

City Council

Agenda Item

Subject: Authorization for the Interim City Manager and Mayor to sign a Letter of Recommendation to the Federal DOT for approval of the SkyWest Proposal for Watertown's Essential Air Service Contract.

Meeting: City Council - Feb 03 2025

From: Kristen Bobzien, Interim City Manager/Chief Financial Officer

BACKGROUND INFORMATION:

The current EAS contract expires in 2025. Three (3) bids were received. Air Wisconsin offered twelve (12) weekly round trips to Chicago (ORD) with a two (2) year contract. Denver Air Connection offered twelve (12) weekly round trips to Denver (DEN), Chicago (ORD), or Minneapolis (MSP) for a two (2) year contract with a four (4) year option. SkyWest offered twelve (12) weekly round trips to Chicago (ORD) and Denver (DEN) for a four (4) year contract.

The Airport Board is recommending this proposal with the understanding that SkyWest will file for a change of service pattern with the DOT requesting the Chicago (ORD) route be eliminated & replaced with a Minneapolis (MSP) early morning flight.

FINANCIAL CONSIDERATIONS:

The contract and funding are with the Federal DOT. SkyWest's bid over a four (4) year contract was 1.8 million less than the next closest bid. This will not impact local budgets, as our EAS is subsidized by the Federal DOT by entering into the proposed contract with the Airline.

OVERSIGHT / PROJECT RESPONSIBILITY:

Ian Meriwether-Chalfant, Airport Manager

STAFF RECOMMENDATION / SUGGESTED MOTION:

Staff recommends approval through the following motion:

I move to approve authorization for the Interim City Manager and Mayor to sign a Letter of Recommendation to the Federal DOT for approval of the SkyWest Proposal for Watertown's Essential Air Service Contract.

ATTACHMENT(S):

[Air Wisconsin RFP](#)

[Denver Air Connection RFP](#)



air wisconsin

CONNECTING COMMUNITIES TO THE WORLD SINCE 1965

ESSENTIAL AIR SERVICE

Re: DOT-OST-2001-10644
Submission Date: January 6th, 2025

Robert Binns, *President & Chief Executive Officer*
Luke Carlton, *Managing Director of Financial Planning and Analysis*
Tel: 920-749-7645
Email: Luke.Carlton@airwis.com



January 6, 2025

Michael Gormas
United States Department of Transportation
Essential Air Service (EAS) Program & Small Community Air Service Development (SCASD) Program

Air Wisconsin Airlines LLC submits Essential Air Service Proposal for Watertown, SD.

Dear Mr. Gormas,

Air Wisconsin Airlines is pleased to submit the attached proposal to provide Essential Air Service from Watertown Regional Airport (ATY) to Chicago O'Hare International Airport (ORD) or a combination of Chicago O'Hare International Airport (ORD) and Denver International Airport (DEN). We are confident that our experience, commitment to operational excellence, and focus on community needs make us the ideal partner to deliver reliable air service for Watertown.

Our proposed service will enhance aviation safety for the residents of Watertown, support local businesses, and provide a critical link to national and international destinations through our Codeshare agreement with American Airlines through Chicago O'Hare (ORD).

Air Wisconsin will listen and partner with the Watertown community to support marketing and promotion of flight services through the combination of print, digital, radio and online media platforms.

As directed by the RFP, we will offer the Watertown community 12 subsidized round-trip flights per week on our CRJ200 aircraft, for a two-year term. We will work with the community to establish the best possible schedule.

Thank you for your consideration.

Robert Binns
President & CEO
Air Wisconsin Airlines LLC
E: robert.binns@airwis.com



Proposal for Subsidized Essential Air Service at Watertown, SD

Air Wisconsin Airlines LLC is pleased to submit this proposal to provide subsidized Essential Air Service (EAS) to Watertown, SD for a two-year term beginning June 1, 2025.

Service Overview:

We propose operating 12 weekly round trips between Watertown Regional Airport (ATY) and Chicago O'Hare International Airport (ORD) using 50-seat Bombardier CRJ200 regional jets. All flights will be schedule service conducted under FAR Part 121 regulations, ensuring the highest levels of safety and operational reliability. Alternatively, Air Wisconsin offers the city a second option with one daily round trip to ORD and 5 round trips per week to Denver International Airport (DEN) for a total of 12 weekly round trips from the Watertown Regional Airport (ATY).

Seamless Connectivity and Codeshare Benefits:

Passengers traveling through Chicago will enjoy seamless connectivity through our codeshare partnership with American Airlines. This relationship enables travelers to book flights on the websites of both Air Wisconsin and American Airlines, as well as through major third-party online travel agencies. The partnership offers Watertown residents and visitors convenient access to American Airlines' extensive global network, with connections to hundreds of destinations worldwide under a single booking.

Subsidy Request and Community Impact:

Air Wisconsin respectfully requests an annual subsidy of \$6,793,219 in the first year to support this critical air service with a 7% increase in subsidy for the second year. This funding reflects the operational costs associated with maintaining reliable, high-quality service while ensuring affordable ticket prices for the community. For Option 2, Air Wisconsin respectfully requests an annual subsidy of \$7,183,357 in the first year with a 7% increase in subsidy for year two.

