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September 16, 2020

Intrastate Commercial Air Service Committee
Boise, Idaho

Subject: Proposal for Intrastate Passenger Air Service Study

Dear Intrastate Commercial Air Service Committee:

Mead & Hunt is the right partner to provide the Intrastate Commercial Air Service Committee (Committee) with air service consulting services associated with the Intrastate Passenger Air Service Study (Study). We are familiar with the individual airports within the state of Idaho as well as the need for intrastate service to Boise, and **we understand the opportunities and challenges facing the state in its efforts to obtain intrastate service**. Our familiarity and experience with similar airports and projects allows us to provide superior services unmatched by other firms. We offer:

- A **record of many recent airline successes** for our clients with a broad spectrum of airlines including Alaska Airlines, Allegiant, American Airlines, British Airways, Contour Airlines, Delta Air Lines, Frontier Airlines, Southwest Airlines, Spirit Airlines, Sun Country Airlines, Sunwing Airlines, United Airlines and VivaAerobus.
- Expertise in airline planning, pricing and scheduling based on our collective **previous employment at American Airlines, Delta Air Lines, Southwest Airlines and United Airlines**.
- A **solid reputation with air carriers** resulting in high-level access to decision-makers and the ability to schedule airline headquarters meetings, as needed, due to the strong personal relationships we have built with each carrier.
- **Significant experience** preparing state and individualized market analyses, developing air service strategies and route forecasts, presenting to airlines, and performing community outreach and other air service development tasks to the satisfaction of our clients.
- **Direct, recent experience working with the majority of the airports included in the Study**.

The following subsections provide a summary of our company profile, team qualifications, similar experience with other state studies, our specific approach to the scope of services and our price quote/hourly fees for the Study.

Company Profile

Mead & Hunt is an employee-owned firm with approximately 900 professional, technical and support staff in more than 35 offices nationwide. We have been serving clients in both the public and private sectors since our founding in 1900. Our aviation division includes air service development, engineering, architecture, planning and environmental services. Our air service team has provided air service consulting services for more than 18 years and is qualified to address your air service development needs. Mead & Hunt is dedicated to providing air service consulting services for markets of various sizes.

Air service development is our specialty. You can be confident in our knowledge of airports and air service consulting.

Team Qualifications

Our proposed air service team has industry-leading experience in air service development efforts for airports and airlines. The Mead & Hunt air service staff has 210 years of combined experience in planning, pricing and scheduling, as well as backgrounds in airline management, private and public finance, and airport management. We have direct domestic and international airline planning experience with multiple airlines, including American Airlines, Delta Air Lines, Southwest Airlines and United Airlines.

The primary project team will be led by Jeffrey Hartz. Supporting this primary team are air service and aviation professionals at Mead & Hunt. Our team is also supported by Mead & Hunt's administrative departments, including accounting, marketing, information technology and human resources. Brief resumes of key air service staff are included below.

Jeffrey Hartz, Project Manager

Jeffrey Hartz has 17 years of airline planning and air service development experience. He is a Managing Director in Mead & Hunt's Dallas-area office with primary oversight of Mead & Hunt's route forecasting and market assessment analyses. He brings hands-on experience in all facets of airline planning, including market analysis, forecasting, financial planning and analysis, scheduling, pricing and revenue management. Jeffrey has worked in various management and senior management positions within regional airlines, including American Eagle Airlines and Mesa Air Group. Jeffrey led the successful effort for the PIT Connector Regional Air Service Plan, discussed in more detail on the following page.

Joseph Pickering, Vice President/Manager, Air Service Consulting

Joseph Pickering, the manager of Mead & Hunt's air service consulting group, has 25 years of air service development, route planning, revenue management and pricing experience. His Atlanta office location provides easy access to Delta Air Lines' headquarters office. Joseph has held various planning positions in Delta Air Lines' Network Planning department and was responsible for community issues related to air service. Prior to Delta, Joseph held positions of varying responsibility at America West Airlines in the Revenue Management and Planning divisions. Joseph facilitated the state of Wyoming's airline Request for Proposals (RFP) recruitment efforts which resulted in SkyWest Airlines initiating service to multiple communities within the state.

