



Proposal of Hyannis Air Service, Inc., dba Cape Air to provide subsidized Essential Air Service for:

# Quincy, Illinois

To/from St. Louis Lambert *and* Chicago O'Hare

With codeshare of **American Airlines** 

Docket: DOT-OST-2003-14492



Hyannis Air Service, Inc., dba Cape Air  
Attn: Andrew Bonney, 660 Barnstable Road, Hyannis, MA 02601  
(508) 862-9719

**June 15, 2017**

# Cape Air has been honored to serve Quincy since November 2009

## Cape Air's first St. Louis arrival

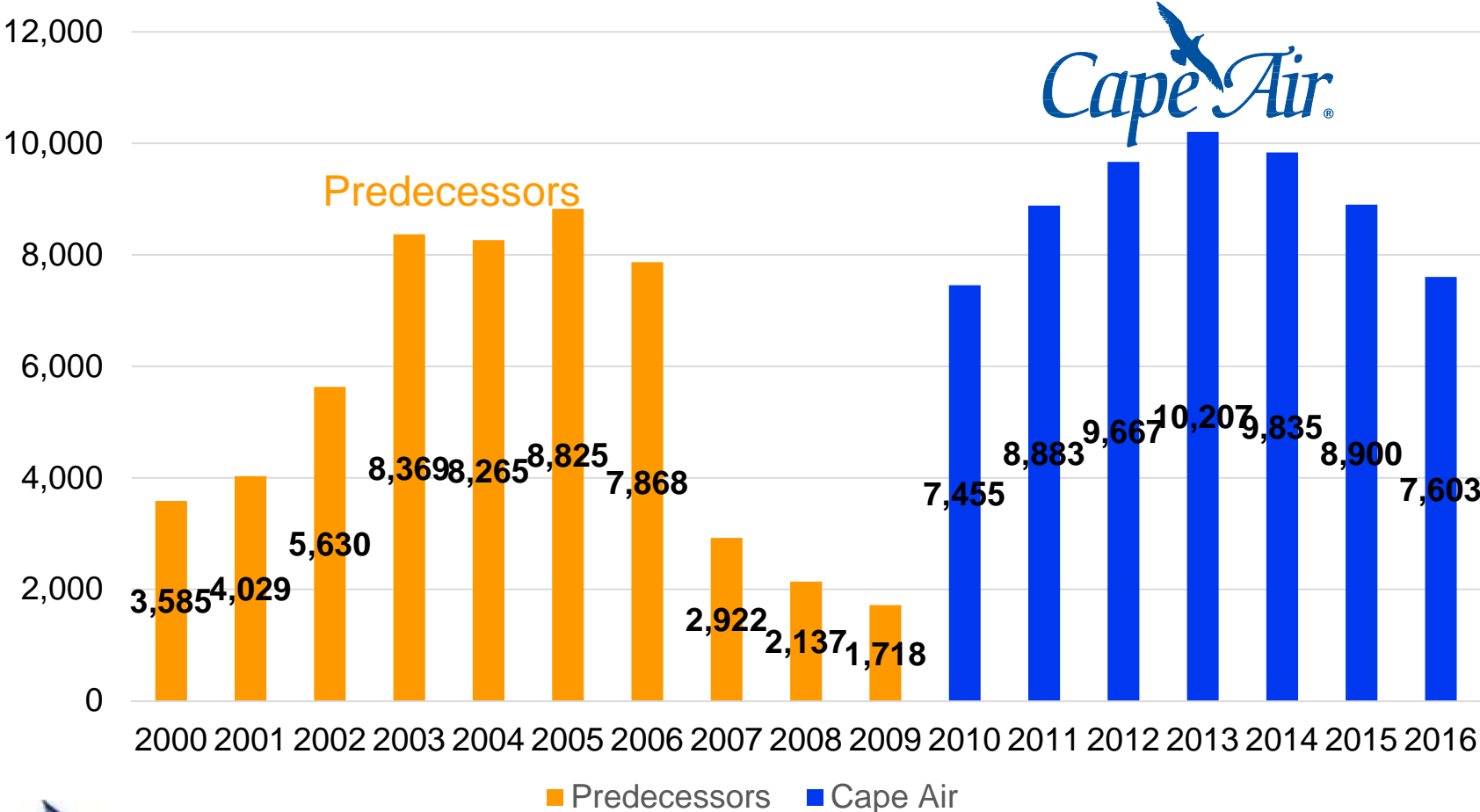
November 8, 2009



## Inauguration cake cutting at Quincy



Since Cape Air started serving Quincy, ridership returned to historic levels; the recent drop of ridership is poised to improve given the service proposed here and a new tiered fare structure



Background

# THE CAPE AIR STORY



# Cape Air has grown from a single aircraft and route in 1989 to America's largest commuter airline today

## Key facts

- First route was Boston – Provincetown, begun in October 1989 with one aircraft
- Today's fleet
  - 83 Cessna 402s in four regions
  - Four Britten-Norman Islanders
  - Three ATR-42s in Micronesia
- Operating up to 550 flights daily
- In 2016 flew 680,000 passengers
- Stable and mature company