Commitment to Watertown, SD:

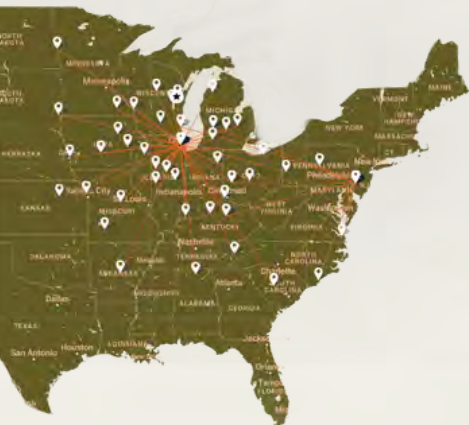
This proposed service is designed to meet Watertown's travel needs, enhance connectivity to major markets, and support local economic growth. Our commitment to safety, reliability, and customer service ensures that Watertown residents and businesses benefit from dependable air travel options.

We welcome the opportunity to discuss this proposal further and collaborate with the Department of Transportation and the Watertown community to finalize a service plan that meets the region's needs.

OUR HISTORY

1965 Our Roots...

Air Wisconsin has played a leading role in the regional airline industry over the past six decades. Founded in 1965 to connect Appleton, Wisconsin, with Chicago, the airline initially operated a modest schedule using commuter aircraft. By the 1980s, Air Wisconsin had emerged as a significant regional carrier, who pioneered the first codeshare and capacity purchase agreement with a major airline, setting the standard for the industry.



IN THE COMMUNITY

Air Wisconsin is committed to giving back to the communities that have been instrumental in its success. Employees are encouraged to use company-provided volunteer hours to support the causes and places that matter most to them.



SPONSORSHIPS

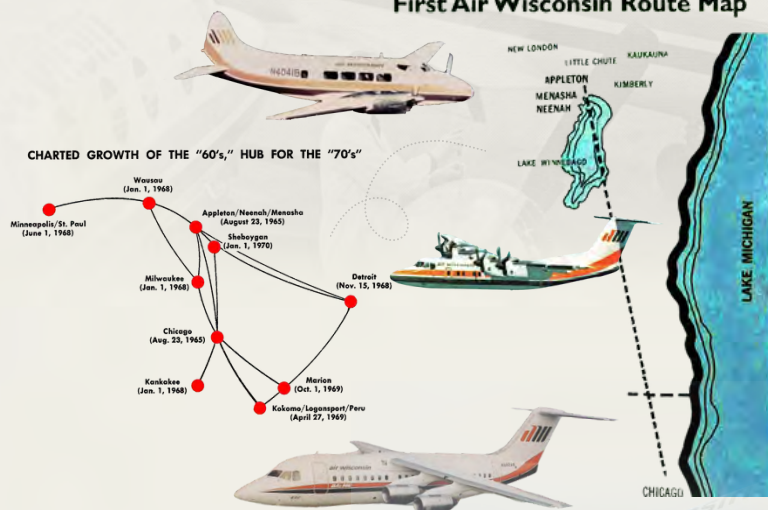
Air Wisconsin's dedicated Community Engagement team actively seeks new opportunities to make a difference. Through partnerships with local schools, homeschool groups, and technical colleges, the company offers facility tours, internships, and apprenticeships, employing students to explore and grow their future in aviation. We are excited about the opportunity to engage with your community on meaningful projects. Whether through educational initiatives, internships, volunteer activity, or collaborative programs, we look forward to building a strong partnership and contributing to the region's growth and success.

In our community, we are proud to sponsor a variety of organizations such as:

<i>Habitat for Humanity</i>	<i>Wings for Autism</i>
<i>Old Glory Honor Flight</i>	<i>Experimental Aircraft Association</i>
<i>The Salvation Army</i>	<i>Appleton Historical Society*</i>

** To showcase our history, we also have an Air Wisconsin exhibit at the Appleton Historical Society.*

First Air Wisconsin Route Map



2024 Today...

From modest beginnings, Air Wisconsin has grown to serve multiple destinations across the Midwest, Southeast and East Coast. Our mission is to connect you and your community to the world, ensuring your travel plans begin right at home. With a steadfast commitment to safety, reliability, and the genuine hospitality that defines the Midwest, Air Wisconsin continues to deliver exceptional service with care and kindness.



Our Values

- ✓ Safety
- ✓ Smart Decisions
- ✓ Superior Service



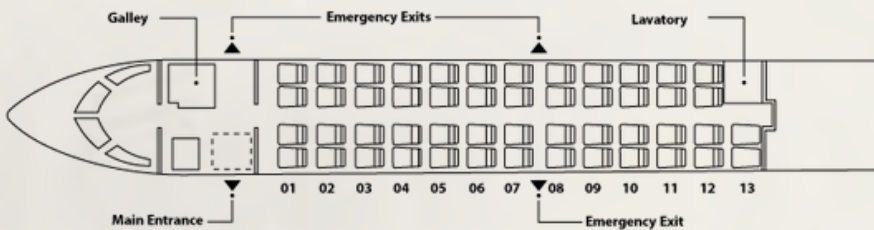
Our Goal

Give back to our community and make a positive impact on the world around us.

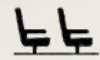
OUR FLEET Bombardier CRJ-200



The Bombardier CRJ200 was designed to provide superior performance and operating efficiencies in the fast-growing regional airline industry. It has become the most successful regional airliner program in aviation history.

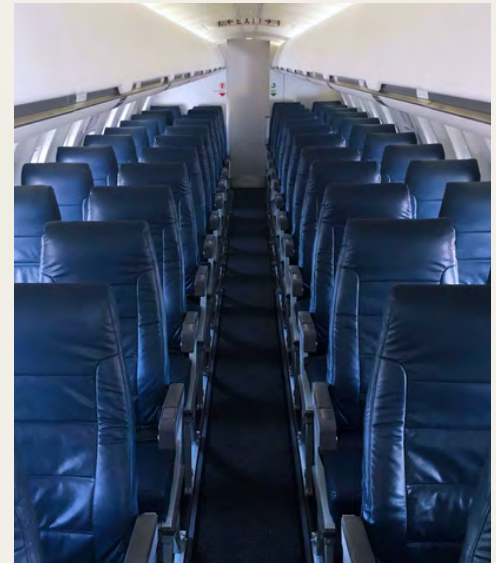



1300 miles
Maximum Flying
Range


50
Passengers


41,000ft
Maximum
Operating Altitude


534 mph
Maximum
Cruise Speed



RELIABILITY & SAFETY

99.9%

In the last year, we have had a controllable completion rate of 99.9%.

