

From: [Steven Donahue](#)
To: [cityclerk](#)
Subject: Advanced Air issue
Date: Saturday, March 05, 2022 7:44:57 AM
Attachments: [US DOT Order EAS Service 9-23-21.pdf](#)

To Merced City Council.
From: Steve Donahue March 7, 2022

Below is from DOT order 2021-9-24 dated September 23, 2021.
(attached).

“Service Transition

The Department expects Boutique Air and Advanced Air to work together to make a smooth transition at Merced, with Boutique Air ending service one day and Advanced Air inaugurating service the next day. In that regard, before Boutique Air suspends its service, it must notify any passengers holding reservations for travel after the suspension date, assist those passengers in making alternate air transportation agreements, or provide a refund of the ticket price, without penalty, if required.

By Order 2021-7-8 (July 16, 2021), the Department extended Boutique Air’s service obligations from August 1, 2021, until a replacement air carrier commences full EAS at Merced, but no later than December 31, 2021. The Department anticipates Advanced Air to begin service at Merced by January 1, 2022. However, if Advanced Air begins service later than that date, Boutique Air must continue to provide service until Advanced Air begins full EAS Service at Merced.

This order is issued under authority delegated by the secretary of transportation in 49 CTR 1.25a(b)(6)(ii)(D).”

I do not believe this requirement of the contract with DOT was met. Advanced Air has not met the full, or intent of the EAS regulations. Not even close. They also have not provided the full 24 flights a week agreed to in the contract. They Are not TSA certified at LAX or McCarran. In the interest of the people of the City of Merced the Merced City Council should immediately request DOT to cancel the contract with Advanced Air and resume service with Boutique Air..

Back to my original question that was from Feb 17th and ignored." Are you willing to reevaluate your recommendation to the DOT to choose Advanced Air to service Merced and revoke their contract . Advance Air is not providing any kind of service for Merced except for maybe a few gamblers. There must be something in the contract to revoke it, because they are not providing the levels of service agreed to. Like it was pointed out, the purpose of the EAS grant to Advanced Air is to provide service to “ National Air Terminals” to serve communities like Merced. Advanced Air kinda does that . It will get you close to LAX in LA and it will get you close to McCarran in Las Vegas, but that's not good enough."

The Merced City Council can’t possibly believe this is a better service than Boutique provided.

You people did this. You all need to fix this.

If you're not willing to do anything just tell me now "tough, come see us in four years when the contract expires." Meanwhile, Merced will not have any kind of working EAS service.

Freedom of

Two minutes and 58 seconds!!

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

Issued by the Department of Transportation
on the 23rd Day of September, 2021

Essential Air Service at

MERCED, CALIFORNIA
(FAIN: 69A3452260513)¹

DOCKET DOT-OST-1998-3521

under 49 U.S.C. § 41731 *et seq.*

ORDER SELECTING AIR CARRIER

Summary

By this Order, the U.S. Department of Transportation (the Department) selects Advanced Air, LLC (Advanced Air) to provide Essential Air Service (EAS) at Merced, California, for the four-year period from January 1, 2022, through December 31, 2025. Advanced Air will provide 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 9-seat Pilatus PC-12 aircraft, at the annual subsidy rates indicated below:

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

Background

By Order 2017-6-19 (June 26, 2017), the Department selected Boutique Air, Inc. (Boutique Air) to provide EAS at Merced for the four-year period from August 1, 2017, through July 31, 2021. Under the terms of that Order, Boutique Air was selected to provide 19 nonstop round trips per week to LAX and 12 nonstop round trips per week to Oakland International Airport (OAK), using 8- or 9-seat Pilatus PC-12 aircraft, at the annual subsidy rates indicated below:

¹ Federal Award Identification Number (FAIN).

