



DUNS Number: 078369539

September 12, 2017

Susan McDermott
Kevin Schlemmer
Michael Martin
Michael Gormas
Office of Aviation Analysis
US Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

RE:	EAS at Scottsbluff, NE ("BFF")	Docket DOT-OST-2003-14535
	EAS at Kearney, NE ("EAR")	Docket DOT-OST-1996-1715
	EAS at North Platte, NE ("LBF")	Docket DOT-OST-1999-5173
	EAS at Dodge City, KS ("DDC")	Docket DOT-OST-1998-3502
	EAS at Liberal, KS/Guymon, OK ("LBL")	Docket DOT-OST-1998-3498

Dear Ms. McDermott, Mr. Schlemmer, Mr. Martin, and Mr. Gormas:

Silver Airways is pleased to present to the Department of Transportation our response to the Requests for Proposals for Essential Air Service to the Nebraska, Kansas, and Oklahoma communities listed above. In addition to responding to the RFP, we will demonstrate why Silver Airways is the best possible service provider for these communities.

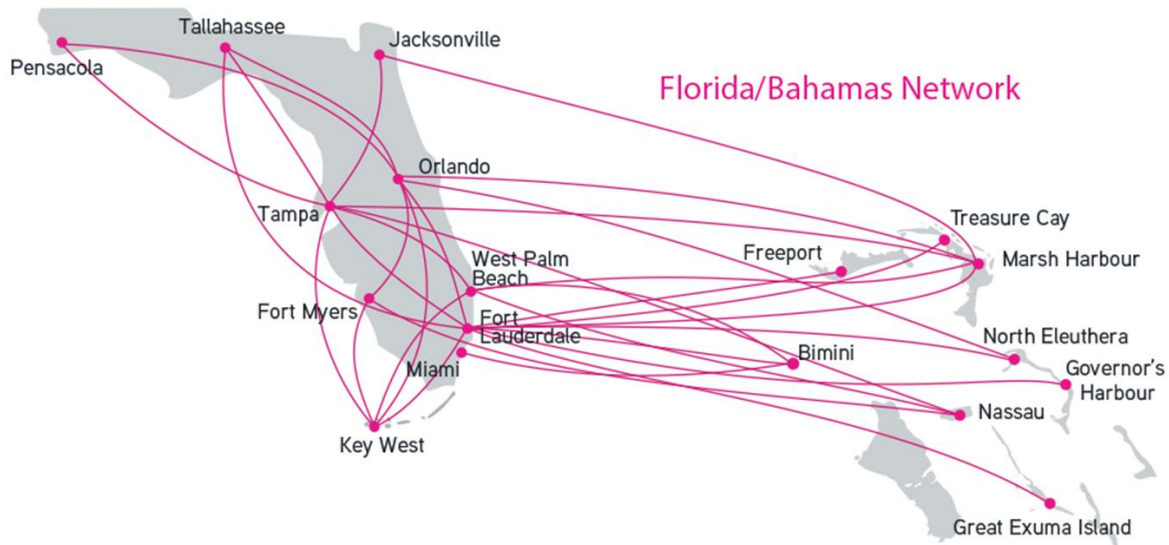
A. Proposal Summary

Silver Airways proposes to offer twelve (12) weekly nonstop roundtrips between each community and Denver International Airport ("DEN") in Denver, CO. Our proposal includes 12 weekly roundtrip nonstop flights from DEN to each Scottsbluff (BFF), Kearney (EAR), and North Platte (LBF). Service from DEN to Dodge City (DDC) and Liberal/Guymon (LBL) will operate on a "wrap" basis where each community will have 6 nonstop roundtrips per week and 6 one-stop roundtrips per week (flights stopping in the other community). We envision flights to be operated by Silver's fleet of Saab 340 *Bplus* aircraft, which offer seating for 34 passengers. Flights to each community are anticipated to be marketed via United Airlines through Silver's codeshare agreement (subject to confirmation). Each community's flights will also have access to the eight other interline agreements Silver already has in place. We believe Silver's unique offer of branded and coordinated flights to a major hub will begin to restore traffic to historic levels.

Silver respectfully requests a total subsidy package of \$14.8 million to begin service to Scottsbluff, Kearney, North Platte, Dodge City, and Liberal/Guymon for a period of at least 24 months following award.

B. Silver Airways Background

Silver Airways is a U.S. airline operating around 100 daily scheduled flights between gateways in Florida and the Bahamas. The company is owned by Versa Capital Management, LLC, a Philadelphia-based private equity investment firm. Silver Airways is headquartered in Fort Lauderdale its primary maintenance facility at Orlando International Airport in Florida. The airline currently operates a fleet of 21 Saab 340 *Bplus* aircraft on a network centered on flights within the state of Florida and between Florida and the Bahamas. The airline is supported by a team of approximately 800 aviation professionals including over 160 pilots.



Silver manages and maintains its own industry-leading reservations system, powered by Sabre. This system allows Silver to independently manage and market all of its flights. Passengers can book Silver flights through its website, www.silverairways.com, its telephone reservations center, and all major online travel agencies, including Expedia and Travelocity.

The airline maintains critical relationships with major U.S. carriers. Silver has had a codeshare relationship with United Airlines for over 20 years, as well as more recent agreements with JetBlue, and Avianca. United codeshare passengers can earn and redeem MileagePlus benefits while travelling on Silver Airways. JetBlue passengers can earn TrueBlue points on codeshare flights. Additionally, the company has entered into interline baggage and ticketing agreements with Air Canada, Alaska Airlines, All Nippon Airways, American Airlines, Azul Brazilian Airlines, Bahamasair, Delta Airlines, and Hahn Air.

UNITED

From: **Denver, CO, US (DEN)** To: **Key West, FL, US (EYW)**

Departure date: **Nov 09, 2017** Return date: **Nov 16, 2017**

☒ Price ☐ Award travel

Select your departure:
Denver, CO, US → Key West, FL, US

Fares are each-way, per person, based on a roundtrip purchase and include taxes and fees. Additional bag charges may apply.

Depart	Arrive	Stops	Duration
7:49 am	6:25 pm	1 stop	8h 36m

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

Includes Travel Operated By Silver Airways



Silver Airways adheres to the airline industry's most rigorous standard safety practices. In addition to normal oversight from the Federal Aviation Administration, Silver participates with the IOSA registry – a worldwide safety standard established by the International Air Transport Association (IATA) recognized by major airlines across the globe

as a requirement for establishing commercial partnerships. Further, the company has the ability to establish fares with the United States government through the General Services Administration's Government Airfare program. Only carriers who routinely pass inspection from the Department of Defense are allowed to participate in this program.

