

Proposal



Idaho Intra-state Commercial Air Service Study

BOYD GROUP
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Project Overview

Boyd Group International is honored to have been included in the outreach regarding analysis to implement intra-state air connectivity within the state of Idaho. We have read the Scope of Work, which is included herein by reference. We believe we can deliver the air service assistance required.

BGI has had the honor of working with airports in Idaho.

- We were instrumental in recruiting Delta Air Lines to **Lewiston**.
- We assisted **Pocatello** in working with SkyWest/Delta in upgrading to adding jet service to Salt Lake City.
- We have been working with **Boise** in several air service development projects over the last eight years.

In short, we are familiar with Idaho. But more importantly, Boyd Group International is also familiar with the national air transportation system and its evolution, and is also involved in active research and forecasting of all areas of the aviation industry, including regional air service issues across the USA as well as in other areas of the globe. We work directly with the leaders in the airline industry, and our reputation and track record in providing futurist, accurate and unvarnished research is unrivaled in the industry.

The Challenges of 21st Century Intra-state Air Connectivity

What is exciting about this project is that it allows an opportunity to research, craft, and potentially implement a system that can provide increased communication and interactive business connectivity for rural communities within today's very difficult and very evolved air transportation system. It can be a model for the rest of the nation. Traditional scheduled air service modalities, as will be outlined below, no longer work well nor are economic for many intra-regional applications.

*It means developing new approaches and new concepts in ascertaining the future value and modality of an air connectivity system that addresses specific needs of rural communities. It is something that has not yet been accomplished anywhere in the USA. **We feel that the recent application of Delta to eliminate all service at Pocatello makes this project even more critical to pursue.***

Across the USA, Attempts At Traditional Intra-Regional Air Service Have Failed. Regarding traditional forms of scheduled passenger service, BGI has worked with airports and state authorities (as well as in other global regions) for over 30 years in researching air access programs in the face of an airline industry that has been consolidating, regionalizing and implementing new fleets of airliners increasingly ill-suited for rural and intraregional transportation.

In the USA, the once-vibrant independent regional airline system is gone, extinguished by changing air transportation economics and shifted consumer expectations. The few independent commuter carriers that still exist are focused almost entirely on government-subsidized flying in markets where there are few passengers willing to use the service, anyway. Otherwise, they would not be in business.

Aviation Evolves. Idaho's Approach Must Also Evolve

BGI is proposing to pursue a ground-up, or more accurately, consumer-up approach, defining exactly where air transportation can be crafted to meet the needs of each community. It may not take the form of traditional scheduled service. It may be focused on specific professional or medical needs of

the community. It may focus on specific local industries that have special or emerging transportation requirements. It will focus in many ways on air transportation applications that are not yet evident.

This project will cut new ground, because historical data – such that may be available – are not reliable in determining future air service within the context of the realities and economics of today's aviation industry. In the case of most of the cities included in this project, intra-state air logistics data do not exist. This is an exciting challenge to research, study, and decipher in regard to needs for air transportation, and craft modalities where possible to satisfy them.

Traditional Intra-state Scheduled Service Has Economically Disappeared. One of the components in the RFP was to identify peer markets with intra-state air service. *The reality is that there are very few such peers.*

In point of fact, those that did exist have mostly disappeared, and attempts to reestablish such service have failed. The reasons are several, but they focus mostly on changes in consumer needs, the new economics of air service, inappropriate fleets, and the entry of competing electronic forms of communication. Idaho must not fall into the trap of attempting to repeat failures in other parts of the country.

In this project, we want to leapfrog past failed past modalities, and seek out new approaches to air transportation in Idaho. But it is critical that we understand the changes in both air travel economics and consumer patterns, so not to attempt the futility of trying to bring back past modalities that have been rendered obsolete.

It needs to be understood that the traditional airline system is no longer geared to operate a full intra-state service schedule in Idaho. Their fleet mix alone underscores that none of the four major airline systems – American, Delta, United and Alaska – have airliners in their fleets that have the economics to viably operate scheduled service within Idaho, where traffic volumes will be thin. Therefore, the project will focus on innovative modalities. The concept of generating “compelling revenue and market data” and presenting it to United, American, Alaska or Delta is not consistent with air service realities.

Depending on fleet availability, a carrier such as SkyWest, operating either as a stand-alone or as part of the Delta or United brand, could be a target. However, this would take a very substantial amount of subsidy in virtually any intra-state market. Plus, the 50-seat airliners in its fleet are simply too large and too expensive to operate with any level of schedule frequency on intra-state routes. While this will be a part of the analysis, it is problematic if it can be financially supported.

We Need To Learn From History And Anticipate Future Air Transportation Applications. The examples of the past are extensive and indicate the need for new thinking in regard to applications of air transportation. Traditional airline scheduled service has not worked in the last 20 years, and the increasing costs of operation do not point in a positive direction.

The facts are clear. The historic intra-state air service in Nebraska – the “River Run” with multiple stops between Omaha and Denver – has died completely. In New York, major intra-state capital city routes – between metro areas much larger than those in Idaho - such as Albany-Buffalo, and Islip-Albany, and even between Albany and New York City, have completely disappeared. In the 1980s, these routes boasted over 40,000 annual passengers. Another glaring example of the new dynamics of intra-regional air service is Birmingham to New Orleans, where in year 2000 there were more than 139,000 passengers. Today, there are less than 8,100.