Year	Subsidy
Year 1	\$ 3,186,220
Year 2	\$ 3,249,944
Year 3	\$ 3,314,943
Year 4	\$ 3,381,242
Total	\$13,132,349

By a series of orders,² the Department approved Boutique Air’s requests to alter its air service pattern at Merced. Most recently, by Order 2020-8-2 (August 5, 2020), the Department approved the request of Boutique Air to alter its EAS pattern, effective August 10, 2020, at no additional annual subsidy, as indicated below:

Effective Dates	Hub(s)	Weekly Round Trips
August 1, 2017 - May 31, 2018	Los Angeles International Airport (LAX)	19
	Oakland International Airport (OAK)	12
June 1, 2018 - May 14, 2019	Los Angeles International Airport (LAX)	20
	Oakland International Airport (OAK)	8
May 15, 2019 - August 9, 2020	Los Angeles International Airport (LAX)	20
	Sacramento International Airport (SMF)	8
August 10, 2020 - July 31, 2021	Los Angeles International Airport (LAX)	14
	Sacramento International Airport (SMF)	14

In anticipation of the end of that contract, the Department issued Order 2021-3-7 (March 4, 2021), soliciting proposals for a new term, with or without subsidy, for service consistent with what Merced currently receives: 28 weekly round trips using 8-/ 9-seat aircraft or 12 weekly round trips using 30-/ 50-seat aircraft.

By Order 2021-7-8 (July 16, 2021), the Department extended the terms of Order 2017-6-19 to the earlier of (i) December 31, 2021; or (ii) the conclusion of the current air carrier-selection case at Merced, California.

Summary of Air Carrier Proposals

In response to the Department’s solicitation, Advanced Air, Boutique Air, Key Lime Air Corp. d/b/a Denver Air Connection (DAC), and Southern Airways Express LLC (Southern) submitted proposals for consideration. Subsequently, on June 28, 2021, Southern formally withdrew its proposal from this air carrier selection case and, therefore, was not considered.

Those proposals, as well as the complete public file for EAS at Merced, may be accessed online through the Federal Docket Management System at www.regulations.gov, by entering “DOT-OST-1998-3521” in the “SEARCH” field.

² The complete public file for EAS at Merced may be accessed online through the Federal Docket Management System at www.regulations.gov by entering “DOT-OST-1998-3521” in the “Search” field.

Advanced Air’s Proposal

As described in the tables below, Advanced Air proposed a four-year term consisting of multiple options to provide either 24 or 28 nonstop round trips per week to SMF, LAX, LAS and Hawthorne Municipal Airport (HHR), using 9-seat aircraft, for a four-year term. Advanced Air’s proposal included a plan to market the air service.

Table A

Advanced Air Option 1 28 Weekly Round Trips to SMF and HHR or LAX							
Option 1.1		Option 1.2		Option 1.3		Option 1.4	
Hubs	Aircraft	Hubs	Aircraft	Hubs	Aircraft	Hubs	Aircraft
14 to SMF and 14 to HHR	King Air	14 to SMF and 14 to LAX	King Air	14 to SMF and 14 to HHR	PC-12	14 to SMF and 14 to LAX	PC-12
Subsidy		Subsidy		Subsidy		Subsidy	
Year 1	\$ 3,202,812	Year 1	\$ 3,733,624	Year 1	\$ 3,027,702	Year 1	\$ 3,502,170
Year 2	\$ 3,298,896	Year 2	\$ 3,845,632	Year 2	\$ 3,118,533	Year 2	\$ 3,607,235
Year 3	\$ 3,397,863	Year 3	\$ 3,361,001	Year 3	\$ 3,212,089	Year 3	\$ 3,715,452
Year 4	\$ 3,499,799	Year 4	\$ 4,079,831	Year 4	\$ 3,308,452	Year 4	\$ 3,826,916
Total	\$ 13,399,370	Total	\$15,020,088	Total	\$12,666,776	Total	\$14,651,773

Table B

Advanced Air Option 2 28 Weekly Round Trips to LAS and HHR/LAX							
Option 2.1		Option 2.2		Option 2.3		Option 2.4	
Hubs	Aircraft	Hubs	Aircraft	Hubs	Aircraft	Hubs	Aircraft
14 to LAS and 14 to HHR	King Air	14 to LAS and 14 to LAX	King Air	14 to LAS and 14 to HHR	PC-12	14 to LAS and 14 to LAX	PC-12
Subsidy		Subsidy		Subsidy		Subsidy	
Year 1	\$ 4,328,428	Year 1	\$ 4,947,697	Year 1	\$ 3,452,061	Year 1	\$ 4,121,494
Year 2	\$ 4,458,280	Year 2	\$ 5,096,127	Year 2	\$ 3,555,623	Year 2	\$ 4,254,138
Year 3	\$ 4,592,092	Year 3	\$ 5,249,011	Year 3	\$ 3,662,291	Year 3	\$ 4,372,493
Year 4	\$ 4,729,790	Year 4	\$ 5,406,482	Year 4	\$ 3,772,160	Year 4	\$ 4,503,667
Total	\$ 18,108,590	Total	\$20,699,317	Total	\$14,442,135	Total	\$17,251,792

