

# **Schuman Aviation Company, Ltd. dba Air Carrier Certificate MKHA108K**



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March 23, 2017

Scott Faulk  
 Transportation Industry Analyst  
 U.S. Department of Transportation  
 Office of Aviation Analysis  
 EAS & Domestic Analysis Division  
 1200 New Jersey Ave, SE  
 Washington, DC 20590

RE: **Proposal to Provide Essential Air Service at Kamuela, Hawaii**  
**Docket DOT-OST-1997-2833**

Dear Mr. Faulk,

I am responding to the notice Issued by the Department of Transportation on the 13<sup>th</sup> of February, 2017, related to providing Essential Air Service to Kamuela, Hawaii. Schuman Aviation Company Ltd, dba Makani Kai Air (FAA Air Carrier Certificate MKHA108K), respectfully submits its bid for provision of Essential Air Service at Kamuela, Hawaii. The proposed four year service profile and pricing details are:

Service Profile	Details / Frequency	Annual Subsidy
<b>YEARS ONE</b>		<b>\$475,000.00</b>
<b>YEAR TWO</b>		<b>\$445,000.00</b>
<b>YEAR THREE</b>		<b>\$420,000.00</b>
<b>YEAR FOUR</b>		<b>\$410,000.00</b>
	<b>TOTAL Subsidy</b>	<b>\$1,750,000.00</b>

Plan A  
 12 nonstop round trips between Kamuela (PHMU)  
 and Kahului, Maui (PHOG)  
 6 nonstop round trips between Kamuela (PHMU)  
 and Honolulu, Oahu (PHNL)

NOTE: We will provide additional **unsubsidized** non-stop round trips between Waimea and Kahului  
 Waimea and Honolulu as demand dictates. For Revenue and Expense Details, see Appendix A.

***Proposal to Provide Essential Air Service at Kamuela (Continued)***

Aircraft:

Flights between Kamuela and Maui will be flown on a nine passenger Cessna 208 Grand Caravan. Flight time is estimated to be 40 to 45 minutes.

Flights between Kamuela and Honolulu, Oahu will be flown on a nine passenger Beechcraft King Air 200. Flight time is likewise estimated to be 40 to 45 minutes.

**About Schuman Aviation Company Ltd –**

Schuman Aviation Company, Ltd., is a locally owned business that has operated Makani Kai Helicopters since 1996. The Schuman name is well known in Hawaii: Gustav A. Schuman, my great grandfather, immigrated to Hawaii from Germany in 1893 and established one of Hawaii's first automobile dealerships. Schuman Carriage Company, Ltd. was in business for over a century.

In 1996, I established Schuman Aviation Company to provide the best customer service of any aviation company in Hawaii, bar none. My local upbringing has given me a firm understanding and appreciation of the culture of the people of Hawaii.

Makani Kai Helicopters, based at the Honolulu International Airport, is Oahu's oldest, largest and most experienced helicopter tour company. In the 29 years since its inception, the company has provided aerial tours for over 14,000 persons annually. The company employs two Eurocopter A-Stars and two MD-500s.

Makani Kai Helicopters is the recipient of the FAA's Diamond Award for maintenance excellence, the prestigious Platinum Safety Award from the Helicopters Association International, and is accredited by the International Standard for Business Aircraft Operations (IS-BAO). IS-BAO safety certification is awarded to flight departments that have successfully met the rigorous IS-BAO standards as verified by an accredited IS-BAO auditor.

More topically, Makani Kai Helicopters provides the helicopters and piloting for *Hawaii Five-0*. Makani Kai also has provided aerial support for countless commercials, feature films, television shows such as *The Amazing Race*, *Hawaii Lifeflight* and *Lost* as well as documentaries for National Geographic Television.

Makani Kai Air started serving the community of Kalaupapa, Molokai in 2009 and, on November 22, 2011, was awarded a two-year EAS contract for that community. The Department of Transportation renewed the contract in 2013 for another four years.

Our subsidiary, Hawaii Aviation Services, is an FAA Part 141 Repair Station, authorized by the FAA to perform work on Cessnas, Pipers, Eurocopters, McDonald Douglas helicopters and more. We also are authorized to work on Lycoming, Turbomeca, Allison, and Pratt & Whitney engines. All aircraft and engines maintained under an FAA Repair Station Certificate are accountable to a higher level of maintenance tracking, reliability and accountability. Our subsidiary, Hawaii Aviation Services is the authorized Cessna Service Center for the State of Hawaii.