In August 2017, Silver announced several new strategic initiatives. First, the company placed an order for new ATR-42-600 aircraft including 20 firm orders and options for 30 additional aircraft. Initial deliveries are expected later this year. Second, the company appointed Steven A. Rossum as Chief Executive Officer and Jason Bewley as President and Chief Financial Officer. Together, Steve and Jason have decades of experience in the airline and related industries with roles at AirTran Airways, Pinnacle Airlines, DHL, All Aboard Florida, and World Fuels between them. Finally, the company announced the potential for expansion through commercial cooperation with another regional airline, as parent company Versa Capital Management acquired a majority ownership of Seaborne Airlines. Commercial cooperation with Seaborne likely expands distribution through additional codeshares.

C. The Concept

Silver Airways believes that our unique proposal can fundamentally restore air service to each community by returning key attributes to the product offering, including:

- Flights branded with a major airline through a codeshare relationship
- Access to a large airline hub, coordinated with the hub carrier, offering hundreds of connecting flights
- Reliable service operated on a schedule built to be defensible against delays
- A robust marketing program supported by both Silver and community assets

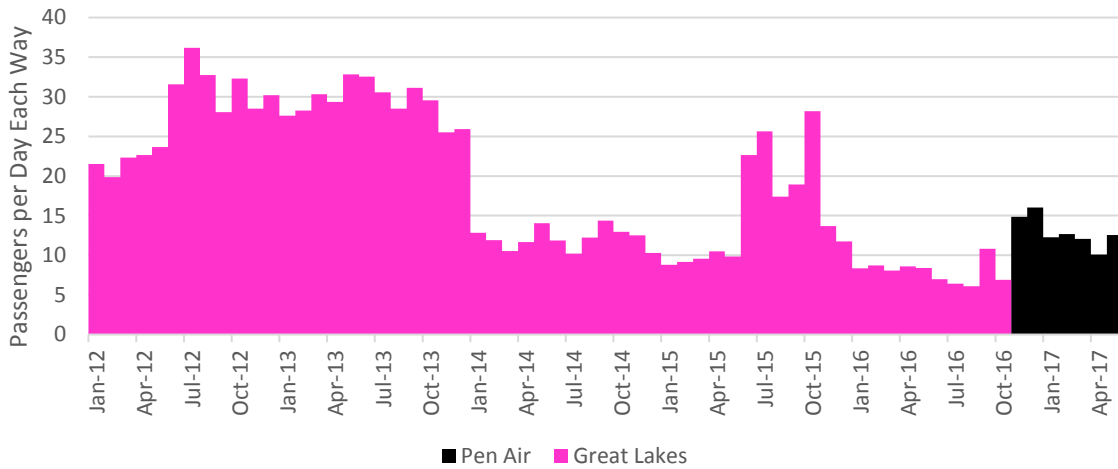
A review of historic traffic patterns at all five communities subject to this proposal show the exact same trend:

- The reliable service offered prior to January 2014 and the regional pilot crisis combined with a strong partner relationship with United resulted in substantial and sustainable traffic levels
- A strong partner relationship cannot overcome poor operational reliability, as demonstrated after January 2014, which ultimately led to selection of a new carrier
- Marginally improved reliability cannot overcome lack of partner relationships

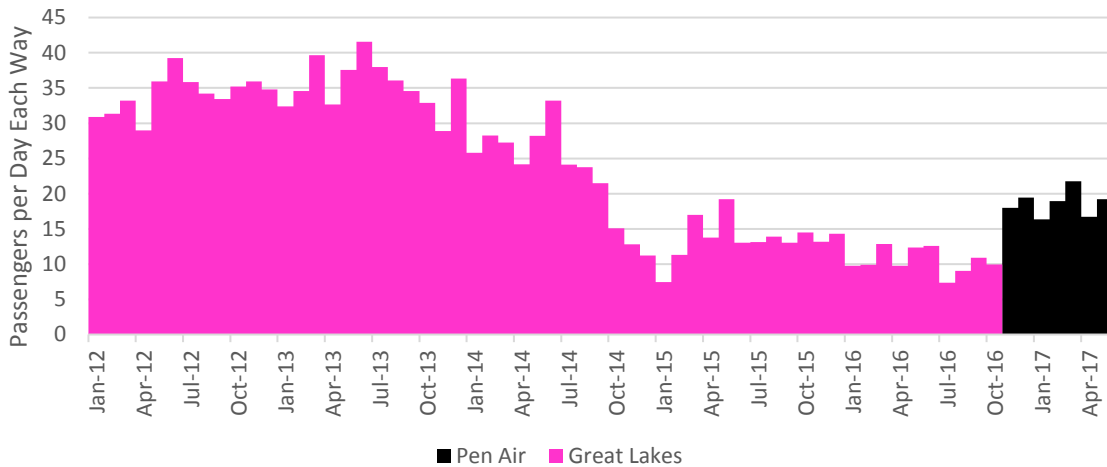
We believe only Silver Airways is positioned to bring a strong partner relationship and strong operational performance back to these communities.