30 million

Passengers safely carried the past decade.

99.4%

Since 2020, our flights have had a controllable completion rate of 99.4%.



Air Wisconsin has a dedicated Safety Management System required by regulation.



COMMITMENT TO SAFETY

All Air Wisconsin Airlines employees, from the frontline to our Senior Leadership share the responsibility to:



Establish and maintain the highest levels of safety and security throughout our operation and organization.



Comply with all Company policies, regulatory requirements, laws and industry standards.



Proactively identify and immediately report hazards, safety concerns and incidents as well as any behavior that violates our policies, regulatory requirements, laws and industry standards.



HIGHEST LEVEL OF SAFETY: PART 121

	Part 121	Part 135
Flights Sold to Public	Scheduled Service	Scheduled Public Charter
Minimum Experience Qualification for Captains	2500 hours	1200 hours
Minimum Experience Qualification for First Officers (Co-Pilot)	1500 hours	250 hours
Airport Requirements	Requires Certified Airports and Emergency Services for scheduled services	Can operate into any airport regardless of emergency services
Dispatcher	Required for every flight	No dispatcher required
Pilots Required	Two Pilots	As few as one pilot, depending on aircraft
Minimum Pilot Training Time Requirement	80 Hours	None specified
Aircraft Seating	Unrestricted	30
Payload Restriction	Unrestricted	7,500 lbs
Director of Safety	Mandatory with specified qualifications	Not required
Safety Management System	Required by Regulation	Not currently required

OUR PEOPLE



290 years

Combined senior leadership experience in the airline industry



50+ years

Multiple employees have over fifty years of individual aviation maintenance experience and have earned the FAA's **Charles Taylor Master Mechanic Award**



35%

Of employees have been with Air Wisconsin **over 5 years**

LOCAL MARKETING PLAN

- Air Wisconsin commits to a local marketing spend of at least **\$25k annually** using a mix of digital and print advertising
- The codeshare with **American Airlines** creates seamless connections to destinations around the world
- Our partnership with American Airlines allows Watertown to leverage American's strong global marketing and brand awareness
- Air Wisconsin offers a **complimentary** first checked bag and carry on luggage
- Our larger aircraft allow us to carry **more passengers** and provide more opportunity than other EAS airlines
- **No** change fees

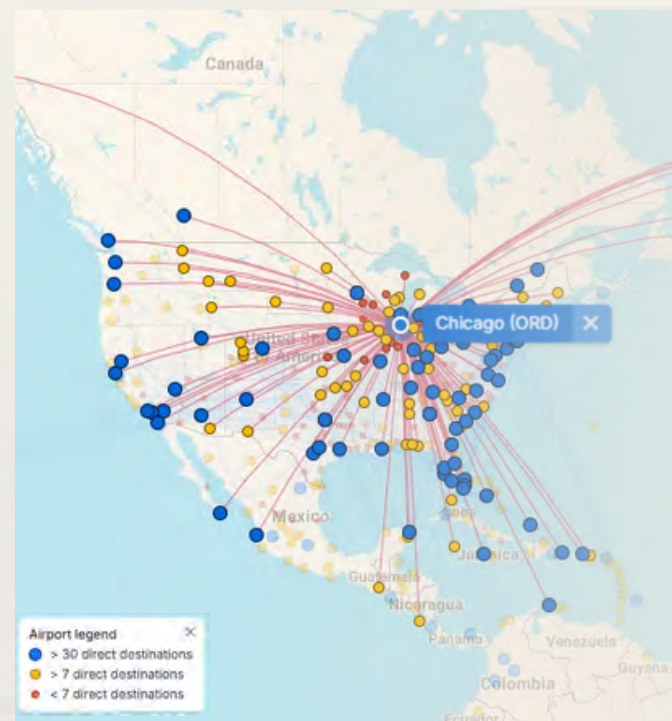


Follow Air Wisconsin's social media channels!

Air Wisconsin will listen and partner with the community to build a successful marketing campaign

Let us connect you to
Chicago O'Hare International Airport

- American Airlines connects to **350 destinations** across **6 continents**
- Chicago O'Hare (ORD) is the **4th largest** airport in the United States
- **99%** of Watertown passengers can reach their final destination via Chicago O'Hare by flying American Airlines
- Two Roundtrips per day to ORD unlocks the entire AA network, not just part of it



AMERICAN AIRLINES CODESHARE

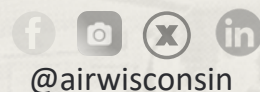


	BENEFITS OF CODESHARE	LIMITATIONS OF INTERLINE
Booking Simplicity	Single booking under American Airlines flight numbers for a passenger's entire journey	Separate tickets on two carriers
Baggage Handling	Baggage is automatically checked through to final destination with fewer complications	Baggage is also checked through, but policies and assistance may vary across airlines
Customer Service	Changes/questions can be addressed in a single call	Passenger delay issues may need to be resolved between various airlines causing confusion and stress while traveling
Loyalty Programs	Earn frequent flyer miles and benefits with American Airlines <u>AAAdvantage® program</u> for the passenger's entire journey	Loyalty benefits are limited to flight segments operated by major carrier
Flight Connections	More streamlined flight connections, with coordinated schedules to reduce layover times for passengers	Flight connections may be less coordinated, leading to longer layovers or missed flights
Rebooking Options	Rebooking during delays or disruptions is easier because codeshare partner airlines share responsibilities under one ticket	Rebooking can require passengers to coordinate with customer service representatives at multiple airlines

Air Wisconsin's codeshare agreement with American Airlines offers **unparalleled advantages.**

Unlike carriers with only interline agreements, our codeshare partnership integrates Watertown into American Airlines' extensive global network. This means passengers can book a single ticket with seamless connections, enjoy consistent service standards, and earn or redeem AAdvantage miles across their journey.

