

Order: 2025-6-5
Served: May 10, 2025



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 10th day of June, 2025

Essential Air Service at

MERCED, CALIFORNIA

Under 49 U.S.C. § 41731 *et seq.*

DOT-OST-1998-3521

ORDER REQUESTING PROPOSALS

Summary

By this Order, the U.S. Department of Transportation (the Department) is requesting proposals from air carriers interested in providing Essential Air Service (EAS) at Merced, California for a new contract term beginning January 1, 2026, with or without subsidy. Air carriers should file proposals no later than July 10, 2025.

Background

By Order 2021-9-24, issued on September 23, 2021, the Department selected Advanced Air, LLC (Advanced Air) to provide EAS at Merced, California for the four-year period from January 1, 2022 through December 31, 2025. Under the terms of that Order, Advanced Air provides a total of 24 nonstop round trips per week consisting of 12 weekly nonstop round trips to McCarran International Airport in Las Vegas (LAS) and 12 weekly nonstop round trips to Los Angeles International Airport (LAX), using 8-seat Pilatus PC-12 aircraft, at the annual subsidy rates indicated below: ¹

Year	Subsidy
Year 1	\$ 3,552,016
Year 2	\$ 3,658,576
Year 3	\$ 3,768,333
Year 4	\$ 3,881,383
Total	\$14,860,308

The complete public file for EAS at Merced, California may be accessed online through the Federal Docket Management System at www.regulations.gov by entering the community's docket number in the "Search" field.

¹ Such subsidy is calculated on a fiscal year basis, subject to the availability of funds.

Request for Proposals: General Requirements

The Department is requesting proposals from air carriers interested in providing EAS as scheduled air transportation at Merced,² with subsidy, if necessary, for a new contract period beginning January 1, 2026. Air carriers should file their proposals no later than July 10, 2025. The proposals will then be uploaded to www.regulations.gov, thereby making them public. Shortly afterwards, the Department will provide a summary of the proposals to the community and ask them to submit their final comments.

When preparing proposals, interested air carriers should note that in selecting an air carrier to provide subsidized EAS for an eligible place not in Alaska, 49 U.S.C. § 41733(c)(1)³ directs the Secretary of Transportation to consider, among other factors, five specific criteria when making an air carrier selection: (A) the demonstrated reliability of the applicant in providing scheduled air service; (B) the contractual, marketing, code-share, or interline arrangements the applicant has made with a larger air carrier serving the hub airport; (C) the preferences of the actual and potential users of air transportation at the eligible place, including the views of the elected officials representing the users; (D) whether the air carrier has included a plan in its proposal to market its services to the community; and (F) the total compensation proposed by the air carrier for providing scheduled air service.⁴ Further, the general provisions governing EAS will be included in the selection order as part of our authorization of subsidy for the selected service. Appendix B of this Order contains those general provisions.

The Department expects clear, well-documented proposals that will facilitate their evaluation by the community and the EAS team. Air carrier proposals should be submitted to the Department with all materials merged into a single document. In addition, proposals should be formatted to be viewed online. To evaluate air carrier proposals, the Department requires that air carriers fully describe the service being proposed and the annual amount of subsidy being requested, if any. The Department requests that proposals include information concerning proposed schedules, projected block hours, and financial data supporting subsidy requests including information on projected expenses and revenues. In cases where an air carrier proposes to provide EAS without subsidy and the Department determines that basic EAS, as required by 49 U.S.C. § 41732, can be reliably provided without such compensation, the Department typically will not proceed with the air carrier selection case. Instead, the Department may rely on that air carrier's subsidy-free service as proposed. The Department expects that air carriers will have completed due diligence regarding any community-specific operational requirements. Air carriers should prepare their proposals with every expectation that, should they be selected by the Department, they will be able to commence full EAS as described in their proposal on the first day of the new contract term.

Interested air carriers should prepare their proposals with the understanding that their initial proposals will represent their *final* and *only* proposals. However, the Department retains the discretion to negotiate proposals with air carriers when it deems it desirable; in such cases, the

² 49 U.S.C. § 41732(a) states that “[b]asic [EAS] ... is scheduled air transportation of passengers and cargo....” As amended by the FAA Reauthorization Act of 2024, Pub. L. No. 118-63, 138 Stat 1025, 1215 (May 16, 2024) (“FAA 2024”), basic EAS also requires service “to a medium or large hub airport less than 650 miles from an eligible place (unless such airport or eligible place are located in a noncontiguous State)....” 49 U.S.C. § 41732(a)(1).

³ As amended by FAA 2024.

⁴ Section 41733(c)(1)(E) only applies to EAS operations in Alaska.

