



April 6, 2021

Todd M. Homan, Director
United States Department of Transportation
Office of Aviation Analysis
1200 New Jersey Ave SE
Washington, D.C. 20590

Re: Response to Order 2021-3-7/Proposal to Provide Essential Air Service at Merced, California

Via e-mail to: EAS@dot.gov and Scott.Faulk@dot.gov

Dear Mr. Homan,

Attached is Denver Air Connection's proposal to provide Essential Air Service at Merced, California to Los Angeles International Airport (LAX).

We look forward to the opportunity to support the economic growth of the region by providing scheduled passenger service with our safe and reliable 9-seat Metro 23 aircraft with service and schedules tailored to the community's needs. Denver Air Connection has the added benefit of being able to grow with the community. When and if Merced Regional Airport desires to become Part 139 certified and provided we obtain DOT approval, Denver Air connection can offer expanded seat capacity by utilizing a 50-seat ERJ-145 or 30-seat Dornier 328-Jet.

Our reliable service will provide the Merced region with options to access the world's most comprehensive route network of United Airlines and other major carriers through Los Angeles International airport and Sacramento International Airport. Our service is dedicated to the community to ensure seat availability and direct flights to and from these destinations. The communities we service praise our excellent 99.67% completion rate and 95.5% on-time performance rate.

As directed by the RFP, we will offer the Merced community 21 non-stop round-trip flights per week on a twin-engine Metro 23 for a new 2 year term with a 4 year option. If desired, upon Merced Regional Airport receiving Part 139 certification and DOT approval, service could transition to 12 weekly non-stop round-trip flights on a 30/50 seat jet aircraft. We will work closely with the community to set the best possible schedule. Denver Air Connection believes this proposal meets the needs of the community and provides the best overall option for air service to the Merced community with reliable connectivity at Los Angeles.

Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "Marcus Hesting".

Marcus Hesting,
Director of Finance
Denver Air Connection
13252 E. Control Tower Rd. / Englewood Colorado 80112 / O: 303.768.9626 / M: 720.635.5903
mhesting@keylimeair.com / denverairconnection.com



Proposal to Provide Essential Air Service at
Merced, California
Filed: April 6, 2021

Via e-mail to: EAS@dot.gov and Scott.Faulk@dot.gov with the title
“Proposal to provide EAS at Merced, California”

Order: 2021-3-7
Served: March 4, 2021
Docket: DOT-OST-1998-3521
Under 49 U.S.C. § 41731 *et seq*



ABOUT US

Denver Air Connection is the passenger airline operated by Key Lime Air Corporation, its parent company. Key Lime Air was founded in 1996. It has grown its scheduled passenger service by focusing on its mission to empower emerging communities with global travel and economic access by providing safe and reliable regional airline service.



Over 23 Years of passenger and cargo experience

We are here to happily serve our customers with a positive attitude every day. We love what we do, and our passion shows by providing an extraordinary customer experience for the small communities we are proud to serve with safe, reliable, and on-time service.

Our communities praise our impressive on time performance rate, meeting or exceeding their expectations and defined requirements.

Telluride, Colorado – Denver Air Connection established the first and only scheduled passenger jet service to this mountain destination. Connecting quickly and safely to Telluride from anywhere in the world has never been easier.

Alliance, Nebraska – Denver Air Connection began service to Denver on June 1, 2019.

Clovis, New Mexico – Denver Air Connection began service to Denver on May 1, 2020.

Thief River Falls, MN – Denver Air Connection began service to Minneapolis on June 1, 2020.

THE FLEET

Fairchild Metro 23

The Metro 23 can trace its lineage back to the original Swearingen Merlin I executive transport. The versatile Metro 23 efficiently and cost effectively transports up to 18 passengers in a pressurized cabin. Its twin turboprop engines deliver a cruise speed of 330 mph and a maximum range of 1,000 miles.

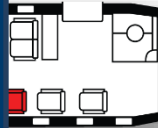
Denver Air Connection's nine seat configuration with its 61" seat pitch offers extended leg room. The cargo compartment's 1500 lb. capacity accommodates over 150 lbs. of baggage per passenger.