Additionally, codeshare flights are marketed directly through American Airlines' channels, enhancing visibility and driving increased passenger demand and local economic activity. This integration ensures that Watertown passengers benefit from a smoother, more connected travel experience, to over 350 destinations across 6 continents.



BID PROPOSAL

Option 1: Air Wisconsin Two Year EAS Bid for ATY to ORD

Air Wisconsin EAS Bid for KATY-KORD Market

<i>Air Wisconsin Aircraft Data</i>	<i>CRJ-200LR</i>
Aircraft Range	1,300 Miles
Aircraft Seats	50
Max Altitude	41,000ft
Max Cruise Speed	534mph

<i>Air Wisconsin Proposed Route Plan</i>	
Proposed Hub connection from Watertown, SD	ORD
Weekly Roundtrips	12
Annual Block Hours	2,122
Available Seats	62,400
Load Factor Assumption	50%

<i>Passenger Revenue</i>	
Passengers	31,200
<u>Average Fare</u>	<u>\$110</u>
Revenue	\$3,432,000

<i>Expenses</i>	
Variable Costs	\$6,468,173
Fixed Costs	\$2,998,985
Marketing	\$25,000
<u>Various trip-related Tax</u>	<u>\$246,146</u>
Total	\$9,738,304

<i>Subsidy</i>	
Operating Income/(Loss)	(\$6,306,304)
5% Profit Margin	\$486,915
Year 1 Subsidy	\$6,793,219
Year 2 Subsidy	\$7,268,745

<i>Effective Subsidy Rate</i>	
Estimated Completion Factor (CF)	99%
Estimated Total Trips with CF	1,236
Subsidy Per Trip (99% Completion)	\$5,498
Subsidy Per Passenger	\$218
Annual Subsidy Increase	7%

BID PROPOSAL Option 2: Air Wisconsin Two Year EAS Bid for ATY to ORD & DEN

Air Wisconsin EAS Bid for KATY/KDEN-KORD Market

<i>Air Wisconsin Aircraft Data</i>	<i>CRJ-200LR</i>
Aircraft Range	1,300 Miles
Aircraft Seats	50
Max Altitude	41,000ft
Max Cruise Speed	534mph

<i>Air Wisconsin Proposed Route Plan</i>	
Proposed Hub connection from Pierre, SD	ORD/DEN
Weekly Roundtrips	12
Annual Block Hours	2,139
Available Seats	62,400
Load Factor Assumption	45%

<i>Passenger Revenue</i>	
Passengers	28,080
<u>Average Fare</u>	<u>\$110</u>
Revenue	\$3,088,800

<i>Expenses</i>	
Variable Costs	\$6,380,631
Fixed Costs	\$3,157,410
Marketing	\$25,000
<u>Various trip-related Tax</u>	<u>\$219,967</u>
Total	\$9,783,007

<i>Subsidy</i>	
Operating Income/(Loss)	(\$6,694,207)
5% Profit Margin	\$489,150
Year 1 Subsidy	\$7,183,357
Year 2 Subsidy	\$7,686,192

<i>Effective Subsidy Rate</i>	
Estimated Completion Factor (CF)	99%
Estimated Total Trips with CF	1,236
Subsidy Per Trip (99% Completion)	\$5,814
Subsidy Per Passenger	\$256
Annual Subsidy Increase	7%



air wisconsin

CONNECTING COMMUNITIES TO THE WORLD SINCE 1965

ESSENTIAL AIR SERVICE



@airwisconsin

Jan 6, 2024

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 2024-12-1/Proposal to Provide Essential Air Service at
Pierre *and/or* Watertown, South Dakota

Via e-mail to: EAS@dot.gov and michael.gormas@dot.gov

Dear Mr. Homan,

Attached is Denver Air Connection's proposal to provide air service at Watertown, South Dakota to the community's choice of Denver International Airport (DEN), Chicago O'Hare International Airport (ORD), and Minneapolis/St. Paul International Airport (MSP).

We look forward to the opportunity to support the economic growth of the region by providing scheduled passenger service with our safe and reliable 50-seat Embraer EMB-145 aircraft with service and schedules tailored to the community's needs.

Our reliable service will provide Watertown and surrounding region with options to access the world's most comprehensive route network of United Airlines, American Airlines, Delta Air Lines, and other major carriers through Denver International airport, Chicago O'Hare International airport, and Minneapolis/St. Paul 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 completion rates and on-time performance rate.

As directed by the RFP, we will offer the community 12 non-stop round-trip flights per week split as the community desires between DEN, MSP, and ORD for a new 2-year contract with a four-year option. We will work closely with Watertown 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 Watertown community with reliable connectivity at Denver, Minneapolis, and/or Chicago.

Thank you for your consideration.