Department will give all applicants the same opportunity. The Department also retains the discretion to re-solicit a new round of proposals.

Proposals should provide sufficient capacity to accommodate historical levels of traffic with, as a general matter, service up to two airports that provide numerous connecting opportunities to the national air transportation system.⁵ When crafting a proposal, the air carrier should ensure that the proposed hub best meets the air service needs of the community. To assist air carriers in developing traffic and revenue projections for their proposals, the Department has provided a summary of recent historical passengers in Appendix A.⁶ The Department encourages air carriers to work with the community as they prepare their proposals to craft a service proposal that meets the community's needs with subsidy requirements that remain competitive. The Department will fully consider the views of the community and State before making an air carrier decision.

Air carriers may propose more than one service option. They can also propose service options different from what the community currently receives—lengths of contract terms or hub airports, for example. However, proposals should have at least one option that complies with the weekly capacity described below and with all legal requirements.

Air carriers should note that it is a federal crime to knowingly and willfully make materially false, fictitious, or fraudulent statements, entries, or representations in an EAS proposal submitted to the Department.⁷

Request for Proposals: Specific Requirements

The Department expects proposals that meet basic EAS requirements and are consistent with what the community currently receives, which is 28 weekly round trips using 8-/ 9-seat aircraft, with service to a suitable hub airport. If larger aircraft are contemplated (e.g. 30-50 seat), the Department will consider 12 weekly round trips. In certain circumstances, this may require a waiver sought by the community and approved by the Department pursuant to 49 U.S.C. § 41732(c).⁸

⁵ Ordinarily, where the proposal is for EAS from the community to one airport, that airport must be a medium- or large-hub airport, and where the proposal is for EAS to two airports, at least one of those airports must be a medium- or large-hub airport. See 49 U.S.C. § 41732(a)(1) and 14 C.F.R. Part 398.2(b)(1). However, service to a small-hub or nonhub airport is acceptable for basic EAS if the nearest medium or large hub airport is more than 400 miles from the eligible place. See 49 U.S.C. § 41732(a)(2). Per 14 C.F.R. § 398.2(b)(3), “[i]n some cases, the Department may require service to two hubs, of which at least one will be a large- or medium-hub.” In the case of a community receiving two total round trips per day, the Department expects that at least one round trip per day will be to a medium- or large-hub airport, as medium- and large-hub airports provide better access to the national air transportation system. The terms large, medium, and small hub airport are defined in 14 C.F.R. § 398.2(a). In addition, the current list of large, medium, small, and non-hub airports is provided by the Federal Aviation Administration at <https://www.faa.gov/sites/faa.gov/files/2023-09/cy22-commercial-service-enplanements.pdf>. This list is updated annually.

⁶ Source: Bureau of Transportation Statistics, Schedule T-100.

⁷ See 18 U.S.C. § 1001.

⁸ EAS communities may submit waiver requests from certain EAS requirements to the Department for consideration. Waiver requests may be submitted with an air carrier's proposal or during the community comment period, after proposals are received. 49 U.S.C. § 41732(c) states: “Notwithstanding section 41733(e), upon request by an eligible place, the Secretary may waive, in whole or in part, subsections (a) and (b) of this section or subsections (a) through (c) of section 41734. A waiver issued under this subsection shall remain in effect for a limited period of time, as determined by the Secretary.”

Community and State Comments

The community of Merced and the State of California are welcome to submit comments at any time. The Department encourages interested air carriers to contact the community *before* they submit their proposals so that they can tailor them to Merced's needs, as they will not be able to amend them after the due date.

After the due date, the proposals will be uploaded to www.regulations.gov, thereby making them public. Shortly afterwards, the Department will notify the community of the proposals and ask them to submit their comments by a specific date.

Other Air Carrier Requirements

The Department is responsible for implementing various federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁹ Consequently, all air carriers receiving subsidy for EAS must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those air carriers whose subsidies exceed \$100,000 over the life of the contract must also certify that they are in compliance with the regulations governing lobbying activities.¹⁰ Because the Department is prohibited from paying subsidy to air carriers that do not submit these documents, all air carriers that plan to submit proposals involving subsidy should be aware that the selected air carrier will be required to complete the required certifications.¹¹ Interested air carriers requiring more detailed information regarding these requirements should contact the Office of Aviation Analysis at (202) 366-5903.

This order is issued under authority assigned in 14 C.F.R. Part 385.12(h)(6).