Table C

Advanced Air Option 3 24 Weekly Round Trips to LAS and HHR or LAX							
Option 3.1		Option 3.2		Option 3.3		Option 3.4	
Hubs	Aircraft	Hubs	Aircraft	Hubs	Aircraft	Hubs	Aircraft
12 to LAS and 12 to HHR	King Air	12 to LAS and 12 to LAX	King Air	12 to LAS and 12 to HHR	PC-12	12 to LAS and 12 to LAX	PC-12
Subsidy		Subsidy		Subsidy		Subsidy	
Year 1	\$ 3,534,932	Year 1	\$ 4,131,216	Year 1	\$ 3,050,162	Year 1	\$ 3,552,016
Year 2	\$ 3,640,979	Year 2	\$ 4,255,152	Year 2	\$ 3,141,667	Year 2	\$ 3,658,576
Year 3	\$ 3,750,209	Year 3	\$ 4,382,807	Year 3	\$ 3,235,917	Year 3	\$ 3,768,333
Year 4	\$ 3,862,715	Year 4	\$ 4,514,291	Year 4	\$ 3,332,994	Year 4	\$ 3,881,383
Total	\$ 14,788,835	Total	\$17,283,466	Total	\$12,760,740	Total	\$14,860,308

Boutique Air’s Proposal

As described in the table below, Boutique Air proposed multiple options to provide EAS at Merced for a two-, three-, or four-year term consisting of 28 nonstop round trips per week to LAX, SMF, Monterey Regional Airport (MRY), and/or Reno–Tahoe International Airport (RNO), using 8- or 9-seat Pilatus PC-12 aircraft. Boutique Air has an interline and codeshare agreement with United Airlines, Inc. (United) and an interline agreement with American Airlines, Inc. and its proposal indicates it will commit \$20,000 annually to market the air service.

Boutique Air 28 Weekly Round Trips 8-9 Seat Aircraft							
Option 1		Option 2		Option 3		Option 4	
Hubs	Aircraft	Hub	Aircraft	Hub	Aircraft	Hub	Aircraft
14 to LAX and 14 to SMF	PC-12	28 to LAX	PC-12	21 to LAX and 7 to MRV	PC-12	21 to LAX and 7 to RNO	PC-12
Subsidy		Subsidy		Subsidy		Subsidy	
Year 1	\$ 3,401,359	Year 1	\$ 3,384,413	Year 1	\$ 3,330,050	Year 1	\$ 3,356,588
Year 2	\$ 3,469,386	Year 2	\$ 3,391,181	Year 2	\$ 3,396,651	Year 2	\$ 3,423,719
Year 3	\$ 3,538,773	Year 3	\$ 3,462,004	Year 3	\$ 3,464,584	Year 3	\$ 3,492,193
Year 4	\$ 3,609,548	Year 4	\$ 3,531,244	Year 4	\$ 3,533,875	Year 4	\$ 3,562,036
Total	\$ 14,019,066	Total	\$13,768,842	Total	\$13,725,160	Total	\$13,834,536

DAC’s Proposal

As described in the table below, DAC proposed a two- or four-year term proposal to provide 21 nonstop round trips per week to LAX using 9-seat Fairchild Metroliner aircraft. DAC notes in its proposal that it has an interline agreement with United and intends to spend \$50,000 annually to market the air service.

Key Lime Air	
21 Weekly Round Trips to LAX 9-Seat Metro 23 Aircraft	
Subsidy	
Year 1	\$ 3,240,487
Year 2	\$ 3,240,487
Year 3	\$ 3,240,487
Year 4	\$ 3,240,487
Total	\$12,961,948

Community Comments

On April 7, 2020, the Department requested community comments regarding this air carrier selection case.