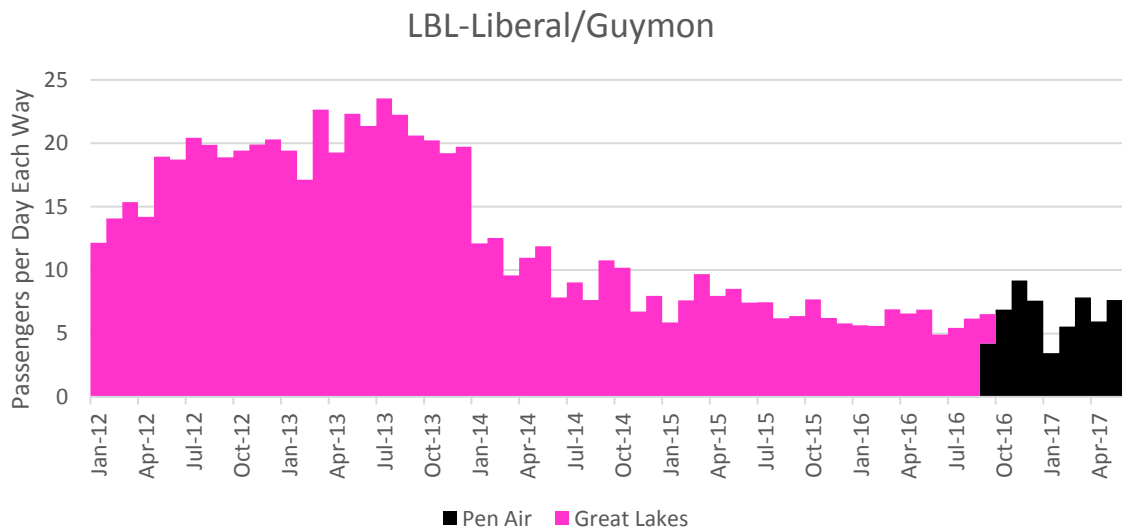
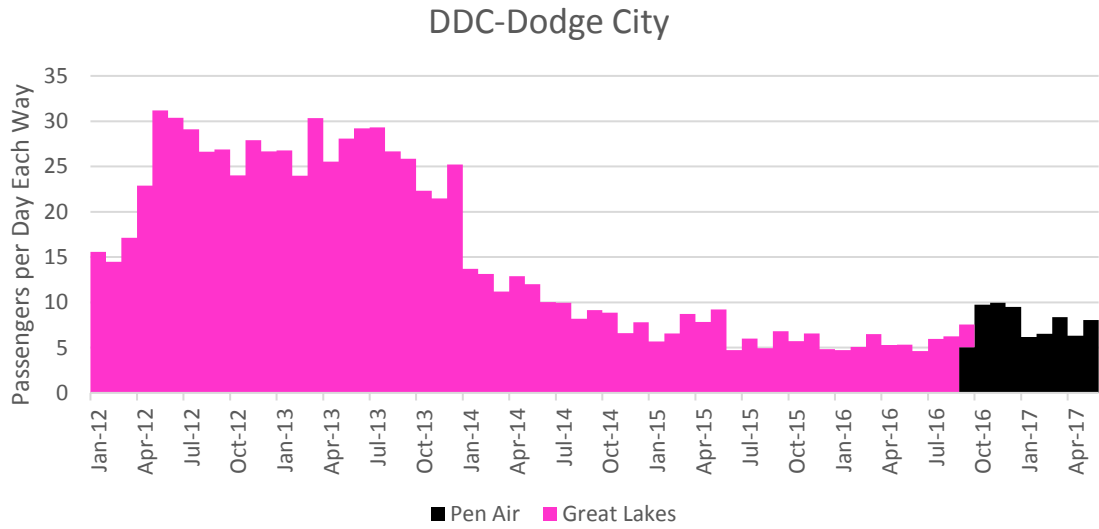
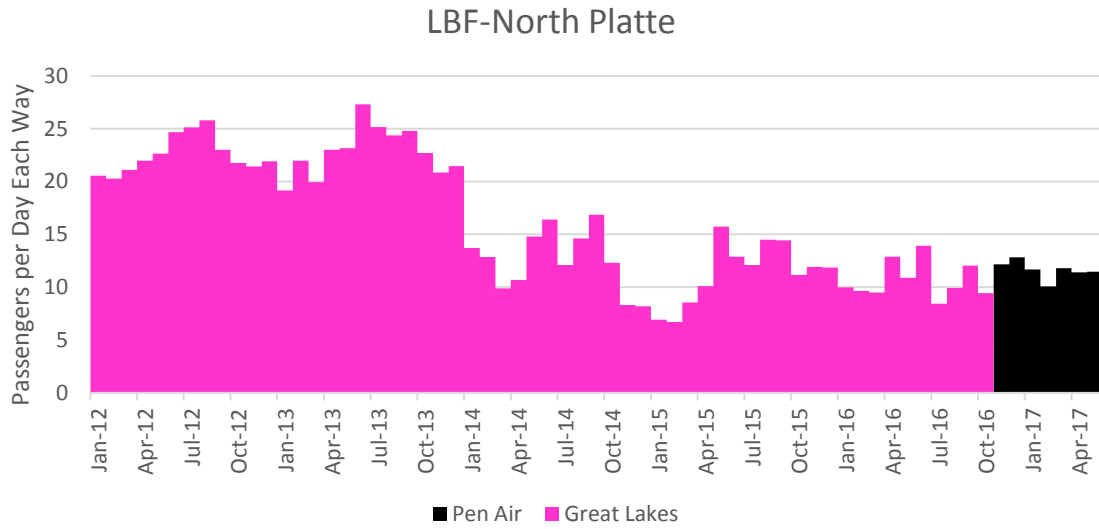
The charts below demonstrate each community's passenger traffic levels to/from Denver prior to the pilot shortage in January 2014 and the marginal improvement achieved with the initial carrier change.

BFF-Scottsbluff



EAR-Kearney





D. Proposal Details

1. Service Pattern and Schedule

Silver Airways' proposal is rooted in providing each community twelve weekly, nonstop, roundtrip flights to Denver International Airport with a very high degree of connectivity to flights operated by United Airlines.

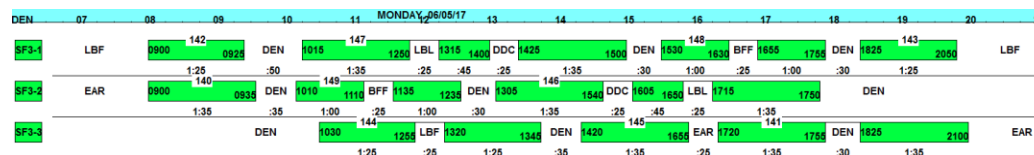
a. Proposed Schedules

In order to execute a fast transition, we are proposing a schedule with a similar structure to the existing service. However, as we strongly believe that services connected to a large airline hub are critical for traffic growth, our proposal alters schedules slightly to ensure maximum connectivity to United Airlines.