***Proposal to Provide Essential Air Service at Kamuela (Continued)***

Current company fleet of aircraft owned or leased comprises:

- Four Cessna 208B Grand Caravans
- One Piper Chieftain PA31-350
- One Beechcraft King Air C-90
- One Beechcraft King Air 200
- One Cessna Citation II Jet
- Two Eurocopter AS350 Helicopters
- Two McDonnell Douglas MD-500 helicopters

In 2009, the company expanded its operations and established Makani Kai Air. The company added two Piper Chieftains and two Cessna Grand Caravans to its fleet and was granted Initial FAA Part 135 Scheduled Commuter status by the Department of Transportation. Makani Kai Air makes regularly scheduled flights from Honolulu to Kalaupapa and Hoolehua, Molokai as well as flights between Kahului, Maui and Hoolehua, Molokai. The company has built its reputation as a reliable and accommodating air carrier sensitive to the needs of the communities we serve.

The company certifies that it is in compliance with Department regulations regarding drug-free workplaces, nondiscrimination and complies with all regulations governing lobbying activities.

**Reliable & Dependable –**

Makani Kai Air wants to provide scheduled air service between Kamuela and Kahului, Maui, using nine-seat Cessna 208B Grand Caravans. In addition, we propose daily non-stop service between Kamuela and Honolulu using the nine seat Beechcraft King Air 200.

The Caravan has proven to be an exceptionally reliable aircraft for Makani Kai and has enjoyed a 99.9%+ reliability record. The King Air is likewise known throughout the industry as a robust and reliable aircraft with twin turbine engine safety.

FAA regulations stipulate that a single-engine aircraft such as the Caravan must remain within gliding distance to shore whenever carrying passengers over water. Weather can preclude a climb to high altitude and safely descend into Kamuela. This occasionally means delayed or cancelled flights. The Chieftain and King Air are twin-engine aircraft and have no such altitude restriction. We can safely fly below the weather on our way to service Kamuela, thus increasing schedule dependability. The Cessna Caravans also require regularly scheduled maintenance that can take the aircraft out of service for up to several days. To minimize flight delays and cancellations in such circumstances we will put the Beechcraft and/or Piper Chieftain into service.

Makani Kai Air's convenient location at the Honolulu International Airport means Kamuela passengers will have easy access to the national transportation network and every large domestic FAA Part 121 air carrier. Free shuttle service is available from our terminal to the main side of the airport. Passengers departing our newly built \$4-million-dollar facility are not subject to TSA screening. From passenger arrival at our facility to aircraft departure can be as little as ten minutes.

### ***Proposal to Provide Essential Air Service at Kamuela (Continued)***

On the Waimea/Kamuela end of the flights, fog and vog (volcanic smog) can obscure the airport. In those rare instances, we will land at Keahole Airport and transport our passengers to Waimea via mini bus.

Although it is quick and easy to book reservations online through our website, [www.MakaniKaiAir.com](http://www.MakaniKaiAir.com), we have fully staffed a phone bank to handle reservation requests and answer questions. This is primarily to accommodate those Kamuela residents who lack Internet access. Our phones are answered by a live person 15 hours a day, seven days a week.

#### **Community Views –**

To determine what the residents of Kamuela would like to have in the way of air service, we attended a meeting of the Waimea Community Association and a regular meeting of the North Hawaii Rotary Club to get a feel for what's important to the community. We also spoke to dozens of Waimea area residents to find out what they wanted. Again and again, we heard the comment that residents want non-stop flights between Waimea and Honolulu.

We launched a dedicated website, [www.FlyWaimea.com](http://www.FlyWaimea.com), to survey interested individuals. Along with the usual requirements of safety, reliability and timeliness, survey respondents made it clear that they wanted to come to Honolulu direct from Kamuela. Many indicated that it is a hardship to get to Oahu from Waimea.

If Waimea residents wish to book such a flight on Mokulele today, their flight will stop both on Maui and Molokai, the passengers switching airplanes, before finally getting to Oahu, a trip that can take well over four hours and the cost will be between \$145 and \$205. If they choose to fly via Hawaiian Air, they must drive 37 miles to Keahole Airport, pay for parking, go through TSA, then wait for their flight. Total time can be well over two hours and the cost varies between \$84 and \$297, not including parking charges.

We received overwhelming support for our plan to offer non-stop Waimea-Honolulu flights in the Beechcraft King Air. The total time would be 45-minutes and the cost would be \$125. There is no parking fee at the Kamuela Airport.

The carrier chosen for the EAS should be financially stable and able to provide air service for years to come. Schuman Aviation is a responsible corporate citizen, held in high regard within the Hawaii business community, and is recognized by *Hawaii Business* magazine for excellence in small business. The company is well run and financially strong.