Trina Froehlich, CPA, Managing Director

Trina Froehlich is a Certified Public Accountant (CPA) and is one of the most experienced consultants in the air service consulting business with 18 years of direct air service consulting experience. Trina's Eugene, Oregon office location makes her uniquely familiar with the air service opportunities and issues in the West. With her mix of air service and financial skills, Trina is especially skilled at using analytical tools and databases to model and analyze air service markets and brings the airport and financial perspective to air service projects.

Ron McNeill, Managing Director

Ron McNeill is a former airline executive with 38 years of experience in airline marketing, operations, planning and revenue management. Ron has worked as an air service consultant in Mead & Hunt's St. Louis-area office for 15 years. He was formerly Manager – Marketing Development for American Airlines and held several Vice President level positions at Trans World Airlines (TWA). Ron has worked closely with airports within the state of Idaho on air service development efforts.

Similar Experience

Mead & Hunt and our air service consulting staff have worked with airports nationwide on a variety of air service development projects including intrastate air service projects. Our experience across airports of all sizes provides a depth of understanding in air service development that is unmatched. We have been on the front lines of domestic and international air service development for years, involved with thousands of routes worldwide. Our team works with domestic and international airports of all sizes, ranging from airports with more than 15 million annual passengers to Essential Air Service (EAS) communities. To demonstrate our similar project experience, two projects have been selected: the PIT Connector Regional Air Service Plan and air service consulting services for the state of Wyoming.

Pittsburgh International Airport (PIT) – Pittsburgh, PA

Historically, US Airways operated a hub at PIT, serving 13 smaller commercial service airports to and from PIT, with 15,573 flights in 2004. By 2009, US Airways no longer served PIT from any of the 13 airports. Population growth and an improving economy, combined with the development of the Marcellus Shale in Pennsylvania, created a critical need for improved air service within the state. Mead & Hunt was selected to help reinstate intra-Pennsylvania service by developing a PIT Connector Regional Air Service Plan, a statewide study that analyzed the passenger demand from each of the 13 commercial service airports, especially regarding service to PIT. The first phase was the creation of detailed market analyses for each of the airports in the Pennsylvania Air Service Committee, including estimates of total market sizes. Building on the market analyses, the second phase developed route analyses with service into PIT. The final phase included airline and stakeholder meetings to make the plan a reality.

Through this analysis, Mead & Hunt worked with PIT to recruit interest from numerous airlines to bid on the upcoming EAS contract. In 2014, the team was successful in recruiting air service by Sun Air Express from PIT to five communities. In 2016, Mead & Hunt worked with the Allegheny County Airport Authority (ACAA) and Southern Airways to recruit three new EAS communities into the PIT Connector program, increasing the size of the program by 50 percent and tying all Pennsylvania EAS markets to PIT. In the subsequent years, Mead & Hunt worked closely with the ACAA air service team to create a comprehensive marketing plan, liaise between airports and airlines and lead quarterly air service meetings. Mead & Hunt and ACAA's air service team partnership created an industry-leading level of coordination that has significantly improved the air service at these EAS markets.

Wyoming Department of Transportation (WYDOT) – Cheyenne, Wyoming

WYDOT has a long-standing commitment to enhancing air service opportunities within the state of Wyoming to provide reliable access to the national air transportation system and to provide economic development for its communities. Mead & Hunt has a long-standing history of working with WYDOT to

improve air service in the state, including several recent projects. In 2016, Mead & Hunt was selected to conduct an Air Service Market Research study for all 10 of Wyoming's commercial service airports. This study reviewed industry trends impacting air service within the state, the relative strengths and weaknesses of Wyoming's air service network, recent capacity changes and market performance at each airport, and identified risks and opportunities by market and by airline for each of the current and potential airlines that could serve the state. The study outlined recommended air service development actions for each of the Wyoming airports.

In 2017, Mead & Hunt was selected to perform an assessment of WYDOT's Air Service Enhancement Program which has provided financial assistance for selected air service markets throughout the state since 2004. This project evaluated the economic impact on the state and local communities based on the incremental air service, resulting incremental visitors, direct and indirect spending, employment and capital investment. These factors were used to create a project specific and overall return on WYDOT's investment in these incremental flights over time. Mead & Hunt was recently selected to update the return on investment impacts of the state's Air Service Enhancement Program.