FROM	TO	DEPT	ARR	FLT	EQP	DAYS	STP	FROM	TO	DEPT	ARR	FLT	EQP	DAYS	STP
BFF	DEN	11:35	12:35	149	SF3	ExSaSu	0	DEN	BFF	10:10	11:10	149	SF3	ExSaSu	0
BFF	DEN	12:05	13:05	149	SF3	SaSu	0	DEN	BFF	10:40	11:40	149	SF3	SaSu	0
BFF	DEN	16:55	17:55	148	SF3	ExSaSu	0	DEN	BFF	15:30	16:30	148	SF3	ExSaSu	0
DDC	DEN	14:25	15:00	147	SF3	ExSu	0	DEN	DDC	10:15	14:00	147	SF3	ExSu	1
DDC	DEN	16:05	17:50	146	SF3	ExSa	1	DEN	DDC	13:05	15:40	146	SF3	ExSa	0
EAR	DEN	09:00	09:35	140	SF3	Daily	0	DEN	EAR	14:20	16:55	145	SF3	Daily	0
EAR	DEN	17:20	17:55	141	SF3	ExSaSu	0	DEN	EAR	18:25	21:00	141	SF3	ExSaSu	0
LBF	DEN	09:00	09:25	142	SF3	Daily	0	DEN	LBF	10:30	12:55	144	SF3	ExSaSu	0
LBF	DEN	13:20	13:45	144	SF3	ExSaSu	0	DEN	LBF	15:50	18:15	143	SF3	Sa	0
								DEN	LBF	18:25	20:50	143	SF3	ExSa	0
LBL	DEN	13:15	15:00	147	SF3	ExSu	1	DEN	LBL	10:15	12:50	147	SF3	ExSu	0
LBL	DEN	17:15	17:50	146	SF3	ExSa	0	DEN	LBL	13:05	16:50	146	SF3	ExSa	1

b. A Schedule Built for Reliability

It is our intention to operate three lines of flying in the Denver network.



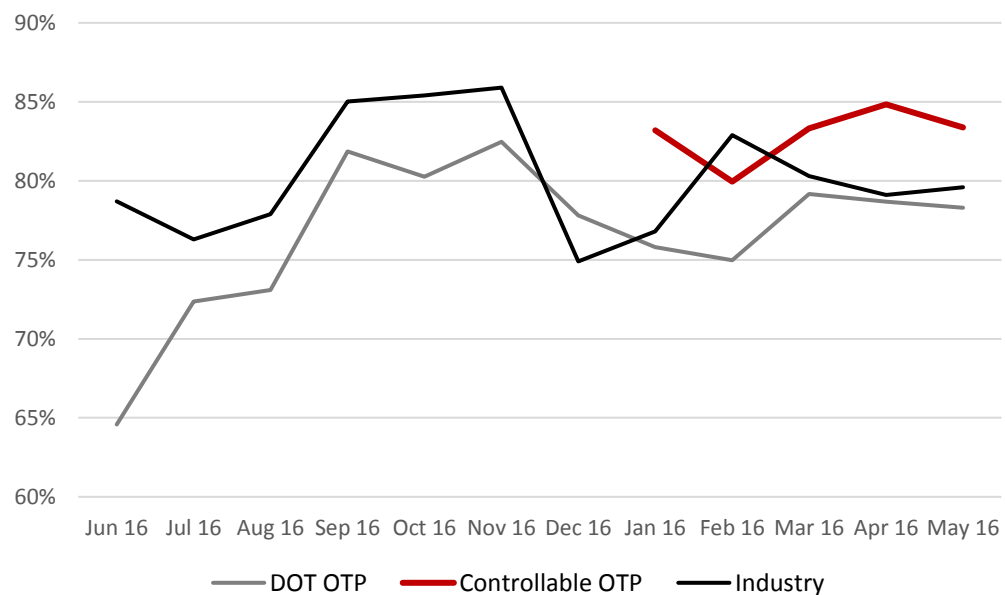
We have designed our DEN schedule and our airline to operate reliably. We following concepts are employed for create a reliable network:

1. Spare Aircraft. Silver will dedicate two Saab 340 aircraft to act as a designated spare, positioned in Denver. This is in addition to the spare aircraft maintained for other geographies.

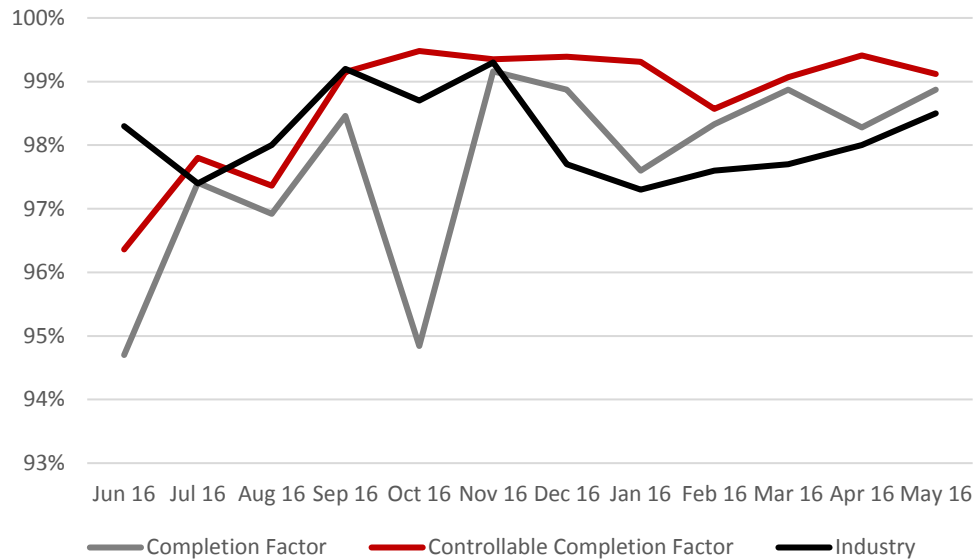
2. Block Time. Using our block time model, we have scheduled the duration of flights in the proposed DEN network to be consistent with our approach used successfully in other geographies. This results in flights with longer durations than currently scheduled. It is our expectation this will enhance on-time performance and ensure passengers make their connections.
3. Pilot Path to Frontier Airlines. A key to reliable airline operations since January 2014 is a consistent supply of pilots. Silver has a steady stream of interest from prospective pilots and does not have any reliability concerns related to lack of crew. Further, Silver has a program in place with Denver-based Frontier Airlines where Silver Airways is a part of a career path to Frontier. We expect this will assist us in recruiting pilots who wish to call Denver home for our new DEN base.

Silver's efforts to ensure operational reliability have resulted in On-Time Performance (percentage of flights which arrive within 14 minutes of schedule) and Completion Factors (percentage of scheduled flights completed) in line with the major U.S. airlines.