## Cape Air: Leading the pack nine at a time

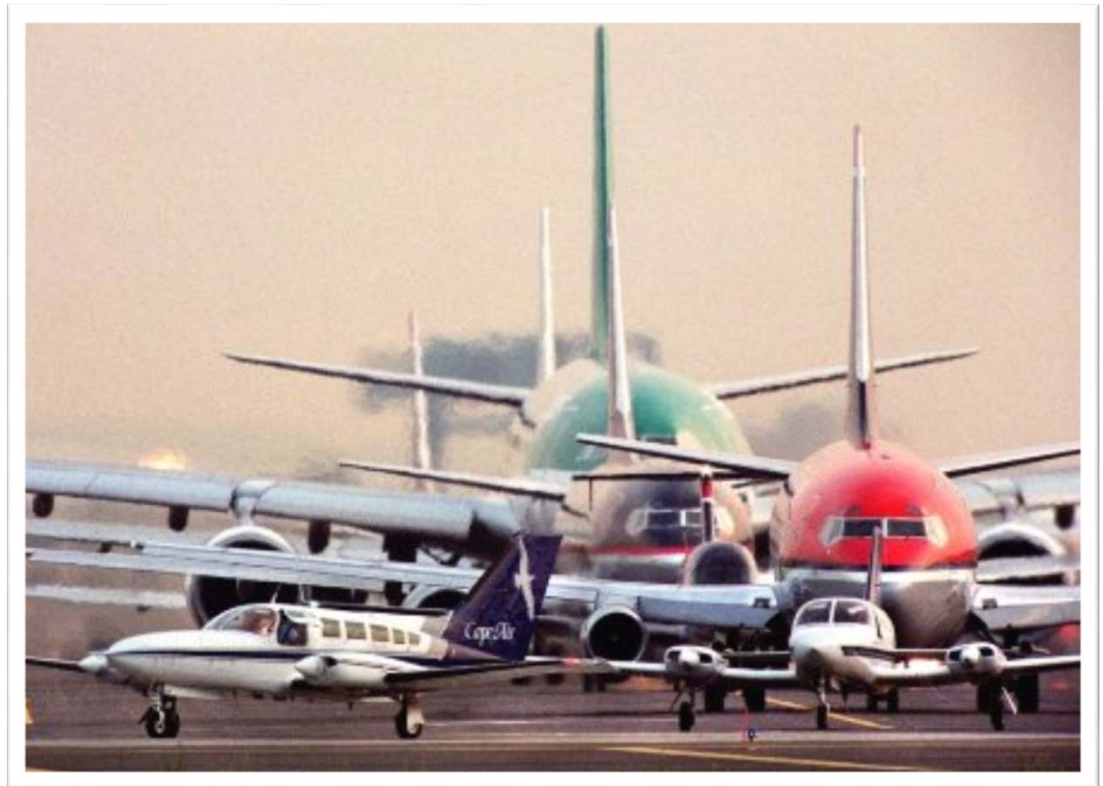


Photo courtesy Mark Garfinkel (August 7, 2000, Boston)





Cape Air began service in 1989 with three aircraft...

### Cape Air Begins Service From P'Town

Cape Air has begun operation of its scheduled commuter airline service between the Provincetown Airport and Boston's Logan Airport.

Cape Air's fall/winter schedule offers three to four daily departures from Provincetown and three to four departures from Gate No. 28, lower level of American Airlines Terminal B in Boston.

Cape Air is a division of Hyannis Air Service, Inc., an air charter service and fixed base operator at the Barnstable Municipal Airport in Hyannis. For more information, call 1-800-352-0714 or 775-8171.



...And one route: Boston – Provincetown

Original Cape Air route map



November 1989 schedule



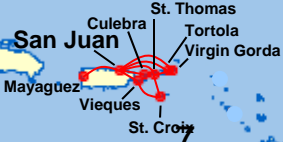
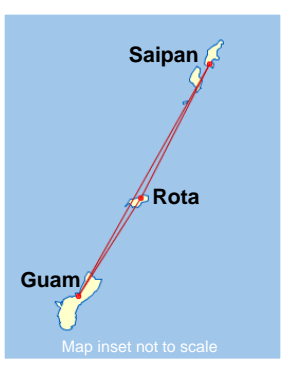


Today Cape Air serves 39 cities

# Cape Air Routes 2Q17

--- Denotes seasonal service

Micronesia



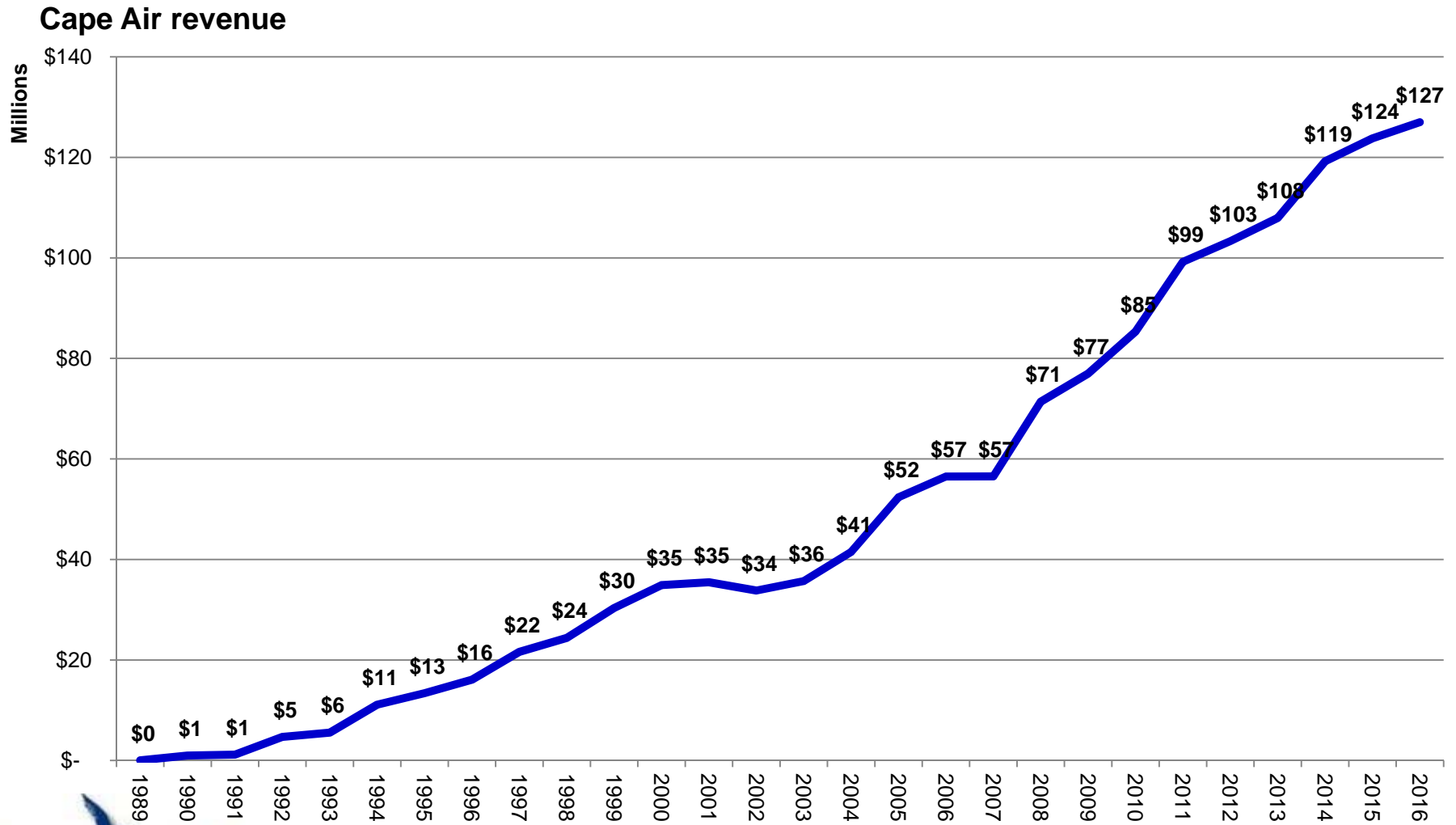




## Cape Air 2017

- Revenue of \$127M
- Consistently profitable
- 39 airports served, 19 in EAS
- 940 employees