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
Pierre and/or Watertown, South Dakota
Filed: January 6, 2025

Via e-mail to: EAS@dot.gov and Michael.gormas@dot.gov with the title
"Proposal to provide EAS Pierre and/or Watertown, South Dakota"

Order: 2024-12-1
Served: December 4, 2024
Docket: DOT-OST- 2001-10644
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 27 Years of passenger and cargo experience

We are excited for the opportunity to continue our partnership with the Watertown community and extend our unique brand of service to Watertown and surrounding areas for another two years or more. We hope that our demonstrated Safety, Service, and Reliability have made a positive impression over the last several years.

The growing list of partner communities is a testament to the quality service offered by Denver Air Connection.

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. Additional daily service from Telluride to Phoenix Sky Harbor began on December 16, 2021.

Alliance, Nebraska – Denver Air Connection began service to Denver on June 1, 2019. In 2023, Alliance selected Denver Air Connection to continue service through 2025.

Clovis, New Mexico – Denver Air Connection began service to Denver on May 1, 2020. Service was expanded to include Dallas/Ft. Worth on November 1, 2021. In 2022, Denver Air Connection was selected to continue serving the community for another four years.

Thief River Falls, MN – Denver Air Connection began service to Minneapolis on June 1, 2020. In 2022, Denver Air Connection was selected to continue serving the community for another five years.

Pierre, SD – Denver Air Connection began service to Denver on July 1, 2021. In 2023, Pierre reselected Denver Air Connection to continue providing service into 2025.

Ironwood, MI – Denver Air Connection began service to Chicago O'Hare and Minneapolis on October 1, 2021. In 2023, the Ironwood community reselected Denver Air Connection for a four-year term to provide service through 2027.

McCook, NE – Denver Air Connection began service to Denver in June 2022. In February 2024, the McCook selected a 4-year renewal with Denver Air Connection.

Alamosa, CO – Denver Air Connection began service to Denver in June 2022. In June 2024, Alamosa reselected Denver Air Connection to continue service for another two years.

Cortez, CO – Denver Air Connection began service to Denver and Phoenix in October 2022. In October 2024, Cortez reselected Denver Air Connection for a 4-year term.

Muskegon, MI – Denver Air Connection began service in November 2024. Muskegon selected Denver Air Connection for a four-year term.

Dubuque, IA – Denver Air Connection began service between DBQ and ORD in November 2024.

Jackson, TN – Denver Air Connection began service to Atlanta and Chicago in December of 2024. Jackson selected Denver Air Connection for a four-year term.

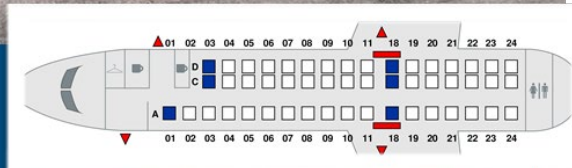


Watertown is precisely why we are in business and exactly the type of service we specialize in with a proven track record that our partner communities are proud to offer their citizens and businesses.

THE FLEET

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. Several of 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.***

In-Flight Experience

We are here to joyfully serve our customers. We love what we do, and we share our passion by providing an extraordinary customer service to the communities we are proud to serve. We take pride in our onboard experience.



Our friendly flight attendants help make your in-flight experience great. We also serve a complimentary snack service aboard our jet aircraft which The Points Guy (<https://thepointsguy.com/news/best-snack-basket/>) describes as "the best snack basket in the sky."

CONNECTED TO THE WORLD

Denver Air Connection's Interline Agreements with United Airlines, American Airlines, and Delta Air Lines provide our community partners with travel network access benefits including the convenience to search, book and purchase tickets on our partners' web sites as well as baggage transfers and thru-checks to and from any of our partners' US destinations.

No Checked Baggage or Security Hassles

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



In addition to the United, American, and Delta Interline Agreements, 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

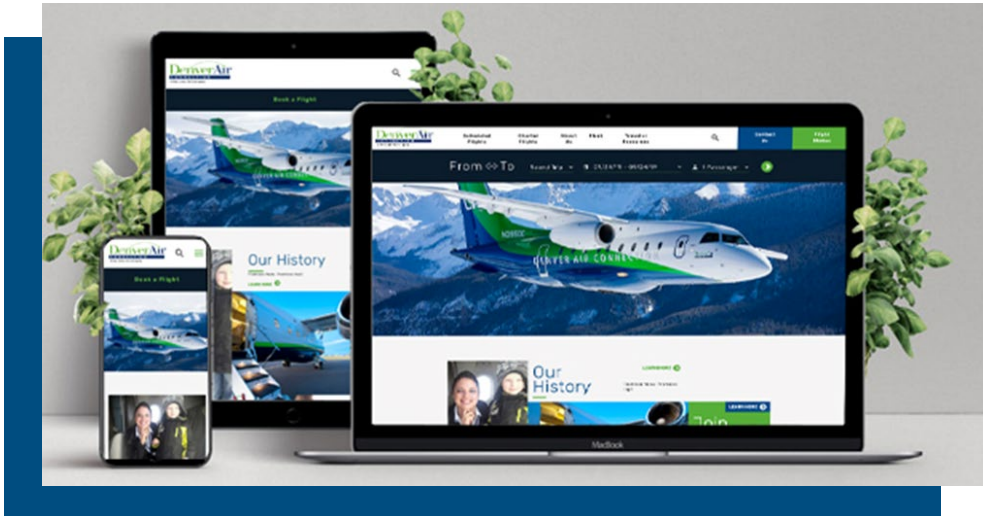
that we will use our fleet to bring maintenance to a location to fix an issue or send a replacement aircraft to get the passengers to their destination. We recently relocated our primary maintenance base to Denver International Airport, allowing us to perform a full range of maintenance operations from line checks to heavy maintenance at our hub airport. This maintenance location conveniently connected to our Watertown route allows us to rapidly recover from unforeseen maintenance events affecting Watertown flights.