On Time Performance



Completion Rate

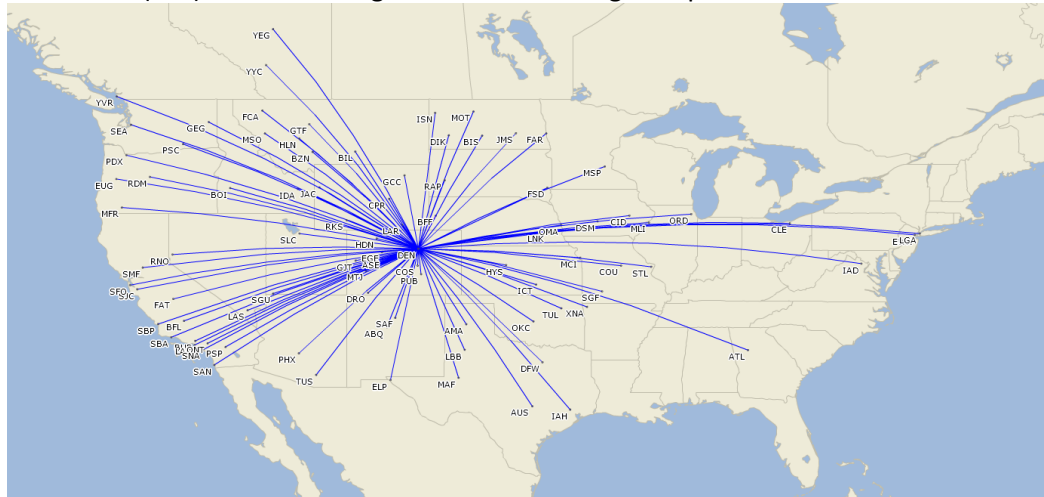


c. Connections

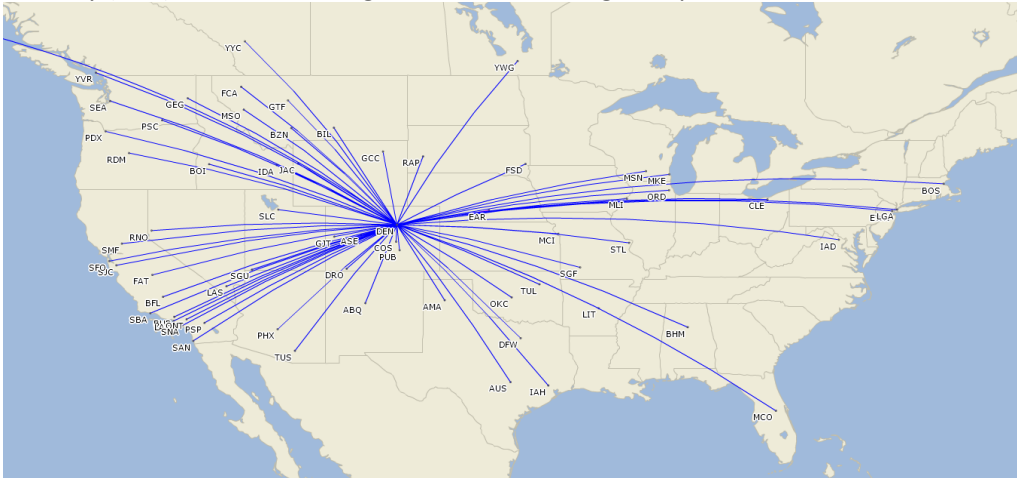
In addition to building the network for reliability, we have adjusted the schedule for each community to maximize connectivity with United Airlines. Connections are built with a minimum time of 50 minutes and a maximum time of 4 hours, to ensure a good connecting experience.

We expect our schedules to offer the following connectivity:

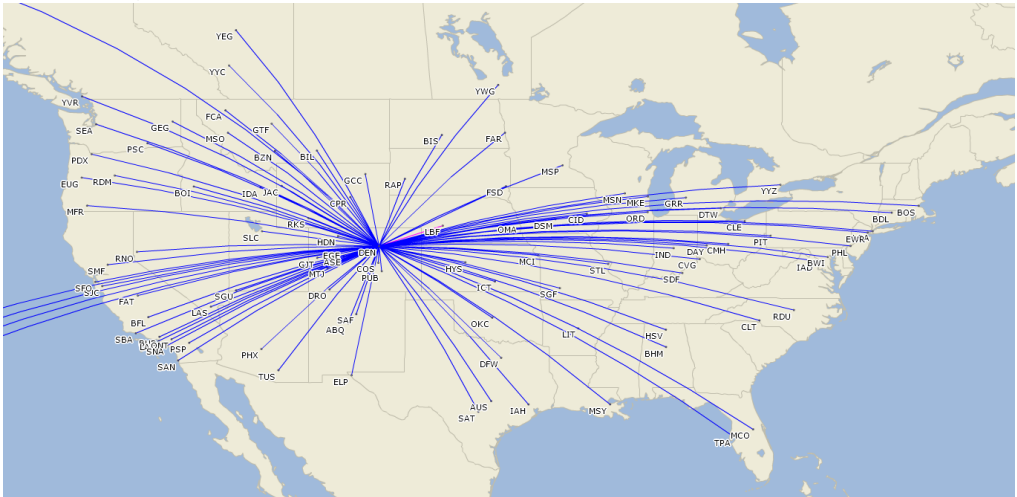
Scottsbluff (BFF): 93 connecting markets with a single stop at DEN