By letter dated May 24, 2021, Ms. Stephanie Dietz, Merced City Manager, explained that “[a]t its meeting of Monday, May 17, 2021, the City Council adopted a motion recommending Advanced Air, Option 2 - First Choice or Advanced Air, Option 3 -Second Choice be selected for the Merced EAS service.” Ms. Dietz also stated that “[i]f the USDOT does not select Advanced Air, then Boutique Air, Option 1 is also acceptable to the community.”

Additionally, by letter dated July 13, 2021, Mr. Frank Quintero, Merced Acting City Manager, explained that:

At the Merced City Council meeting of Tuesday, July 6, 2021, the City Council adopted a motion amending its previous EAS recommendation, letter dated May 24, 2021, as follows:

- 1) Advanced Air, Option 2 (KLAS/KHHR PC12) 28 round trips total, 14 per city [pairing] per week;
- 2) Advanced Air, Option 3 (KLAS/KLAX PC12) 24 round trips total, 12 per city [pairing] per week;
- 3) Boutique Airlines, Option 1 (KLAX/KSMF PC12) 28 round trips total, 14 per city [pairing] per week.

Decision

Title 49 U.S.C. § 41733(c)(1) directs the Department to consider five factors when making an air carrier selection for a community not in Alaska, where basic EAS will not be provided without compensation:³ (A) service reliability of the applicant air carrier; (B) the existence of contractual and marketing arrangements with a larger air carrier at the hub; (C) the existence of interline arrangements with a larger air carrier at the hub; (D) the preferences of the actual and potential users of the EAS, giving substantial weight to the views of the elected officials representing the actual and potential users of the air service; and (E) whether the air carrier has included a plan in

³ The Department did not receive any proposals to serve Merced without subsidy, and there is no other scheduled air service at the community.

its proposal to market the service. In addition, basic EAS shall include at least two daily round trips six days a week for an eligible place not in Alaska. 49 U.S.C. § 41732(b)(1)(A). Finally, the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020), authorizes the Department to consider the relative subsidy requirements of the applicant air carriers.

After careful consideration, the Department selects Advanced Air's Option 3.4, as described in Table C above, which will provide Merced with 24 total weekly round trips consisting of 12 weekly nonstop round trips to LAS and 12 weekly nonstop round trips to LAX, for a four-year term from January 1, 2022, through December 31, 2025. Advanced Air has a proven record of providing reliable EAS, it included a marketing plan in its proposal, and the community fully supports Advanced Air's selection.

The Department notes that selecting Boutique Air's proposal with 28 round trips per week for a four-year term would represent savings over Advanced Air's proposal for a four-year term. In this case, a balancing of the details of each proposal, relative subsidy requirements, and community feedback leads the Department to select Advanced Air over Boutique Air. Although Merced ranked Advanced Air's option 2.3 higher than option 3.4, the Department's decision to select Advanced Air Option 3.4 is fully consistent with the authority granted by the Consolidated Appropriations Act of 2021 to the Department to consider the relative subsidy requirements of the applicant air carriers in making its decision to award an EAS subsidy for a community. Finally, the selection of Advanced Air's option 3.4 will connect the community to two large hubs, maintaining access to the national air transportation system.

Reminder About EAS Eligibility

To remain eligible for EAS, communities must comply with all applicable EAS eligibility requirements. 49 U.S.C. § 41731(a)(1)(B) provides that a community must maintain an average of 10 enplanements per service day, as determined by the Secretary of Transportation, during the most recent fiscal year, to remain eligible for EAS. Locations in Alaska and Hawaii, and communities that are more than 175 driving miles from the nearest large- or medium-hub airport, are exempt from this requirement. Merced, fewer than 175 miles from the nearest large- or medium-hub airport, is subject to this requirement.

Further, the Department of Transportation and Related Agencies Appropriations Act, 2000, Pub. L. No. 106-69 (October 9, 1999), prohibits the Department from subsidizing EAS to communities located within the 48 contiguous states that require a subsidy per passenger amount exceeding \$200 ("Subsidy Cap"), unless the community is located more than 210 miles from the nearest large- or medium-hub airport. Merced, fewer than 210 miles from the nearest large- or medium-hub airport, is subject to this requirement. EAS communities within the 48 contiguous states are also subject to an additional \$1,000 subsidy per passenger cap, regardless of the distance to a hub airport.⁴

The Department notes that these eligibility requirements were waived for Fiscal Years 2020 and 2021 by the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020).

