

**MINUTES OF THE SPECIAL MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, FEBRUARY 22, 2022, AT 3:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA**

1. Call to Order.

Mayor Leech called the meeting to order at 3:00 p.m.

2. Roll Call.

**COUNCIL MEMBERS PRESENT:** Mayor Leech, Councilman Adams, Councilman Allsop, Councilman Clark, Councilman Hatch, and Councilwoman Wilson.

**COUNCIL MEMBERS ABSENT:** Vice Mayor Kakavas.

**STAFF PRESENT:** Ed Muder, City Manager; F. Morgan Brown, City Attorney; Justin Johnson, Deputy City Manager; Jacob Allen, Airport Manager; Nicole Hudson, Deputy City Clerk; and Rachael Hall, City Clerk.

**GUESTS:** Shawn Simpson (CEO, Boutique Air).

3. Interviews with Essential Air Services Carrier Proposers for Show Low Regional Airport.

Boutique Air

Mr. Simpson thanked the Council for the opportunity to present Boutique Air's proposal. He said Boutique Air had been operating since 2009 and currently provided daily air service to 25 U.S. cities, had 350 employees, 50 rental cars, and focused on safe, convenient, and reliable air service. He said Boutique Air had been operating in Show Low since 2015 and since that time had entered into partnership agreements with American Airlines and United Airlines. The interline agreement with American Airlines allowed passengers to book tickets for Boutique Air flights using their website. The codeshare agreement with United Airlines provided pricing advantages.

Mr. Simpson said the aircraft Boutique Air flew was a Pilatus PC-12, a Swiss-made airplane. He said the airplane was pressurized which made it feel more like ground atmosphere and could fly at higher elevations than a non-pressurized airplane.

Mayor Leech asked if the airplane could fly above the wind. Mr. Simpson said yes, because the plane was pressurized, it could fly above inclement weather conditions.

Mr. Simpson said in all cities where Boutique Air operated, passenger traffic numbers had increased compared to the previous air provider, including Show Low.

Mr. Simpson said an increase in competition had allowed Boutique Air to have more aircrafts available than had been available in the past. Boutique Air had also sold its King Air aircraft which left Boutique with a single fleet type of aircraft which was good for training, simplicity, and was more cost-effective.

Mayor Leech asked how Boutique Air planned to market their services and get involved in the community. Mr. Simpson said that the COVID pandemic had created challenges that caused Boutique to focus more on emergencies such as low staffing levels and low passenger numbers. He said he understood that Boutique Air had not been perfect during their time as Show Low's EAS provider and had not been as integrated from a communications standpoint. He said to address that issue, Boutique was in the process of moving positions that had previously been handled by different people in different parts of the country to the San Francisco area to best address the challenges by integrating employees to create a more cohesive company.

Councilman Adams asked how Boutique planned to ensure reliable service to customers traveling to and from Show Low. Mr. Simpson said Boutique Air sold their King Air aircraft which allowed the company to streamline their aircraft operations. He said Boutique was working with the Oakland airport to rent space to build a solid maintenance base headquarters. The location in Oakland would allow Mr. Simpson to have better oversight of the maintenance of the aircrafts. He said there were two additional maintenance base sites, one in Johnstown Pennsylvania and one in Dallas Texas that would continue to operate. He said in 2019, Boutique Air experienced pilot shortages that worsened because of the pandemic. He said that Boutique had changed their strategy on how they hired and retained pilots which prevented them from leaving the company at the drop of a hat without serious financial repercussions for the pilots.

Councilman Clark asked about Boutique Air adding future destinations. Mr. Simpson said Phoenix was relatively close to Show Low and was a good size connecting airport. He said daily trips to Las Vegas, for example, would be challenging but weekend flights could be more successful. The Las Vegas airport was difficult for EAS airlines to utilize but it was possible and was something that Boutique could investigate. He said that doing 18 round trips per week instead of 21 opened some spots that could possibly be used for flights to Las Vegas.

Councilwoman Wilson asked if Boutique Air utilized social media to monitor what the community was saying about the company. Mr. Simpson said Boutique Air had hired a company to help with social media marketing.

Councilwoman Wilson asked about the pricing structure for ticketing. Mr. Simpson said the fares started at \$59 with highest fair at \$129. The fares were based on the number of seats that were available for purchase. A book of vouchers was available to purchase that would provide the purchaser with voucher codes with set prices.

Councilman Allsop said that essential air service was a key element for the White Mountains. He said when Boutique cancelled flights it was detrimental to the community and Boutique had become unreliable. Mr. Simpson said one problem Boutique had experienced was competitors had come in and taken over Boutique's contracts and as a result Boutique lost resources because it was counting on those contracts to help pay the bills. He said Show Low was in too close a range to Phoenix so there was a subsidy cap of \$200 per passenger, which had never been adjusted for inflation. Companies were required to submit a bid that met the \$200 cap requirements while costs continued to rise. He said Boutique Air would be blatant with the Department of Transportation (DOT) about the amount needed in order to operate sufficiently. Boutique could not provide the best service unless they were properly resourced by DOT. He said Boutique had submitted a 90-day termination notice to DOT for service at the Show Low Regional Airport. If Boutique was selected as the EAS provider for Show Low, the new rate would be effective 90 days from the submittal of the notice which was sooner than the end of the contract. If a different airline was chosen, Boutique would be required to maintain service until a new airline began service in Show Low.

4. Adjournment.

There being no further business to be brought before the Council, **MAYOR LEECH ADJOURNED THE SPECIAL MEETING OF THE SHOW LOW CITY COUNCIL OF FEBRUARY 22, 2022, AT 3:45 P.M.**

ATTEST:

APPROVED:

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Rachael Hall, City Clerk

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Connie Kakavas, Vice Mayor

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**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **SPECIAL MEETING** of the City Council of Show Low held on February 22, 2022. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(SEAL)

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Rachael Hall, City Clerk