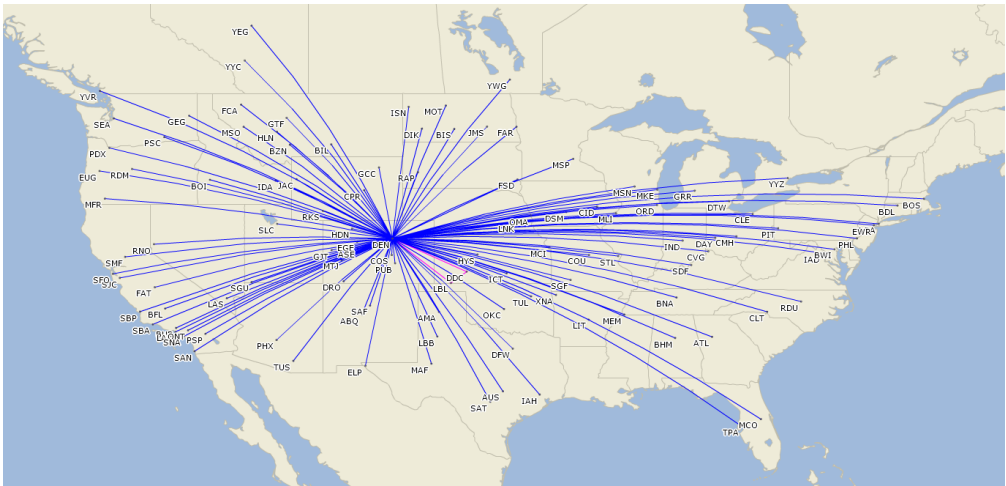
Kearney (EAR): 112 connecting markets with a single stop at DEN:



North Platte (LBF): 102 connecting markets with a single stop at DEN (including Tokyo and Hawaii):



Dodge City (DDC) and Liberal/Guymon (LBL): 112 connecting markets with a single stop at DEN:



d. Service Minimum

In order to begin Essential Air Service to any of the five communities subject to this proceeding, Silver must be selected as the Essential Air Service provider to all five Essential Air Service communities. Silver can only achieve the operational and economic economies of scale required to support this proposal with the level of activity envisioned in this proposal.

2. United Codeshare and Frequent Flyer Relationship

This proposal anticipates that BFF, EAR, LBF, DDC and LBL will obtain the benefits of Silver's relationships with United, which include:

- **Codeshare Flights**: Flights will be marketed and sold as both Silver Airways and United Airlines through the codeshare relationship that currently exists between the two companies. This allows single-ticket, United-branded itineraries to be purchased through all of United's distribution channels, including united.com, United reservations centers and ticket counters, traditional travel agencies, and online travel agencies (such as Expedia).
- **Interline Ticketing and Baggage Agreement**: United passengers travelling to/from each community will experience only one baggage check-in to their final destination on United and the need to pass through security only once on all itineraries. This includes itineraries to over 300 United destinations around the world and over 90 United destinations with a single connection at Denver International Airport.
- **MileagePlus**: Codeshare passengers will be able to earn miles in United's MileagePlus program. Miles can also be redeemed for free travel throughout the world on United and its partner carriers, including for travel to and from BFF, EAR, LBF, DDC, and LBL on itineraries including flights operated by Silver. Further, Silver honors baggage fee waivers for Premier Members of MileagePlus (i.e. Silver, Gold, Platinum, and 1K) for travel to/from Essential Air Service cities.

Our proposal is subject to confirmation that United Airlines will place its marketing code on flights from BFF, EAR, LBF, DDC, and LBL operated by Silver Airways. This confirmation is anticipated upon award, and we expect that the communities will have certainty around our ability to codeshare prior to the commencement of service.

3. Additional Interline Agreements

In addition to the United codeshare and interline agreements, Silver currently enjoys and maintains codeshare relationships with Avianca and JetBlue, as well as interline ticketing and baggage agreements with Air Canada, Alaska Airlines, All Nippon Airways, American Airlines, Bahamasair, Delta Airlines, and Hahn Air. Several other agreements are in development. These agreements allow for single ticket and single bag check experiences to locations around the globe including the Far East and South America.

4. Cabin Class Aircraft

Silver will utilize the Saab SF-340 *Bplus* aircraft to support Essential Air Service in BFF, EAR, LBF, DDC, and LBL. The twin-engine SF-340 seats up to 34 passengers with a cabin similar to a regional jet, and is operated by a crew of two pilots. Onboard, passengers have access to a restroom and a flight attendant who provides beverage service. The SF-340 is a time tested design with a safety record that exceeds that of common large narrow-body jets such as the Airbus A320 series and the Boeing 737 series.

5. Marketing Support

This proposal includes at least \$50,000 per year of marketing support to be performed by Silver Airways and its contractors in support of each market. We plan to work with the community to take advantage of other programs designed to increase marketing funding. Additionally, we will to engage with the local entities to gather in-kind and cooperative support to maximize marketing efforts.

6. Start Date and Duration

Silver Airways proposes to begin service within 90 days from the date of award, and anticipates a minimum service period of 24 months. Silver has access to aircraft, crews, and other resources needed to effectively begin service as soon as possible.

E. Financial Proposal

Silver's financial proposal is below. Silver requires a total subsidy package of \$14.8 million in order to initiate service from Denver to the five communities indicated. Further, our proposal is "all-or-nothing." That is to say, in order for Silver to accept an award to any one of the five communities, it must be awarded Essential Air Service at all five of the airports.

1. Silver Airways Financial Proposal

<u>Information</u>	<u>BFF-DEN</u>	<u>EAR-DEN</u>	<u>LBF-DEN</u>	<u>DDC-DEN</u>	<u>LBL-DEN</u>	<u>DDC-LBL*</u>	<u>Total EAS</u>
Stage Length	150	306	228	280	293	74	224
Completed Departures per year (97%)	1,214	1,214	1,214	607	607	607	5,463
Completed Block Hours	1,214	1,922	1,720	961	961	457	7,235
ASMs	6,191,400	12,630,456	9,410,928	5,778,640	6,046,934	1,527,212	41,585,570
Passengers	10,503	16,390	8,220	4,762	5,726	4,720	45,601
Load Factor	25%	40%	20%	23%	28%	22%	27%
Average Fare	\$105	\$130	\$95	\$105	\$105	\$0	\$112.18
Ancillary Revenue per Passenger	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$0	\$15.00
Passenger Revenue	\$1,299,252	\$2,449,784	\$932,054	\$589,077	\$708,328	\$0	\$5,978,495
Variable Costs	\$2,417,310	\$3,827,407	\$3,424,522	\$1,913,703	\$1,913,703	\$910,520	\$14,407,165
Aircraft Ownership	\$83,908	\$132,854	\$118,869	\$66,427	\$66,427	\$31,605	\$500,090
Overhead & Interest	\$727,094	\$1,483,271	\$1,105,182	\$678,621	\$710,128	\$179,350	\$4,883,645
Wrap Segment Expenses	\$0	\$0	\$0	\$560,737	\$560,737	\$1,121,475	
Expenses	\$3,228,311	\$5,443,531	\$4,648,573	\$3,219,488	\$3,250,996	<<<<<<	\$19,790,900
Profit (Loss) Excluding Subsidy	(\$1,929,058)	(\$2,993,747)	(\$3,716,520)	(\$2,630,411)	(\$2,542,668)		(\$13,812,404)
Subsidy Revenue (to 5% FAC)	\$2,090,474	\$3,265,924	\$3,948,948	\$2,791,386	\$2,705,217		\$14,801,949
Block Hours per Departure	1.00	1.58	1.42	1.58	1.58	0.75	1.32
Subsidy per Departure	\$1,722	\$2,690	\$3,253	\$3,066	\$2,971		\$4,087
Subsidy per Block Hour	\$1,722	\$1,699	\$2,296	\$2,346	\$2,274		\$2,236
Subsidy per Passenger	\$199	\$199	\$480	\$586	\$472		\$461
* DDC-LBL wrap segment passengers are considered duplicative - there is no assumed local traffic, instead wrap segment passengers are incidental to the segment as they are really destined to/from DEN.							