In mid-2018, WYDOT again selected Mead & Hunt to evaluate potential air service from a major U.S. hub to four cities in the state, Gillette, Rock Springs, Riverton and Sheridan, and to develop and help administer an airline RFP for the service. Mead & Hunt worked with WYDOT and the communities involved to develop the criteria and goals for the desired service levels and performance metrics, created the airline RFP based on these criteria, and evaluated each of the submitted proposals for compliance, quality and sustainability. Mead & Hunt developed a scoring grid to aid in the comparison and selection process and was part of the Selection Committee. While the details of this project are proprietary, the Capacity Purchase Agreement was implemented and air service began in 2020.

Approach to the Scope of Work

The following subsections identifies Mead & Hunt's approach to the specific tasks as part of the Study for the Committee.

1. Analysis of Idaho's Current Air Service, and Historical Intrastate Commercial Air Service

For each community in the Study, historical air service by airport will be summarized including annual flights, seats and nonstop destinations over the past five years. This task will particularly focus on historic intrastate service to/from Boise. In addition, current air service by airport will be summarized. Seasonality of service will be assessed as well as current performance via load factors and revenue per available seat mile (RASM) where applicable.

2. Passenger Demand Assessment

Mead & Hunt will evaluate each significant population center in the state for travel demand to Boise to support intrastate air service. Demand beyond Boise will be estimated as part of the market potential assessment in the next task. Boise demand will primarily be assessed using cell-phone location-based data as the majority of the demand is currently a drive market. Traditional air service data tools do not provide the data necessary to complete this assessment. Similar-sized communities with comparable demographics will also be included to create proxies and help estimate local demand to Boise.

3. Market Potential, Suggested Intrastate Routes and Airlines

Using the Boise demand estimate from the previous task, aircraft that are currently in use by commercial air carriers in the U.S. will be identified that are appropriately sized for the market demand. Operating costs by community to Boise will be estimated by aircraft and assessed against the revenue potential for each community. An estimate of total connecting traffic (i.e., beyond Boise demand) will be included as part of the forecast. The result will be a profit and loss forecast for nonstop Boise service by community which will identify which airports/markets can potentially support economically viable service to Boise. Based on the results of the forecast by aircraft type, potential air carriers with the right-sized aircraft will be identified. As part of the airline identification process, current airline strategy, including fleet/hub plans, schedule activity and other available information, will be assessed.

4. Air Service Comparisons

Peer markets that have seen success securing commercial air service improvement with state initiatives like Wyoming and with intrastate air service such as the Pittsburgh Connector will be compared to the proposed Idaho intrastate service. Other short-haul trips from smaller markets will also be included in the comparisons where applicable. The comparisons will provide a summary of the peer market service and similarities to the proposed Idaho intrastate service.

5. Air Service Development Best Practices for Idaho

It is highly likely that intrastate Boise service will need monetary incentives (e.g., minimum revenue guarantees, subsidy) for a carrier to start and maintain long-term service. One method of providing these incentives for a specified period of time is the Small Community Air Service Development Program (SCASDP). This section will identify funding strategies locally, at the state level and federally for markets identified with sufficient demand to potentially support scheduled service. A funding proposal will be created for each of these communities as well as a collective consortium approach to support the service as forecasted in the previous tasks, including amounts needed as the local contribution for a potential SCASDP application and potential ongoing funding requirements.

6. Additional Services

Mead & Hunt will schedule monthly status updates to the Committee on the progress of the study via virtual conference calls. During these calls, Mead & Hunt will articulate progress on the market analysis and how minimum guarantees and capacity purchase models can function to support this service. Mead & Hunt understands that additional services may be requested. Other additional tasks such as formal discussions with air carriers, evaluating each carrier's aptitude for reliable and safe operations and negotiating revenue guarantee agreements will require an amendment to the contract with additional funds. We are happy to provide a fee estimate for any additional services required for this effort.

Price Quote/Hourly Fees

The work described in the previous section, Approach to the Scope of Work, will be completed for a not to exceed amount of \$50,000. Hourly rates are \$195 per hour for Managing Directors, \$205 per hour for the Project Manager and \$225 per hour for the Vice President.