# Cape Air revenue has grown steadily since 1989







Cape Air is the only commuter airline to have interline connections with all of the legacy airlines plus Alaska and JetBlue



# Cape Air codeshares with American at Quincy



## Codeshare highlights

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- Cape Air operates flights in Micronesia as **UNITED EXPRESS** 
- Flights in the Caribbean have **UNITED**  code
- Flights in the Midwest operate with the code of **American Airlines** 
- Flights at connecting airports operate with the codeshare of **jetBlue AIRWAYS** 



# St. Louis connecting itineraries are sold on AA's website as American flights due to Cape Air's codeshare relationship with American Airlines

American Airlines  Plan Travel Travel Information AAdvantage 

Home Log in » English Search aa.com

## Choose flights

« New search

Depart Quincy, IL to Washington, DC  
Tuesday, September 19, 2017

[Product comparison](#)

<	Sun, Sep 17 \$ 529	Mon, Sep 18 \$ 151	<b>Tue, Sep 19 \$ 147</b>	Wed, Sep 20 \$ 147	Thu, Sep 21 \$ 151	>
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Sort by: Price (low to high)

**Main Cabin** **First**

UIN 3:07 PM → DCA 8:06 PM 3h 59m <a href="#">1 stop</a> AA 8332 ■ CNA-Cessna (Light) Operated by Hyannis Air Service As Cape Air	One way \$ 147	One way \$ 1,257 Refundable
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AA 5076 ■ CRJ-Canadair RJ 700  
Operated by PSA Airlines As American Eagle

[Details](#) | [Seats](#)



# Itineraries connecting between Cape Air and United are also available on united.com

**UNITED** United States | English MileagePlus: Sign in or join

Tue Sep 19, 2017 UIN Quincy, IL, US → IAH - Intercontinental Houston, TX, US [Edit search](#)

**Economy (lowest)**

Sun 9/17	Mon 9/18	<b>Tue 9/19</b>	Wed 9/20	Thu 9/21
\$324	\$290	<b>\$290</b>	\$290	\$290

*Fares are for the entire one-way trip, per person, and include taxes and fees. Additional bag charges may apply.*

**50K Bonus Miles + \$50 statement credit** [Learn More](#)

Show fare type comparison

List view Detailed view

Depart ▾ Arrive ▾ Stops ▾ Duration ▾

	Economy	Economy (flexible)	First (2-cabin, lowest)
6:00 am 12:12 pm 1 stop 6h 12m <a href="#">Details</a> <a href="#">Seats</a> Includes Travel Operated By Cape Air , Republic Airlines Db a United Express	\$290 <a href="#">Select</a> 1 ticket left at this price	\$469 <a href="#">Select</a> 4 tickets left at this price	Mixed cabin ? \$419 <a href="#">Select</a> 1 ticket left at this price
8:17 am 12:12 pm 1 stop 3h 55m <a href="#">Details</a> <a href="#">Seats</a> Includes Travel Operated By Cape Air , Republic Airlines Db a United Express	\$290 <a href="#">Select</a> 2 tickets left at this price	\$469 <a href="#">Select</a> 4 tickets left at this price	Mixed cabin ? \$419 <a href="#">Select</a> 2 tickets left at this price
8:17 am 4:41 pm 1 stop 8h 24m <a href="#">Details</a> <a href="#">Seats</a> Includes Travel Operated By Cape Air , Mesa Airlines Db a United Express	\$296 <a href="#">Select</a> 2 tickets left at this price	\$475 <a href="#">Select</a> 4 tickets left at this price	Mixed cabin ? \$425 <a href="#">Select</a> 2 tickets left at this price

Filters Price & schedule Airports Experience 32 of 32 flights from \$290





# At joint cities Cape Air's connecting destinations appear on jetblue.com



## Select Your Flight

### Rutland, VT (RUT) to Fort Lauderdale, FL (FLL)

**BEST FARE GUARANTEE** jetblue.com has the lowest fares—guaranteed\*  
\*terms apply

Prices displayed are one-way per person including taxes and fees. Additional baggage fees may apply. Flights operated by partner airlines can only be paid using credit cards. The order of flights displayed is not neutral with respect to carrier identity; lowest priced JetBlue flights are displayed first, followed by codeshare and interline partner-operated flights, prioritized by price and schedule.

Departs	Arrives	Duration	Airline	Flight	Cabin
○ \$155 USD One-way					
<b>RUT 4:05 PM</b> Tue, Sep 05	➔ <b>BOS 5:04 PM</b> Tue, Sep 05	0h 59m Layover: 3h 38m	<i>Cape Air</i>	✈ 9K 70	Economy
<b>BOS 8:42 PM</b> Tue, Sep 05	➔ <b>FLL 11:56 PM</b> Tue, Sep 05	3h 14m Total: 7h 51m	View seats Amenities <b>jetBlue</b>	✈ 569	Economy
○ \$199 USD One-way					
<b>RUT 4:05 PM</b> Tue, Sep 05	➔ <b>BOS 5:04 PM</b> Tue, Sep 05	0h 59m Layover: 3h 38m	<b>jetBlue</b> Operated by Cape Air	✈ 5104	Economy
<b>BOS 8:42 PM</b> Tue, Sep 05	➔ <b>FLL 11:56 PM</b> Tue, Sep 05	3h 14m Total: 7h 51m	View seats Amenities <b>jetBlue</b>	✈ 569	Economy
○ \$226 USD One-way					