Dornier DO-328

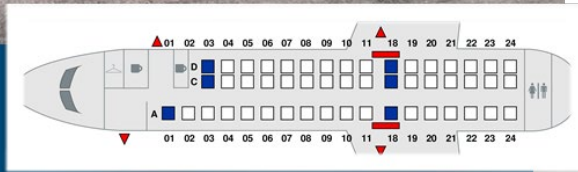
The Dornier DO-328 is a 30-seat passenger jet, with overhead stowage compartments and a lavatory. The large cargo compartment has 1,500 pounds capacity. The DoJet is the hands down winner in all critical areas of flight comfort and flying experience. The shape of the fuselage creates more headroom and the DoJet has wide seats – 18.1 inches, and spacious legroom, with a 31”-34” pitch.

In the DoJet, there are no middle seats. Every seat is a window or aisle seat. To round out the passenger experience, our Flight Attendants provide a bountiful snack basket and beverage service.



Embraer 145LR

With 20 years in operation, over 26 million flight hours, in service with 36 airlines in 26 countries, the ERJ-145 is a proven runway legend. The ERJ-145 has a 50-seat capacity and a 1550-mile range fully loaded. Our jets underwent an Embraer refurbishment in the Summer of 2019 resulting in like new aircraft.



In the cabin, every detail has been considered. Overhead stowage compartments feature space-saving retractable panels. With no middle seat and the three-abreast, 31" seat pitch, every passenger has a comfortable window or aisle seat. Our 50 seat jets provide flexibility and choice to meet the community's emergent needs.

***Denver Air Connection can
 provide the aircraft to meet the community's needs.***

CONNECTED TO THE WORLD

Denver Air Connection's Interline Agreement with United Airlines provides our community partners with travel network access benefits including the convenience to search, book and purchase tickets on United's web site, *United.com*, as well as baggage transfers and thru-checks to and from any of United's 500 destinations in over 30 countries.

No Checked Baggage or Security Hassles

Our Interline Agreement also allows our partners to participate in setting fares and schedules. Denver Air Connection will work with Merced to tailor an airline service for their specific community needs.

In addition to the United Interline Agreement, Denver Air Connection participates in multiple Global Distribution Systems (GDS) including SABRE, Travelport and Amadeus. Ticket distribution through these GDS systems provides world-wide visibility for the route and for the community through websites such as: Google, Kayak, Expedia, Travelocity, Priceline, and many other Online Travel Agencies (OTAs).



**Denver Air Connection Provides
Access to the World**

SAFETY, RELIABILITY & SKILL

Safety

Safety is at the core of Denver Air Connection's culture. We maintain a Safety Management System that is integrated into every aspect of our operation.

Skill

Denver Air Connection pilots and mechanics are trained to the highest standards in the world.

Our pilot culture aspires to perfection on every flight.



Reliability

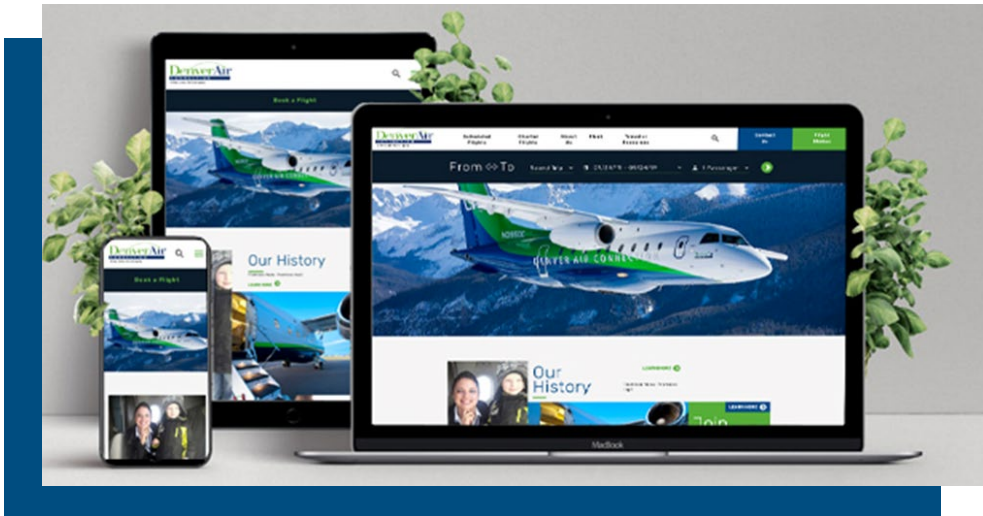
All aircraft are maintained in house under our FAA approved maintenance program. This in conjunction with our part 145 Repair Station gives us the ability to maintain, inspect, and alter our aircraft and components at all levels. We pride ourselves on never leaving passengers stranded due to maintenance issues. Our communities know that we will use our fleet to bring maintenance to a location to fix an issue or send a replacement aircraft to get the passengers to their destination.