Accordingly,

1. The Department requests that air carriers interested in providing Essential Air Service at Merced, California submit their proposals, with or without subsidy, no later than July 10, 2025. The proposals should be e-mailed to: Mr. Scott Faulk at scott.faulk@dot.gov and EAS@dot.gov, with the subject line "Proposal to Provide EAS at Merced, California";¹²
2. This docket will remain open until further Order of the Department; and

⁹ The regulations applicable to these areas are: (1) 49 C.F.R. Part 20 – New restrictions on lobbying; (2) 49 C.F.R. Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of title VI of the Civil Rights Act of 1964; (3) 49 C.F.R. Part 27 – Nondiscrimination on the basis of disability in programs or activities receiving federal financial assistance; (4) 14 C.F.R. Part 382 – Nondiscrimination on the basis of disability in air travel; (5) 49 C.F.R. Part 32 – Governmentwide requirements for drug-free workplace (financial assistance); and (6) 2 C.F.R. Part 1200 – Nonprocurement suspension and debarment.

¹⁰ 49 C.F.R. § 20.110(a)(1) and (b)(1).

¹¹ The certifications are available online under "Reports and Publications" at <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

¹² Questions regarding filings in response to this Order may be directed to Mr. Scott Faulk at (202) 366-9967.

3. The Department will serve a copy of this Order on the civic officials of Merced, California, the Manager of Merced Regional Airport, and the courtesy distribution list for requests for proposals for EAS communities.

By:

TODD M. HOMAN
Director
Office of Aviation Analysis

(SEAL)

An electronic version of this document is available online at www.regulations.gov.

Historical Traffic at Merced, California¹

	InBound	OutBound	Grand Total
Merced, CA	12,642	13,056	25,698
2022	3,257	3,417	6,674
ADVANCED AIR, LLC	3,257	3,417	6,674
1	479	498	977
Las Vegas, NV	185	202	387
Los Angeles, CA	294	296	590
2	826	842	1,668
Las Vegas, NV	319	325	644
Los Angeles, CA	507	517	1,024
3	894	920	1,814
Las Vegas, NV	370	374	744
Los Angeles, CA	524	546	1,070
4	1,058	1,157	2,215
Las Vegas, NV	471	524	995
Los Angeles, CA	587	633	1,220
2023	3,601	3,779	7,380
ADVANCED AIR, LLC	3,601	3,779	7,380
1	694	703	1,397
Las Vegas, NV	274	298	572
Los Angeles, CA	420	405	825
2	893	911	1,804
Las Vegas, NV	392	414	806
Los Angeles, CA	501	497	998
3	915	973	1,888
Las Vegas, NV	391	435	826
Los Angeles, CA	524	538	1,062
4	1,099	1,192	2,291
Las Vegas, NV	492	521	1,013
Los Angeles, CA	607	671	1,278
2024	4,720	4,782	9,502
ADVANCED AIR, LLC	4,720	4,782	9,502
1	1,060	1,081	2,141
Las Vegas, NV	505	535	1,040
Los Angeles, CA	555	546	1,101
2	1,127	1,147	2,274
Las Vegas, NV	513	547	1,060
Los Angeles, CA	614	600	1,214
3	1,255	1,222	2,477
Las Vegas, NV	514	548	1,062
Los Angeles, CA	741	674	1,415
4	1,278	1,332	2,610
Las Vegas, NV	526	585	1,111
Los Angeles, CA	752	747	1,499
2025	1,064	1,078	2,142
ADVANCED AIR, LLC	1,064	1,078	2,142
1	1,064	1,078	2,142
Las Vegas, NV	483	502	985
Los Angeles, CA	581	576	1,157
Grand Total	12,642	13,056	25,698

¹ Source: Bureau of Transportation Statistics; Schedule T-100; January 1, 2023 through January 31, 2025.

Example of General Terms and Conditions for Essential Air Service

The air carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The air carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the air carrier does not schedule or operate its flights in full compliance and in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the air carrier contemplates any such changes beyond the scope of the Order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement air carrier to provide service on these routes. The air carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community. In the event the air carrier provides notice that it is ending, suspending, or reducing basic essential air service, the air carrier must conform with all requirements under 49 U.S.C. § 41734, including any contract termination penalties or conditions on compensation that the Secretary of Transportation incorporates in this EAS subsidy contract.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the air carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and air carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time.

Funds may not be available for performance under this Order beyond [DATE]. The Government's obligation for performance under this Order beyond [DATE], is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this Order beyond [DATE], until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond [DATE], the Department will provide notice in writing to the air carrier.

All claims for payment, including any amended claims, must be submitted within 90 days of the last day of the month for which compensation is being claimed. For example, claims for service provided in July must be filed by October 31st; August claims must be submitted by November 30th, and so on.