Proposing service to/from

**CHICAGO O'HARE**





Cape Air is thrilled to offer  
Quincy flights to/from Chicago O'Hare

  
Cape Air®



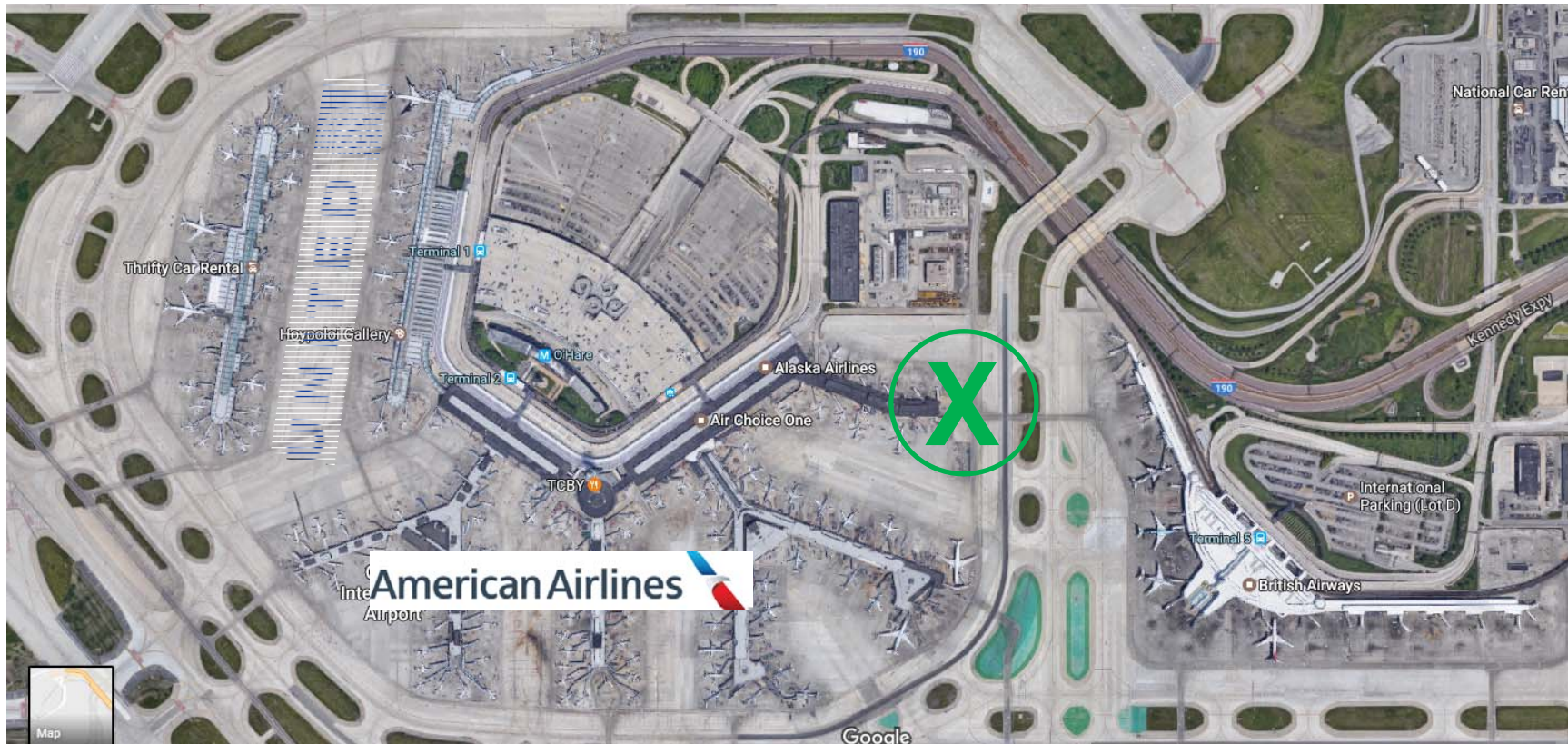
Cape Air proposes a combination of both 24x weekly flights to St. Louis Lambert and 12x weekly to Chicago O'Hare

Midwest route map showing Chicago – Quincy



# Cape Air has made arrangements to bring Quincy flights into the main terminal at Chicago O'Hare

## Chicago O'Hare



American Airlines has advised Cape Air that if DOT selects Cape Air for O'Hare service, they will likely expand their codeshare to the Quincy – Chicago O'Hare segments, too