Silver requires a minimum service period of 24 months.

Our revenue projection anticipates initial traffic levels surpassing their recent performance, but not returning to historical levels until near the end of the two-year periods when trust with travelers can be restored. It is our intention to reduce our subsidy request in future RFP's as traffic returns to previous levels.

F. Conclusion

We believe Silver has presented a very compelling case to become the Essential Air Service provider in Scottsbluff, Kearney, North Platte, Dodge City, and Liberal/Guymon. We believe that traffic potential in these communities has not fundamentally changed in the last five years – instead the airline operating environment has changed. We believe that only Silver Airways is uniquely positioned to restore the passenger traffic lost in recent years.

We believe each community and the Department of Transportation will find Silver's response superior to all other responses. We believe no other carrier will be able to offer the combination of services that Silver offers, including:

- Cabin-class aircraft; including flight attendant, restroom, and beverage service
- Codeshare, frequent flyer, and interline partnerships with worldwide reach
- Single Ticket itineraries to destinations worldwide through a major airline hub
- A management team committed to working with each community to maximize traffic
- Commitment to invest in operational reliability and customer service improvements
- Commitment to adding new and effective marketing into each community

We look forward to working with the Department and each community to implement this award.

Sincerely,



Jason Bewley
President and Chief Financial Officer
Silver Airways

G. Supplemental Information

Information on Silver's fleet of Saab 340 Bplus aircraft



SAAB

SAAB 340B/Bplus
FAR



LEADING PARTICULARS

Maximum take-off weight	29000 lb	13155 kg
Maximum landing weight	28500 lb	12925 kg
Maximum zero fuel weight	26500 lb	12020 kg
Operational empty weight (average)	19000 lb	8620 kg
Maximum payload	7500 lb	3400 kg
Maximum fuel capacity	5690 lb	2580 kg
Maximum cruise speed	283 kt	
Maximum operating altitude	25000 ft	7620 m

AIRFIELD PERFORMANCE

SL, optimal flaps		ISA	ISA +10°C	ISA +20°C
Maximum take-off weight	lb	29000	29000	29000
	kg	13155	13155	13155
Take-off distance required	ft	4320	4575	4800
	m	1315	1395	1465
5000 ft MSL, optimal flaps		ISA	ISA +10°C	ISA +20°C
Maximum take-off weight	lb	29000	29000	28350
	kg	13155	13155	12860
Take-off distance required	ft	5490	6590	6985
	m	1675	2010	2130

SECTOR PERFORMANCE

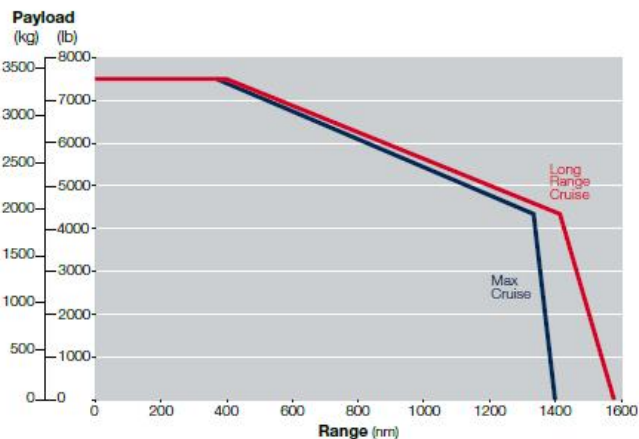
SL, ISA, optimal flaps, max cruise		100 nm	200 nm	300 nm	400 nm	500 nm
Take-off weight	lb	28145	28535	28870	29000	29000
	kg	12765	12945	13095	13155	13155
Block fuel	lb	610	1000	1330	1630	1920
	kg	275	455	605	740	870
Block time (5 min ground time)	min	34	56	79	103	129
Passengers with baggage (220 lb/100 kg each)		34	34	34	33	32
5000 ft MSL, ISA +20°C, optimal flaps, max cruise		100 nm	200 nm	300 nm	400 nm	500 nm
Take-off weight	lb	28095	28350	28350	28350	28350
	kg	12745	12860	12860	12860	12860
Block fuel	lb	595	975	1300	1585	1870
	kg	270	440	590	720	850
Block time (5 min ground time)	min	33	55	77	102	127
Passengers with baggage (220 lb/100 kg each)		34	33	32	30	29

PAYLOAD RANGE

	Max cruise	Long range cruise
34 passengers with baggage (220 lb/100 kg each)	345 nm	370 nm
Maximum payload	340 nm	365 nm

CERTIFIED NOISE LEVELS

		Dowty Rotol	Hamilton Sundstrand
Fly-over	EPNdB	78.5	78.3
Sideline	EPNdB	85.9	86.1
Approach	EPNdB	91.6	90.1