Performance

Denver Air Connection has demonstrated an impressive completion rate of better than 98% for our EAS communities.



MARKETING



Denver Air Connection recognizes how critical marketing is to the success of a community's airline service. We have budgeted a minimum of \$20,000 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 Watertown 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 Watertown 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 established interline agreements with United Airlines, American Airlines, and Delta Air Lines which provides seamless access to these Airlines' networks.

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 interline agreements with American Airlines, United Airlines, and Delta Air Lines.

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

We understand the scheduling needs of Watertown and will provide a total of 12 weekly nonstop roundtrip flights to the community's choice of DEN, MSP, and ORD in a schedule that best suits the community's needs. The weekly frequency to each destination and the daily schedules will be adjusted based on the needs and wants of the community. This proposal is for a two-year term with a four-year option.

Denver Air Connection EAS Bid for Watertown January 6, 2025

	ATY-DEN/ORD
Number of round trips per week	12
12 RT to any combination of DEN, ORD and MSP	
Aircraft Data	ERJ 145/ 50 Seat Jet
Block Hours	2,250
Available Seats	62,400
Load Factor	54%
Passenger Revenue	
Passengers	33,997
Average Fare	105.00
Revenue	3,569,732
Expenses	
Aircraft Lease	864,000
Crew Cost	1,256,944
Maintenance	2,339,450
Insurance	314,400
ATY Operating Expense	399,397
DEN/ORD Operating Expense	658,920
Deice, Catering and Misc.	69,997
Marketing	20,000
Fuel Cost	3,521,232
Total Expense	9,444,340
Annual Subsidy Requirement	
Operating Income	(5,874,608)
Profit	472,217
Total Subsidy Year 1	6,346,825
Total Subsidy Year 2	6,791,102
Total Subsidy Year 3	7,266,480
Total Subsidy Year 4	7,775,133
7% annual escalation	
Effective Subsidy Rates	
Subsidy per Trip (98% completion)	5,189
Subsidy per Passenger	187

For questions or comments, please contact:

Cliff Honeycutt, CEO/President
Denver Air Connection, a Key Lime Air Corporation company
13252 E. Control Tower Rd.
Englewood CO 80112
cliff@keylimeair.com
(303) 768-9626 O | (303) 718-4301 M



SkyWest
AIRLINES®

Watertown to Denver and Beyond



Dear Mr. Gormas:

SkyWest Airlines is pleased to submit our proposal to provide Essential Air Service from Watertown, SD (ATY) to Chicago O-Hare (ORD) and Denver International Airport (DEN). We are excited about the opportunity to offer reliable and efficient air service to the region.

As outlined in the RFP, we propose operating 12 subsidized weekly round-trip flights for a four-year term, utilizing CRJ200 aircraft. These regional jets offer comfortable seating for 50 passengers, providing an ideal solution for both business and leisure travelers. Our flight schedule is designed for seamless connections to United Airlines' extensive network at ORD and DEN, ensuring convenient travel options for all passengers.

This service will not only improve air connectivity but also stimulate economic growth by enhancing business and tourism opportunities in Watertown. We believe this proposal offers the best option for the community's air service needs.

Thank you for your consideration.



Cody Thomas
Managing Director – Market Development

SkyWest
AIRLINES®





We will offer 12 subsidized weekly round-trip flights for a four-year term utilizing CRJ200 aircraft.

UNITED



Operated by SkyWest Airlines

SkyWest welcomes the opportunity to operate United Express service to the Watertown community. Our combination of safe and reliable aircraft, well-timed schedules, and access to one of the world's largest airline networks will provide passengers with quality air service and stimulate economic growth in the region. SkyWest will actively partner with the community to market the service with a variety of promotions including print, digital, radio and online.



Founded in 1972 and headquartered in *St. George, Utah*



Connects small and medium sized communities to the *global air service network*



Fleet of nearly *500 aircraft*



Over *2,300 daily departures* to over 250 cities

SkyWest
AIRLINES®

ABOUT SKYWEST

Partnership with four major airlines:

UNITED 

 DELTA 

American Airlines 

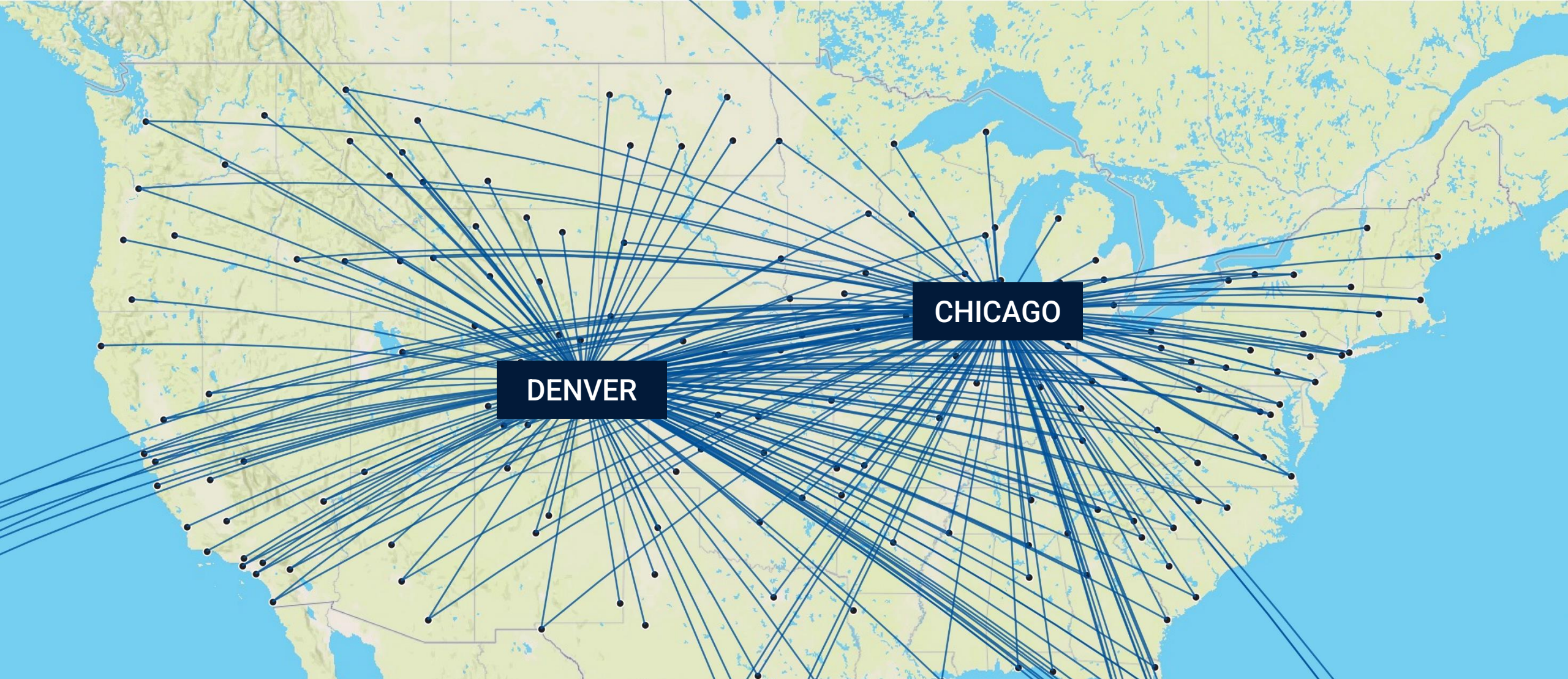
Alaska
AIRLINES



CODESHARE ADVANTAGE

	CODESHARE	INTERLINE
Full Itinerary on Single Ticket for Connecting Flights in Denver	✓	✗
MileagePlus® Miles Accrued for all Flights	✓	✗
Auto Bag Transfer on Connecting Flights in Denver	✓	✗
Pricing Advantage – Especially when flying International	✓	✗
Irregular Operations (IROP) Protection	✓	✗
Gate Proximity to Partner Departures – UA Ground handled	✓	✗
Amenities - Lounge Access and Travel Support	✓	✗





UNITED



**DOMESTIC ROUTES
FROM DEN AND ORD**



GLOBAL ROUTE NETWORK



50-SEAT JET SERVICE



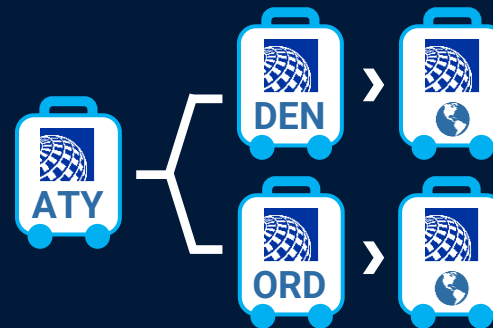
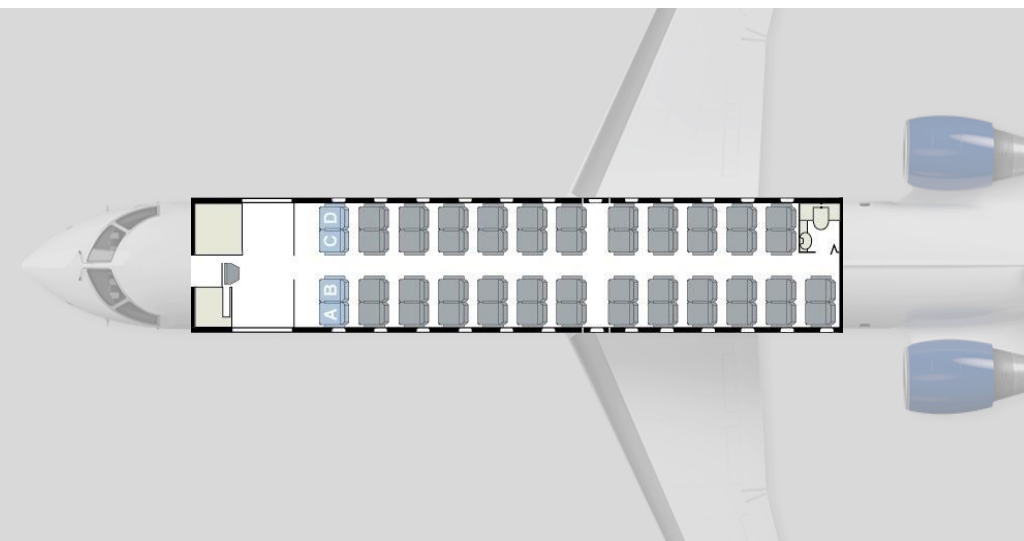
Professional flight attendant
on every flight



MileagePlus® miles
that never expire



Mobile app & 24/7
customer service



Seamless bag transfer to
final destination

Number of
round trips
per week from
ATY to ORD/DEN
12.0

**50 SEAT
CRJ200**



Passenger Revenue	
Passengers	32,136
Average fare	\$ 112.50
Revenue	\$ 3,595,800

Block Time	Minutes
Trip block time	112
Total scheduled block time	2,330
Total completed block time	2,260