# Chicago O'Hare has non-stop service to 219 destinations

## Chicago O'Hare non-stop service

July 2017

ID	Destination	Flights/Mo	ID	Destination	Flights/Mo	ID	Destination	Flights/Mo	ID	Destination	Flights/Mo	ID	Destination	Flights/Mo
1	Abu Dhabi, AE	31	45	Columbia, SC	55	89	Indianapolis, IN	471	133	Myrtle Beach, SC	41	177	San Jose del Cabo, MX	15
2	Akron/Canton, OH	199	46	Columbus, OH	432	90	Ironwood, MI	57	134	Nashville, TN	435	178	San Jose, CA	148
3	Albany, NY	184	47	Copenhagen, DK	31	91	Istanbul, TR	31	135	Nassau, BS	5	179	San Juan, PR	71
4	Albuquerque, NM	93	48	Dallas/Fort Worth, TX	648	92	Jackson Hole, WY	108	136	New Orleans, LA	184	180	San Salvador, SV	22
5	Allentown, PA	79	49	Dayton, OH	304	93	Jackson, MS	56	137	New York-JFK, NY	320	181	Sao Paulo-Guarulhos, SP, BR	31
6	Amman, JO	31	50	Decatur, IL	99	94	Jacksonville, FL	152	138	New York-La Guardia, NY	1,259	182	Savannah, GA	96
7	Amsterdam, NL	62	51	Delhi, IN	31	95	Kahului/Maui, HI	5	139	Newark, NJ	448	183	Seattle, WA	534
8	Anchorage, AK	116	52	Denver, CO	624	96	Kalamazoo/Battle Creek, MI	166	140	Norfolk, VA	192	184	Seoul, KR	53
9	Appleton, WI	167	53	Des Moines, IA	341	97	Kalispell-Glacier, MT	36	141	Oakland, CA	31	185	Shanghai, CN	85
10	Aruba, AW	5	54	Detroit, MI	593	98	Kansas City, MO	357	142	Oklahoma City, OK	197	186	Shannon, IE	31
11	Asheville, NC	124	55	Doha, QA	31	99	Knoxville, TN	185	143	Omaha, NE	325	187	Sioux City, IA	57
12	Aspen, CO	62	56	Dubai, AE	31	100	Krakow, PL	5	144	Ontario, CA	27	188	Sioux Falls, SD	212
13	Atlanta, GA	750	57	Dublin, IE	124	101	La Crosse, WI	116	145	Orange County, CA	234	189	South Bend, IN	111
14	Austin, TX	250	58	Dubuque, IA	86	102	Lansing, MI	144	146	Orlando, FL	398	190	Spokane, WA	31
15	Baltimore, MD	299	59	Duluth, MN	117	103	Las Vegas, NV	423	147	Ottawa, ON, CA	84	191	Springfield, IL	87
16	Bangor, ME	62	60	Eau Claire, WI	57	104	Lexington, KY	194	148	Paducah, KY	57	192	Springfield, MO	233
17	Barcelona, ES	31	61	Edinburgh, SC, GB	31	105	Liberia, CR	5	149	Panama City, PA	62	193	St. Louis, MO	464
18	Beijing, CN	80	62	El Paso, TX	62	106	Lincoln, NE	118	150	Paris-De Gaulle, FR	93	194	State College, PA	62
19	Berlin-Tegel, DE	31	63	Erie, PA	54	107	Little Rock, AR	178	151	Pensacola, FL	31	195	Stockholm-Arlanda, SE	31
20	Billings, MT	31	64	Evansville, IN	158	108	London-Heathrow, EN, GB	279	152	Peoria, IL	200	196	Syracuse, NY	264
21	Birmingham, AL	158	65	Fairbanks, AK	31	109	Los Angeles, CA	806	153	Philadelphia, PA	449	197	Taipei, TW	31
22	Bismarck, ND	31	66	Fargo, ND	204	110	Louisville, KY	260	154	Phoenix, AZ	453	198	Tampa, FL	216
23	Bloomington/Normal, IL	85	67	Fayetteville, AR	243	111	Madison, WI	323	155	Pittsburgh, PA	355	199	Tokyo-Haneda, JP	31
24	Boise, ID	89	68	Flint, MI	169	112	Madrid, ES	31	156	Portland, ME	123	200	Tokyo-Narita, JP	124
25	Boston, MA	689	69	Fort Lauderdale, FL	301	113	Manchester, EN, GB	31	157	Portland, OR	305	201	Toledo, OH	86
26	Bozeman, MT	103	70	Fort Myers, FL	153	114	Manchester, NH	86	158	Providence, RI	120	202	Toronto, ON, CA	587
27	Brussels, BE	31	71	Fort Wayne, IN	179	115	Manhattan, KS	57	159	Puerto Vallarta, MX	5	203	Traverse City, MI	286
28	Buffalo, NY	322	72	Frankfurt, DE	124	116	Marquette, MI	31	160	Punta Cana, DO	67	204	Trenton, NJ	31
29	Burlington, IA	52	73	Grand Cayman, KY	10	117	Mason City, IA	52	161	Quebec, QC, CA	31	205	Tucson, AZ	90
30	Burlington, VT	124	74	Grand Rapids, MI	378	118	Memphis, TN	236	162	Raleigh/Durham, NC	259	206	Tulsa, OK	177
31	Calgary, AB, CA	118	75	Great Falls, MT	14	119	Meridian, MS	31	163	Rapid City, SD	125	207	Vancouver, BC, CA	153
32	Cancun, MX	160	76	Green Bay, WI	234	120	Mexico City, MX	247	164	Reno, NV	91	208	Vienna, AT	31
33	Cedar Rapids, IA	355	77	Greensboro, NC	174	121	Miami, FL	397	165	Reykjavik, IS	42	209	Warsaw, PL	51
34	Champaign/Urbana, IL	235	78	Greenville/Spartanburg, SC	195	122	Milwaukee, WI	391	166	Richmond, VA	261	210	Washington-Dulles, VA	174
35	Charleston, SC	101	79	Guadalajara, MX	71	123	Minneapolis/St. Paul, MN	748	167	Roanoke, VA	88	211	Washington-National, DC	676
36	Charleston, WV	60	80	Guatemala City, GT	4	124	Missoula, MT	36	168	Rochester, MN	213	212	Waterloo, IA	57
37	Charlotte-Douglas, NC	450	81	Hancock, MI	62	125	Mobile, AL	26	169	Rochester, NY	241	213	Wausau, WI	135
38	Charlottesville, VA	124	82	Harrisburg, PA	177	126	Moline, IL	207	170	Rome-Da Vinci, IT	93	214	West Palm Beach, FL	31
39	Chattanooga, TN	93	83	Hartford, CT	229	127	Montego Bay, JM	10	171	Sacramento, CA	90	215	White Plains, NY	137
40	Cincinnati, OH	495	84	Helsinki, FI	23	128	Monterrey, MX	71	172	Saginaw/Midland/Bay C., MI	86	216	Wichita, KS	239
41	Cleveland, OH	457	85	Hong Kong, HK	62	129	Montreal-PET, QC, CA	309	173	Salt Lake City, UT	322	217	Wilkes-Barre/Scranton, PA	60
42	Cody, WY	5	86	Honolulu/Oahu, HI	31	130	Montrose, CO	36	174	San Antonio, TX	190	218	Winnipeg, MB, CA	87
43	Colorado Springs, CO	178	87	Houston-Intercontinental, TX	493	131	Munich, DE	62	175	San Diego, CA	304	219	Zurich, CH	52
44	Columbia, MO	57	88	Huntsville/Decatur, AL	62	132	Muskegon, MI	57	176	San Francisco, CA	681			





## Nominal schedule

- **St. Louis** 4x weekdays  
– 2x on Sat. & Sun.
- **Chicago O’Hare** 2x weekdays  
– 1x on Sat. & Sun.
- American Airlines codeshare
- “Likely” to have American Airlines codeshare

### Tentative Timetable

Quincy to Chicago		Chicago to Quincy	
<u>Depart</u>	<u>Arrive</u>	<u>Depart</u>	<u>Arrive</u>
7:35	9:05	9:35	11:05
15:15	16:45	17:15	18:45
Quincy to St. Louis		St. Louis to Quincy	
<u>Depart</u>	<u>Arrive</u>	<u>Depart</u>	<u>Arrive</u>
6:19	7:05	8:58	9:44
10:09	10:55	11:25	12:11
12:36	13:22	14:17	15:03
15:28	16:14	17:18	18:04



Subject to community input!

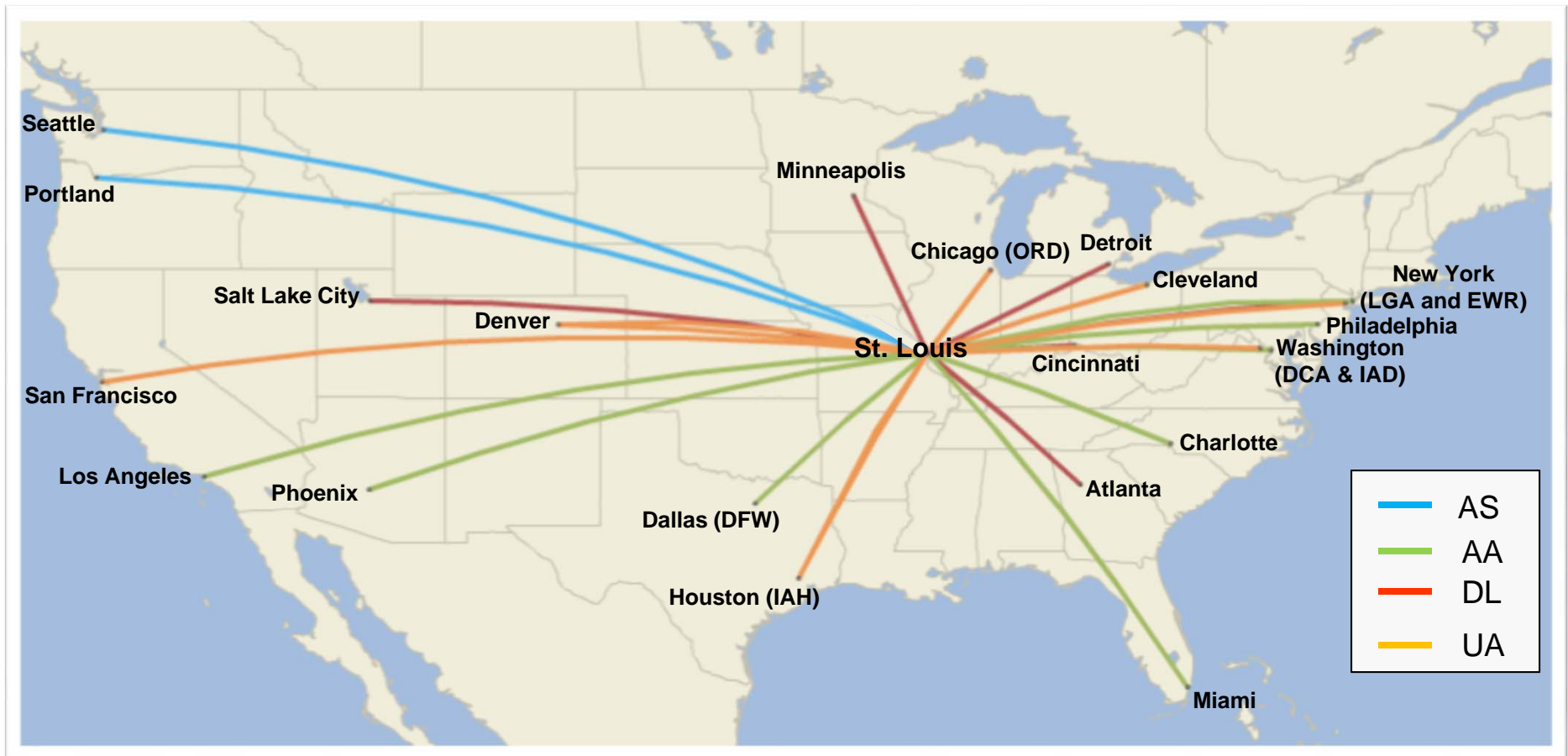
Continue core service 24x per week to/from