#### **Ease of Use –**

Makani Kai Air brings travelers ease and convenience: our four million-dollar passenger terminal in Honolulu obviates the need for TSA security screening. This will:

- Allow lower fares because there are no gate fees
- Increase consistency in arrival and departure times



***Proposal to Provide Essential Air Service at Kamuela (Continued)***

- Allow faster turn-around of aircraft and ease the loading and unloading of passengers.
- Vastly improve the air transport experience by eliminating lines and security delays

The comfortable and spacious air-conditioned passenger terminal offers other advantages:

- Plenty of convenient parking
- Rain-free access to aircraft on days of inclement weather
- Clean, ADA-compliant rest rooms

Passengers simply arrive 20 minutes in advance of departure, board the aircraft and fly.

**In Summary –**

Makani Kai Air is a locally owned, Hawaiian grown company. We are deeply rooted in the community, a company with Hawaii and its people in its heart. Here is a professional organization with accolades from countless customers over a quarter century of sterling service, with the solid endorsement of the FAA and the communities of Molokai, Kalaupapa and Waimea. We submit this proposal respectfully based not on the prospect of boosting the bottom line, but rather from a genuine desire to provide good service to people who deserve such service. The people of Waimea have told us they want us to be their air carrier.

Should we be chosen to provide Kamuela with the same on time dependable service which we now provide the residents of Kalaupapa, Molokai and Maui, ridership will increase. It is entirely possible that the increase in passengers could be enough to someday allow subsidy-free air service...without having to set fares at exorbitant levels.

It is our fervent hope that the DOT takes a long look at the capabilities and commitment to unmatched levels of service offered by Makani Kai Air and make the right choice for the community.

Sincerely,



G. Richard Schuman  
*President*

Diane Schuman  
*CFO*

## APPENDIX A

Based upon the last year with complete records, Mokulele carried a total of 10,149 passengers in 2015. It is evident, then, that we will need to provide greater carrying capacity than the flights listed under Plan A. We will increase the number of flights according to demand.

### Estimated Annual Revenue:

HNL – MUE - HNL      \$625,000.00      \$125.00 per passenger one way, plus FET Tax and Segment Fees.

### Estimated Annual Revenue:

HNL – OGG – HNL      \$375,000.00      \$75.00 per passenger one way, plus FET Tax and Segment Fees.

Total Revenue      \$1,000,000.00

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### Estimated Annual Expenses:

Aircraft	\$240,000.00 – Aircraft Lease
Insurance	\$135,000.00
Pilot wages & benefits	\$325,500.00
Fuel	\$295,000.00
Maintenance	\$214,500.00 – Parts and labor @ \$125 per hour
Engine & Prop Reserve	\$257,400.00 – Engine and propeller overhauls
State Landing Fees	\$15,600.
Administration	\$125,000.00
Facilities & Utilities	\$55,000.000

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Total Expenses      \$1,663,000.00

**Operational Loss**      \$(663,000.00)

Subsidy requested Year One	\$475,000.00
Subsidy requested Year Two	\$445,000.00
Subsidy requested Year Three	\$420,000.00
Subsidy requested Year Four	\$410,000.00

### **Estimated passengers per year 10,000+**

**Departures    1,450**

**Flight Hours    1,160**

### **Daily Flight Schedule: Monday thru Saturday**

Depart Honolulu (HNL) 8:00 a.m.	Arrive (Kamuela) 8:45 a.m.
Depart Kamuela (MUE) 9:00 a.m.	Arrive Honolulu (HNL) 9:45 a.m.
Depart Kahului (OGG) 8:00 a.m.	Arrive Kamuela (MUE) 8:45 a.m.
Depart Kamuela (MUE) 9:05 a.m.	Arrive Kahului (OGG) 9:50 a.m.
Depart Kahului (OGG) 4:00 p.m.	Arrive Kamuela (MUE) 4:45 p.m.
Depart Kamuela (MUE) 5:05 p.m.	Arrive Kahului (OGG) 5:50 p.m.



US Department of Transportation  
Federal Aviation Administration

# Air Carrier Certificate

This certifies that

SCHUMAN AVIATION COMPANY, LTD.  
130 IOLANA PLACE  
HONOLULU, HAWAII 96819

has met the requirements of the Federal Aviation Act of 1958, as amended, and the rules, regulations, and standards prescribed thereunder for the issuance of this certificate and is hereby authorized to operate as an air carrier and conduct common carriage operations in accordance with said Act and the rules, regulations, and standards prescribed thereunder and the terms, conditions, and limitations contained in the approved operations specifications.

This certificate is not transferable and, unless sooner surrendered, suspended, or revoked, shall continue in effect indefinitely.

By Direction of the Administrator

(Signature)

FLIGHT STANDARDS DIVISION MANAGER

(Title)

WESTERN-PACIFIC REGION

(Region/Office)

Certificate number: MKHA108K

Effective Date: 02/19/1991

Reissued 07/06/2011

Issued at: WP-13, HONOLULU, HI