Performance

Denver Air Connection has demonstrated an impressive completion rate of better than 99% for our EAS communities, with an equally impressive on-time arrival rate of greater than 95%.



MARKETING



Denver Air Connection recognizes how critical marketing is to the success of a community's airline service. We have budgeted a minimum of \$50,000 annually to create awareness for the service and promote its utilization.

Our budget will support our coordinated effort with the community to form an integrated traditional marketing campaign in print and broadcast as well as the effective utilization of digital platforms including our social media channels to raise awareness, visibility, and customer satisfaction for the community's passengers.

Marketing efforts utilize our collaborative skills and experience working with your local professionals to create and distribute messaging to obtain the highest utilization rate possible for the service.

Denver Air Connection will listen and partner with the community to build a successful marketing campaign.

YOUR CHOICE. YOUR AIRLINE.

Denver Air Connection represents the airline choice that listens to the Merced community's needs and customizes its service to meet those needs. The Department of Transportation awards Essential Air Service contracts based on the five criteria below. The DOT will formally solicit the views of the Merced community as to which carrier and option they prefer. The Department is directed to consider five factors when making a carrier selection:

1. The demonstrated reliability of the applicant in providing scheduled air service.

Denver Air Connection delivers an exceptional rate on completed flights and impressive on-time performance rate.

2. The contractual and marketing arrangements the applicant has made with a large carrier to ensure service beyond the hub airport.

Denver Air Connection has an established interline agreement with United Airlines which provides seamless access to the United Airlines network.

Denver Air Connection maintains close contractual and marketing relationships with our airline partners and the communities we serve to ensure service beyond the hub airport.

3. The interline agreements that the applicant has made with larger carriers to allow passengers and cargo of the applicant at the hub airport to be transported by the larger carrier(s) through one reservation, ticket, and baggage check in.

Denver Air Connection has an interline agreement with United Airlines

4. Community views. The preferences of the actual and potential users of air transportation at the eligible place, giving substantial weight to the views of the elected officials representing the users of the service.

Denver Air Connection enjoys high levels of customer support from our passengers. We are happy to provide references for all the communities we serve to hear firsthand how we deliver on our promises every day.

5. The air carrier has included a plan in its proposal to market the service.

Denver Air Connection will work with the community on how to best spend marketing dollars and to ensure marketing budgets are utilized and implemented effectively.

Bid Proposal

This bid is for a dedicated aircraft based in Merced, California. Aircraft and crews will base in Merced. Each day, flights will originate from Merced. The proposal is for a two-year term with a four-year option. To incentivize the four-year option, years three and four have no subsidy increase. When and if Merced Regional Airport receives part 139 certification and DOT approval, service can seamlessly transition to 12 weekly round-trips on 30/50 seat jet aircraft at no additional cost.

Denver Air Connection
EAS Merced, CA
April 6, 2021

Number of round trips per week	21	Service to:	LAX
Aircraft Data		Passenger Revenue	
Block Hours	Metro 23 3,066	Passengers	16,513
Available Seats	19,656	Average Fare	<u>89.00</u>
Load Factor	84%	Revenue	1,469,675
Annual Subsidy Requirement		Expenses	
Operating Income	(3,016,193)	Aircraft Lease	151,200
Profit (5%)	<u>224,293</u>	Crew Cost	1,420,795
Subsidy Year 1	3,240,487	Maintenance	463,882
Subsidy Year 2	3,305,296	Insurance	149,474
Subsidy Year 3	3,305,296	LAX Operating Expense	764,400
Subsidy Year 4	3,305,296	MCE Operating Expense	246,000
Effective Subsidy Rates		Overhead/Supplies/Staff	105,000
Subsidy per Trip (98% completion)	1,514	Deice, Catering and Misc.	64,957
Subsidy per Passenger	196	Advertising	50,000
		Fuel Cost	<u>1,070,160</u>
		Total Expense	4,485,868

For questions or comments, please contact:

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