**LAMBERT – ST. LOUIS**



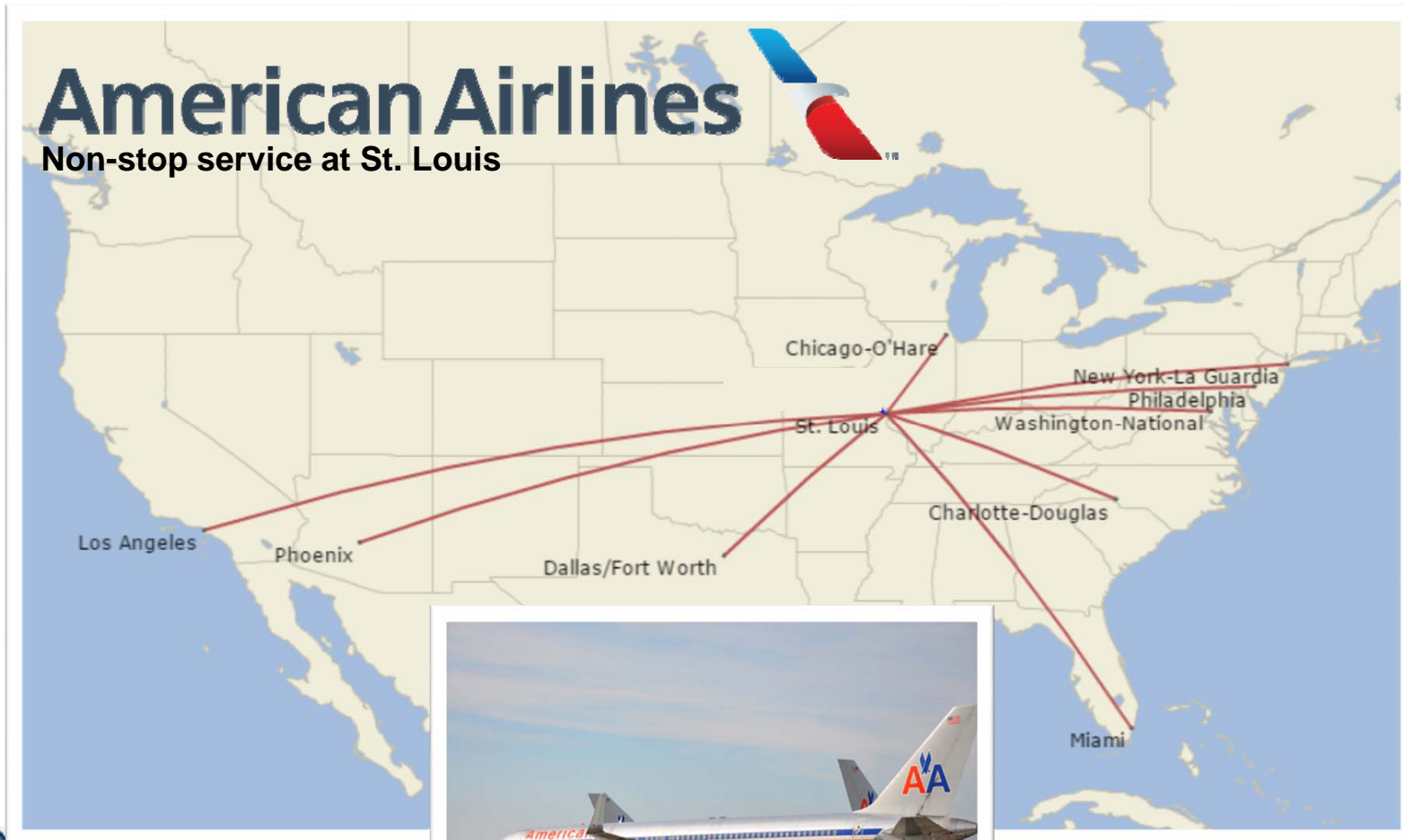
In partnership with Alaska, American, Delta and United, Cape Air's interline capabilities provide seamless one-stop travel to 22 cities, and further connections to the world

Cities served non-stop from St. Louis by Cape Air's partner airlines



Source: OAG

American Airline's codeshare with Cape Air provides major airline branding, and access to American's 350+ network destinations

