserves the right to shift flights between LAX and LAS as required to meet passenger demand. Each hub will receive 6 weekly round trips at a minimum.

Option 5: 24 Weekly Round Trips
0-24 Weekly Round Trips to LAX*
0-24 Weekly Round Trips to SFO*
0-4 Weekly Round Trips to LAS*

Operations	<u>SFO</u>	<u>LAX</u>	<u>LAS/HND</u>
Scheduled Flights	1,040	1,248	208
From MCE	520	624	104
To MCE	520	624	104
Scheduled Flight Hours	501	1,569	262
Scheduled Block Hours	717	1,829	305
Scheduled Seats	9,360	11,232	1,872
Scheduled ASM	108,769	384,742	64,124
Revenue			
Passengers	7,956	9,772	1,685
Fare	\$39	\$59	\$59
Fare Revenue	\$310,284	\$576,548	\$99,415
Expenses			
Direct Operating Expenses	\$1,083,034	\$2,746,094	\$449,842
Indirect Operating Expenses	\$622,960	\$760,032	\$147,472
Airport Facilities	\$524,680	\$392,496	\$63,336
Ownership	\$357,000	\$595,000	\$238,000
Marketing - \$25,000 Provided by SFO	\$25,000	\$20,000	\$5,000
Total Expenses	\$2,562,674	\$4,513,622	\$903,650
Profit Element			
Margin (5.0%)	\$128,134	\$225,681	\$45,183
Total Subsidy Required Year 1			\$7,392,696
Total Subsidy Required Year 2			\$7,762,331
Total Subsidy Required Year 3			\$8,150,448
Total Subsidy Required Year 4			\$8,557,970

*Contingent upon Merced being approved by DOT for admission into the Alternate Essential Service Program. Boutique Air will work with the community to establish a schedule which more succinctly meets the travelling needs of the flying public.

*Flights to Las Vegas/Henderson default to 2 Weekly Round Trips. 2 additional flights may be moved from SFO or LAX to LAS/HND. All flights to LAS/HND may be moved to SFO or LAX. Flights to SFO may be moved to LAX and flights from LAX may be moved to SFO.