RPMs	
Passengers	32,136
Stage length	513
Total RPMs	16,532,568

ASMs	
Scheduled departures	1,248
Completed departures	1,211
Stage length	513
Available Seats	50
Total ASMs	32,011,200

Revenue	\$ 3,595,800
---------	--------------

Marketing costs	\$ 20,000
Direct operating expenses	\$ 5,832,170
Departure related	\$ 3,275,639
ASM related	\$ 298,344
Total expenses	\$ 9,426,154

Operating income (loss)	\$ (5,830,354)
-------------------------	----------------

5% profit margin	\$ 471,308
------------------	------------

Annual subsidy requirement (Year 1)	\$ 6,301,661
Annual subsidy requirement (Year 2)	\$ 6,490,711
Annual subsidy requirement (Year 3)	\$ 6,685,433
Annual subsidy requirement (Year 4)	\$ 6,885,996

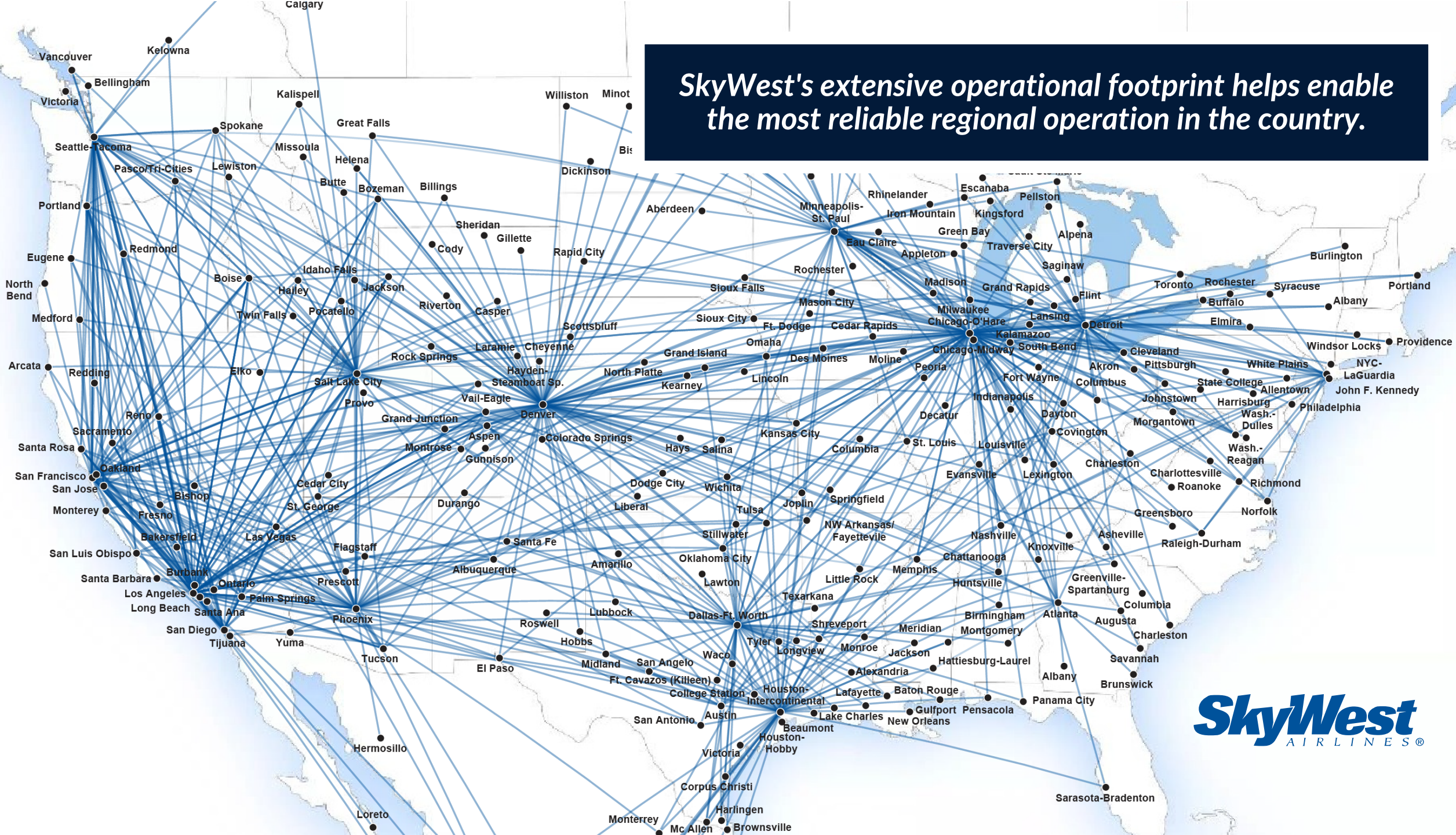
Effective subsidy rate per unit	
Subsidy per trip	\$ 5,206
Subsidy per passenger	\$ 196
Load factor	52%

**SkyWest will dedicate \$20,000
annually to market air service**

TOP FAA PART 121 OPERATOR

	PART 121	PART 135
Two Air Transport Pilots in Flight Deck	✓	✗
Active Flight Dispatching	✓	✗
FAR Part 117 Rest Rules	✓	✗
Safety Management Systems	✓	✗
Advanced Qualification Program (AQP) Training	✓	✗

SkyWest's extensive operational footprint helps enable the most reliable regional operation in the country.



SkyWest
AIRLINES®



SkyWest is a leading CRJ200 operator and has been named the manufacturer's most reliable operator in North America five times.



SkyWest

AIRLINES®

www.skywest.com