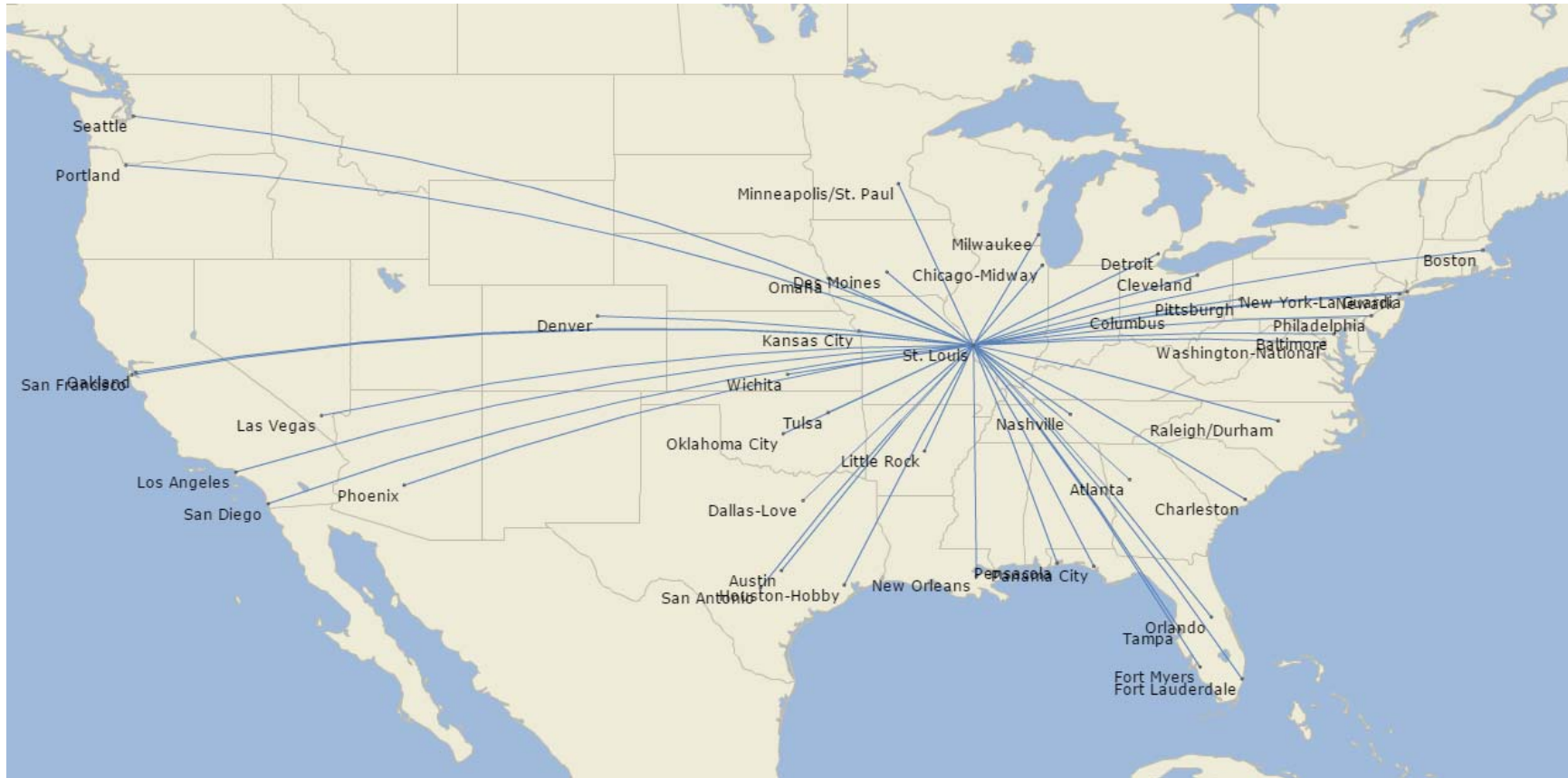


Source: OAG

# Southwest serves 44 destinations non-stop from St. Louis

## Southwest's St. Louis route map

July 2017





Essential Air Service for:  
**QUINCY, ILLINOIS**





Over more than 25 years in business Cape Air has invested in the airline features smaller communities need

<u>Feature</u>	<u>Established</u>
Reliability	
Tickets sold through Expedia, Orbitz, Travelocity	
Interline e-ticketing with all legacy airlines	
Checked luggage transfer with all legacy airlines	
TSA security program	



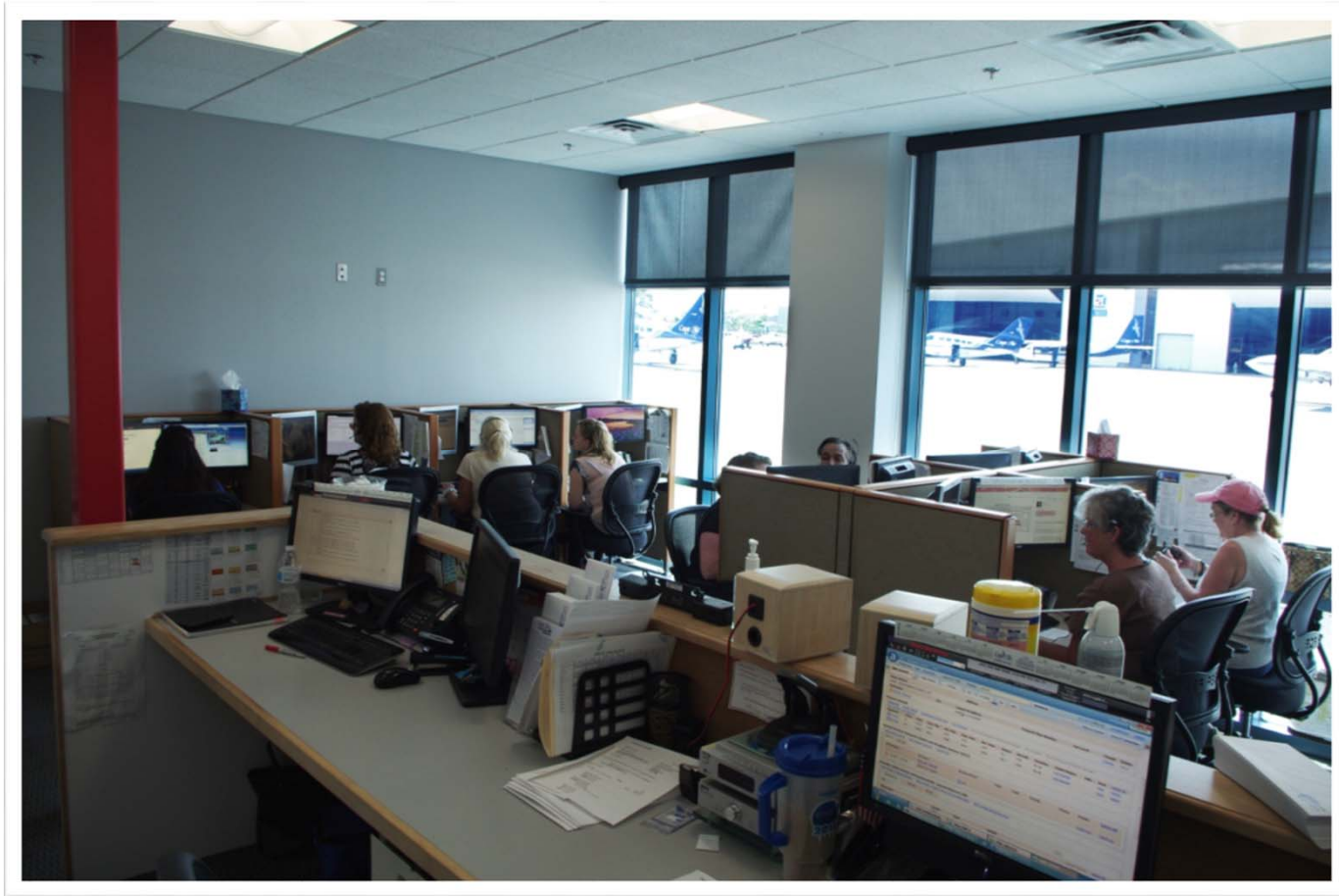
The Cessna 402 is the backbone of Cape Air's fleet, and is proposed here, while we work to bring in the next generation fleet, the Tecnam P2012 Traveler