In the past two decades, new intra-regional and intra-state service attempts, based on the traditional scheduled service model, have universally failed. It was attempted in Indiana. Also in South Dakota. In California and in Florida. BGI studied this potential for Michigan, where communities in the Upper

Peninsula are far isolated from the rest of the state. Great Lakes Airlines – which was a very civic-focused carrier – attempted a number of markets from the UP to Lansing, with no success in building sufficient traffic. The market size and the economics did not work, even for 19-seat airliners. Even in Idaho, Seaport attempted Idaho Falls – Boise service. It failed.

We would note that Lewiston has helped to bring these realities home for the State as well. Over the last few years, at least three consultants have attempted to “find more airlines” and flights to Boise - without success. Those airlines do not exist. Traditional air transportation structures do not lend well to the new short haul market and consumer realities of the 21st century. Idaho must pursue new visions, not attempt to recreate the past.

Project Approach & Accomplishment

Boyd Group International proposes the following project approach.

- **Community Aviation Applications Outreach.** The objective is to determine current and potential uses of air transportation at each of the eight smaller communities. It is very clear that traditional air service demand will in most cases represent local O&D well below the ability to support traditional scheduled flights operated by one of the three major carrier brands, such as between Boise and Pocatello.

However, our experience in other regions of the USA, such as Alaska, as well as research projects for regional air service in places such as the Middle East, Africa and China, have shown that there are revenue streams and operating structures that can be focused on specific logistic applications. This information and data will be the objective of outreach to each community.

For example, experience has shown that medical-related travel can be a part of the revenue base for rural air transportation access. In some cases, high value logistics are an option. Each community has specific businesses and industries that have differing uses for air transportation. In many cases, the addition of air access can stimulate – to some degree and dependent on costs – passenger traffic that was not present in the past. These will be developed based on hard research. Historical data are either not in existence or are unreliable.

- **Compilation of Demand Components.** Hard projections will be developed in regard to the revenue potential for each community, and then related to types of air transportation that may fit. These will logically include air taxi, on-demand air taxi, secondary charter, as well as the potential for traditional scheduled flights, where research data indicate.
- **Recommendations & Conclusions.** The project will outline the potential and the modality that fit each community in regard to air transportation. Potential types of operators, either those in existence or those that may be developed locally, will be identified, for each community, set of communities, or for the entire state. From that, professional conclusions will be provided regarding the real-world viability of each application. Recommendations will be delivered in regard to directions the State should pursue, or not to pursue. In such cases, the financial support that would be expected for each modality will be identified.

The final report will provide the State with hard data and perspectives regarding the potential for traditional and alternative air logistics within the state, and the financial ramifications of each scenario.

Project Time Frame and Professional Fees

The timeframe outlined in the RFP of a mid-December deliverable can be met, assuming project approval by October 15. Professional fees for the services outlined, including electronic delivery of the final report and recommendations, will be within the stated budget, and are \$45,250. There are no expected additional project expenses. Should an on-site presentation be required, professional fees for preparation and travel will be an additional \$1,850, plus travel expenses billed at cost and not to exceed \$950. Our hourly rate professional fees for additional services is \$225.

Background & Experience

Boyd Group International Incorporated is a Colorado corporation founded in 1984, and is 50% woman-owned. Headquarters of the firm are located in Evergreen, Colorado, which is just west of Denver in the Rocky Mountains.

In addition to providing air service access planning for airports such as Boise, BGI is a leader in global aviation consulting, research and forecasting. This expertise supports a global client base that has involved complex projects from revenue projections for a new airport in the Caribbean, forecasts for airports in China, developing route plans for a Middle Eastern airline, and presentations to the European Union on behalf of a global airliner manufacturer.

Our work has gained the respect of airlines at the highest levels. At our annual International Aviation Forecast Summits, we accomplish discussion sessions with CEOs and senior executives from carriers including American, Delta, United, Southwest, Air Canada, SkyWest, Air China, KLM, and others. Airline CEOs respect Boyd Group International – and they take our telephone calls.

This expertise and experience give Boyd Group International the competitive edge in assisting clients such as the State of Idaho with tough aviation planning challenges. Research is our focus, and our studies on issues such as fleet changes, airline strategy shifts, and emerging issues such as forecasting potential demand in markets such as Cuba, places the firm at the cutting edge of aviation planning. There is more information at our website – www.AviationPlanning.com.



Intra-Regional Air Service Video. In addition, we are including a video link to one of our *Air Service Factors* PowerPoint programs which we make available to our clients. This one deals specifically with intra-regional air service challenges. [Click here](#) or on the subject icon to access the video. We've added an additional slide specific to Idaho.

We are very interested in partnering with the State of Idaho to tackle this emerging challenge for rural America – which is retaining access to and from the global economy.

Submitted September 10, 2020. I am authorized to represent Boyd Group International and enter into agreements on its behalf.

Michael J. Boyd, President

Proposal Addendum



Idaho Intra-state Commercial Air Service Study Addendum

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September 14, 2020

Proposal Update

The original response dated September 10 had a link to a special informational video of one of Boyd Group's Air Service Factors presentations which it produces for its clients. We believe the points included in the Powerpoint and the narrative in the video are important reviews of the air service issues in Idaho.



We included links to this video in the original proposal response.

We understand that some printing of the pdf version of the original proposal response may not include the imbedded links to this important part of our review of one of the air service dynamics facing Idaho.

Therefore, we wish to provide the actual address link to the video, which can be cut and pasted into a browser for review.

The address is:

<https://www.youtube.com/watch?v=10zhV5P47Ss>

Again, we appreciate this opportunity to partner with the State of Idaho.

Sincerely

Michael J. Boyd, President
September 14, 2020