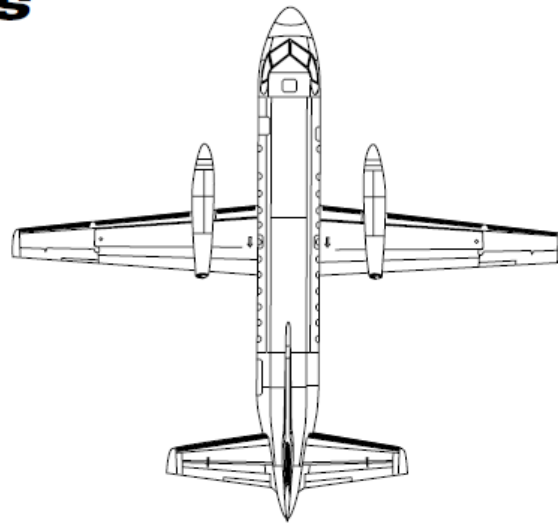


SAAB 340B/Bplus



LEADING PARTICULARS

Length	64 ft 9 in	19.73 m
Height	22 ft 11 in	6.97 m
Wing span	70 ft 4 in	21.44 m
Propeller ground clearance	1 ft 8 in	0.51 m
Cargo door (H x W)	51 in x 53 in	1.30 m x 1.35 m
Sill height, passenger door	5 ft 4 in	1.64 m
Sill height, cargo door	5 ft 6 in	1.68 m
Production serial no.	Saab 340B: 160 – 359 Saab 340Bplus: 360 – 459	



ENGINE

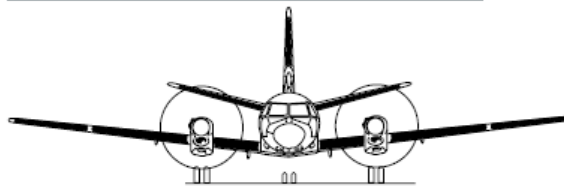
(2) GE CT7-9B

Maximum take-off power (ISA, APR)

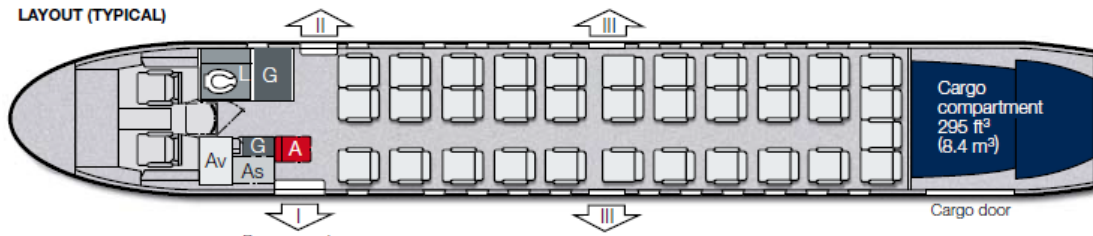
1870 shp

Propeller

Dowty Roto/
Hamilton Sundstrand



LAYOUT (TYPICAL)



Passenger door

Key – Cabin layout

As Airstair (stowed)
Av Avionics

A Flight attendant's seat
G Galley

L Lavatory

Exit Door

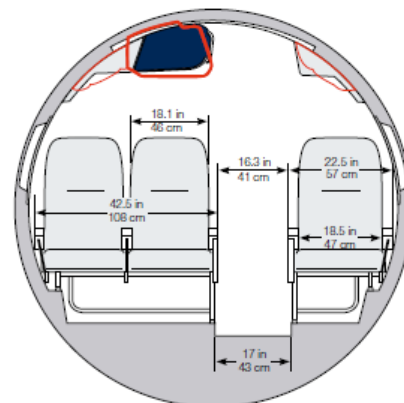
CAPACITY – aft lav/fwd lav

33/34 seats at 30 inch pitch

Cabin length	34 ft 1 in	10.4 m
Cabin width	7 ft 1 in	2.2 m
Headroom	6 ft 0 in	1.8 m
Aisle width	16.3 in	0.4 m
Max cabin pressure differential	7.0 psi	49.2 kPa
Cabin volume	1180 ft³	33.4 m³

BAGGAGE VOLUME

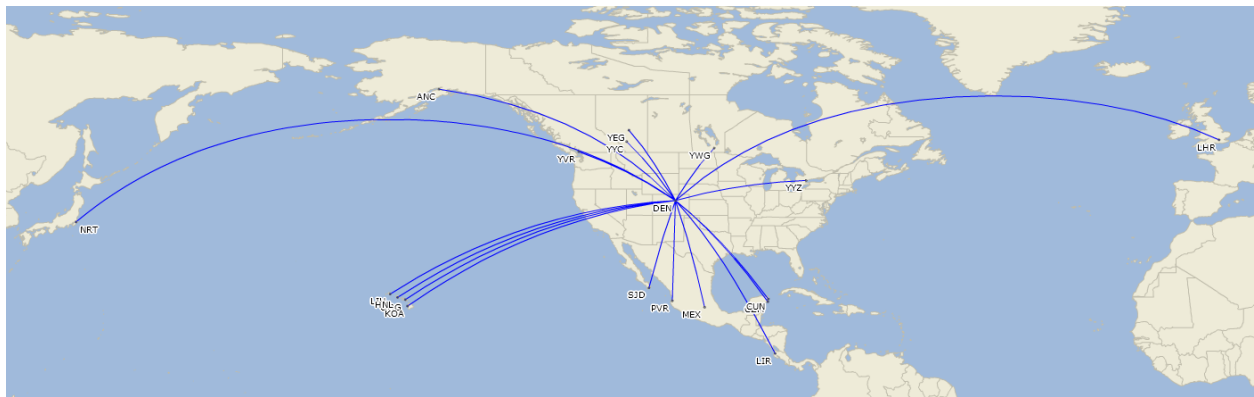
Overhead bin – Gen II/Gen III	32.4/35.3 ft³	0.92/1.01 m³
Underseat – aft lav/fwd lav	40.8/42.3 ft³	1.16/1.20 m³
Rear cargo – aft lav/fwd lav	240/295 ft³	6.80/8.35 m³
Baggage volume/pax Gen II – aft lav/fwd lav	9.5/10.9 ft³	0.27/0.31 m³
Baggage volume/pax Gen III – aft lav/fwd lav	9.6/11.0 ft³	0.28/0.32 m³



Gen II
Gen III

SAAB AIRCRAFT LEASING.COM
SAAB GROUP.COM

The contents of this data sheet are based on the latest information available to Saab Aircraft Leasing. While given in good faith, it should not be taken as establishing any commitment on the part of Saab Aircraft Leasing or used for flight operations.
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A map of the contiguous United States with blue lines representing flight routes originating from Denver (DEN). The routes connect DEN to the following cities: SEA, YVR, LAX, PHX, SLC, MSP, ORD, DTW, YYZ, YUL, BOS, LFK, PHL, CVG, CLT, ATL, DFW, and MIA.