While certificated for operation by a single pilot, Cape Air operates in the Midwest with two-pilot crews

Cape Air uses Amadeus as its reservation system and has its own internal reservations center

**Cape Air's Reservations Call Center**



**1-800-CAPE-AIR**  
**[www.capeair.com](http://www.capeair.com)**

# Cape Air's proposal includes a downtown ticket office to enhance airline and airport awareness

## City ticket office highlights

- Increases the visibility of the airport and air service within the community
- Provides a welcoming place for people to learn about the air service from a friendly Cape Air agent
- Enables the redemption of targeted promotions, providing wide latitude in marketing the air service
- Enhances the central business district with a vibrant retail space

## Cape Air Ticket Office in Quincy



The CTO is in addition to our robust marketing program!



Cape Air's proposal includes a ramp-side inter-terminal shuttle for St. Louis, facilitating seamless connections between terminals at St. Louis, *without having to re-clear security*

**Cape Air's St. Louis inter-terminal shuttle**



*No TSA rescreening to connect between terminals at St. Louis!*





Preferred Option 1  
 Cape Air recommends a combination of 24x weekly St. Louis flights *and* 12x weekly Chicago O'Hare flights and prefers a 4-year reselection at a discount to DOT

**Drivers**

Drivers	Recommended Combination	
	STL 24x/week	ORD 12x/week
Daily RTs	3.4	1.7
Pax/Dpt	4.8	5.0
Fare (net)	\$42	\$100
Pax Rev	\$202	\$504

**Expenses**

Two-year term; discount for 4-year term, preferred, is noted below

	Recommended Combination		
	STL 24x/week	ORD 12x/week	
Fuel	\$455,796	\$460,863	
Maintenance	\$700,483	\$519,787	
Pilots	\$356,420	\$233,177	
Ownership	\$155,980	\$132,783	
Rents	\$145,110	\$36,957	
Staff	\$252,370	\$140,786	
Landing Fees	\$105,347	\$54,222	
Marketing	\$44,354	\$19,909	
Customer Svc	\$133,507	\$10,966	
General & Admin./Other	\$108,921	\$55,928	
Operating expense	\$2,458,287	\$1,665,377	
Return of 5%	\$129,384	\$87,651	
Economic Expense	\$2,587,670	\$1,753,028	
Passenger Revenue	\$489,439	\$611,798	
Profit	(\$2,098,231)	(\$1,141,230)	
<b>Year 1</b>	<b>Proposed Subsidy</b>	<b>\$2,098,231</b>	<b>\$1,141,230</b>
	<b>Per Departure</b>	<b>\$864</b>	<b>\$940</b>
<b>Year 1</b>	<b>4-Year Contract Discount</b>	<b>\$2,037,802</b>	<b>\$1,108,362</b>
	<b>Per Departure</b>	<b>\$839</b>	<b>\$913</b>



4-year option preferred

Note: See escalation factors next slide

## Preferred Option 1

To align revenue with costs over time  
Cape Air proposes a 3% annual escalation factor

### Annual subsidy including escalation

	Recommended Combination	
	<u>STL 24x/week</u>	<u>ORD 12x/week</u>
Two-year reselection		
Year 1	\$2,098,231	\$1,141,230
Year 2	\$2,161,178	\$1,175,466
Four-year reselection		
Year 1	\$2,037,802	\$1,108,362
Year 2	\$2,098,936	\$1,141,613
Year 3	\$2,161,905	\$1,175,861
Year 4	\$2,226,762	\$1,211,137



## Option 2

# Cape Air also offers steady-state St. Louis service 36x per week

Drivers	<u>STL-Only 36x/wk</u>
Daily RTs	5.1
Pax/Dpt	4.8
Fare (net)	\$42
Pax Rev	\$202

### Expenses

Two-year term; discount for 4-year term, preferred, is noted below

	<u>STL-Only 36x/wk</u>
Fuel	\$658,681
Maintenance	\$1,012,284
Pilots	\$343,380
Ownership	\$225,410
Rents	\$179,790
Staff	\$318,113
Landing Fees	\$152,239
Marketing	\$64,098
Customer Svc	\$192,934
General & Admin./Other	\$151,916
Operating expense	\$3,298,844
Return of 5%	\$173,623
Economic Expense	\$3,472,467
Passenger Revenue	\$734,158
Profit	(\$2,738,309)

Year 1	<b>Proposed Subsidy</b>	<b>\$2,738,309</b>
	<b>Per Departure</b>	<b>\$752</b>
Year 1	<b>4-Year Contract Discount</b>	<b>\$2,659,446</b>
	<b>Per Departure</b>	<b>\$730</b>

4-year option preferred



## Option 2

To align revenue with costs over time  
Cape Air proposes a 3% annual escalation factor

### Annual subsidy including escalation


Two-year reselection	<u>STL-Only 36x/wk</u>
Year 1	\$2,738,309
Year 2	\$2,820,458
Four-year reselection	
Year 1	\$2,659,446
Year 2	\$2,739,229
Year 3	\$2,821,406
Year 4	\$2,906,048



# Cape Air is thrilled to offer Chicago O'Hare and would be honored to be reselected to provide EAS at Quincy, continuing our great partnership

## Cape Air features:

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- ✓ Full **interline connectivity**, allowing same-ticket connections with the world
- ✓ Codeshare with **American Airlines** 
- ✓ Access to **Chicago O'Hare**, one of the largest hubs in the world, and a major metropolitan area of the U.S.
- ✓ High-frequency service: **36 flights per week**
- ✓ Robust **marketing** and local **ticket offices** in the downtown business districts
- ✓ The **expertise and infrastructure** of a mature commuter airline

**Cape Air: Quincy's wings to St. Louis,  
Chicago and beyond!**



Hyannis Air Service, Inc., dba Cape Air  
Attn: Andrew Bonney, 660 Barnstable Road, Hyannis, MA 02601  
(508) 862-9719