⁴ 49 U.S.C. § 41731(a)(1)(C).

Unless waived by Congress for future fiscal years, compliance with these eligibility requirements will resume at the beginning of Fiscal Year 2022.

The Department expects Advanced Air and Merced to work together to ensure that the community complies with all EAS eligibility requirements. Communities that fail to comply with eligibility requirements may risk having their eligibility in the EAS program terminated. In the event the Department terminates a community's eligibility for EAS due to lack of compliance, that action will supersede this Order.

Service Transition

The Department expects Boutique Air and Advanced Air to work together to make a smooth transition at Merced, with Boutique Air ending service on one day and Advanced Air inaugurating service the next day. In that regard, before Boutique Air suspends its service, it must notify any passengers holding reservations for travel after the suspension date, assist those passengers in making alternate air transportation arrangements, or provide a refund of the ticket price, without penalty, if requested.

By Order 2021-7-8 (July 16, 2021), the Department extended Boutique Air's service obligation from August 1, 2021, until a replacement air carrier commences full EAS at Merced, but no later than December 31, 2021. The Department anticipates Advanced Air to begin service at Merced by January 1, 2022. However, if Advanced Air begins service later than that date, Boutique Air must continue to provide service until Advanced Air begins full EAS at Merced.

This Order is issued under authority delegated by the Secretary of Transportation in 49 CFR § 1.25a(b)(6)(ii)(D).

ACCORDINGLY,

1. The Department selects Advanced Air, LLC to provide Essential Air Service at Merced, California, at the service levels and subsidy rates as described in Appendix B, for the period from January 1, 2022, through December 31, 2025;
2. This selection is contingent upon receiving properly-executed certifications from Advanced Air, LLC that it is in compliance with the Department's regulations regarding drug-free workplaces and nondiscrimination, as well as the regulations concerning lobbying activities;⁵
3. The Department directs Advanced Air, LLC to retain all books, records, and other source and summary documentation to support claims for payment, including copies of flight logs for aircraft used to provide EAS under this Order and sold or disposed of, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. This documentation shall be retained for three years from the last day of service under this Order, or such longer period as the Department may notify the air carrier. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records

⁵ The certifications are internet accessible at: <http://www.transportation.gov/office-policy/aviation-policy/essential-air-service-reports>.

have been resolved and final action taken. The air carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;

4. The Department finds Advanced Air, LLC fit, willing, and able to operate as a commuter air carrier, and capable of providing reliable Essential Air Service at Merced, California;

5. This docket will remain open pending further Department action; and

6. The Department will serve this Order on the Mayor and Acting City Manager of Merced, California, the Airport Manager of Merced Regional Airport, Advanced Air LLC, Boutique Air, Inc., Key Lime Air Corp. d/b/a Denver Air Connection, and Southern Airways Express LLC.

By:

Joel Szabat
Deputy Assistant Secretary
for Aviation and International Affairs

(SEAL)

An electronic version of this document is available at
<http://www.regulations.gov>

Advanced Air, LLC

Annual Compensation Requirements for Essential Air Service at
Merced, California to provide 24 nonstop round trips each week

Essential
Air Service
Proposal
DOT-OST-1998-3521

PROPOSAL FINANCIAL DETAIL

OPTION 3 : 24 round trips per week 12 Round trip flights between KMCE and KLAS

12 Round trip flights between KMCE and Los Angeles (KHHR and KLAX Options)

	KLAS / KHHR King Air 350	KLAS / KLAX King Air 350	KLAS / KHHR PC-12	KLAS / KLAX PC-12
<i>Operations</i>				
Scheduled Flights	2,496	2,496	2,496	2,496
Completed Flights	2,446	2,446	2,446	2,446
Scheduled Block Hours	3,432	3,557	3,682	3,806
Scheduled Seats	22,464	22,464	19,968	19,968
<i>Revenue</i>				
Passengers	16,848	16,848	16,773	16,773
Average Net Fare	\$ 145	\$ 145	\$ 145	\$ 145
Implied Seat Factor	75%	75%	84%	84%
Passenger Revenue	\$ 2,442,960	\$ 2,442,960	\$ 2,432,102	\$ 2,432,102
Total Revenue	\$ 2,442,960	\$ 2,442,960	\$ 2,432,102	\$ 2,432,102
<i>Expenses</i>				
Fuel	\$ 1,608,750	\$ 1,778,400	\$ 1,076,868	\$ 1,141,920
Ownership	\$ 970,000	\$ 970,000	\$ 1,135,000	\$ 1,135,000
Maintenance and Reserves	\$ 1,338,480	\$ 1,422,720	\$ 1,233,336	\$ 1,332,240
Crew	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Airport Rent & Operations	\$ 100,000	\$ 140,000	\$ 100,000	\$ 140,000
Landing Fees	\$ 536,000	\$ 795,000	\$ 536,000	\$ 795,000
Staff	\$ 125,000	\$ 145,000	\$ 125,000	\$ 145,000
Insurance	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Marketing & Distribution	\$ 70,000	\$ 50,000	\$ 70,000	\$ 50,000
Other Indirect Costs	\$ 100,000	\$ 115,000	\$ 100,000	\$ 115,000
Total Costs	\$ 5,693,230	\$ 6,261,120	\$ 5,221,204	\$ 5,699,160
<i>Profit Element</i>				
Margin	\$ 284,662 5%	\$ 313,056 5%	\$ 261,060 5%	\$ 284,958 5%
<i>Total Subsidy</i>				
Year 1	\$ 3,534,932	\$ 4,131,216	\$ 3,050,162	\$ 3,552,016
Year 2	\$ 3,640,979	\$ 4,255,152	\$ 3,141,667	\$ 3,658,576
Year 3	\$ 3,750,209	\$ 4,382,807	\$ 3,235,917	\$ 3,768,333
Year 4	\$ 3,862,715	\$ 4,514,291	\$ 3,332,994	\$ 3,881,383

Advanced Air, LLC
Essential Air Service to be provided at Merced, California
DOT- OST-1998-3521

Contract Term: January 1, 2022, through December 31, 2025

Scheduled Service/Hubs: Twelve (12) weekly nonstop round trips to McCarran International Airport (LAS) and twelve (12) weekly nonstop round trips to Los Angeles International Airport (LAX)

Aircraft: 9-seat Pilatus PC-12 aircraft

First Year (January 1, 2022, through December 31, 2022)/Rate per Eligible Flight: \$1,452¹

First Year Weekly Ceiling: \$69,696²

Second Year (January 1, 2023, through December 31, 2023)/Rate per Eligible Flight: \$1,496³

Second Year Weekly Ceiling: \$71,808⁴

Third Year (January 1, 2024, through December 31, 2024)/Rate per Eligible Flight: \$1,541⁵

Third Year Weekly Ceiling: \$73,968⁶

Fourth Year (January 1, 2025, through December 31, 2025)/Rate per Eligible Flight: \$1,587⁷

Fourth Year Weekly Ceiling: \$76,176⁸

Note:

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 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 this rate, 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

1 Annual compensation of \$3,552,016 divided by 2,446 annual departures (48 weekly departures x 52 weeks x 98 percent completion).

2 48 flights per week multiplied by \$1,452 per flight.

3 Annual compensation of \$3,658,576 divided by 2,446 annual departures (48 weekly departures x 52 weeks x 98 percent completion).

4 48 flights per week multiplied by \$1,496 per flight.

5 Annual compensation of \$3,768,333 divided by 2,446 annual departures (48 weekly departures x 52 weeks x 98 percent completion).

6 48 flights per week multiplied by \$1,541 per flight.

7 Annual compensation of \$3,881,383 divided by 2,446 annual departures (48 weekly departures x 52 weeks x 98 percent completion).

8 48 flights per week multiplied by \$1,587 per flight.

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.

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 service amounts, 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. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

Funds may not be available for performance under this Order beyond September 30, 2021. The Government's obligation for performance under this Order beyond September 30, 2021, 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 September 30, 2021, until funds are made available to the Department for performance. If sufficient funds are not made available for performance beyond September 30, 2021, 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 31; August claims must be submitted by November 30, and so on.

From: [Steven Donahue](#)
To: [cityclerk](#)
Subject: Advanced Air profit
Date: Monday, March 07, 2022 12:52:20 PM

Steve Donahue here
Merced City Council

According to the SunStar article today Advanced Air made \$294,000 pure profit in January.
Because 100% of their operating expenses are paid by DOT and EAS

Just a FYI

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