

Attachment A – Pricing Proposal

Vendor Name:	Michigan Flyer, LLC
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Vendor Instructions: Please respond to the below questions and provide a Pricing Proposal per the following requirements.

Offerors are advised that Livingston County will not enter into a contract where compensation is based upon cost plus a percentage of cost. Offerors must propose a fare structure to be mutually agreed upon between the Offeror and Livingston County.

It is the primary goal of Livingston County and its Board of Commissioners that this Airport service will be funded with fare revenue and State operating assistance that Livingston County is eligible to receive and pass through to the awarded vendor. The operating subsidy reimburses a percentage of gross operating costs, historically in 30-35% range, but the actual rate varies annually depending on funding levels in the State transportation budget. The maximum passthrough subsidy shall be 35% of gross operating costs and will be reduced to the actual rate if the subsidy drops below 35%. A key objective for Livingston County is to initiate and provide a high level of service, while not requiring additional resources or funding from Livingston County. Bidders are encouraged to identify what level of service can be provided within the Pricing Proposal, and list and additional or optional elements of their proposal separately. Livingston County does not have any historical information of any kind to estimate potential ridership or revenues for this proposed new service.

The Price Proposal must contain:

- A. Documentation of the full cost of operating services between Livingston County and DTW. If proposing regional connections to neighboring areas outside of DTW service, detail that separately.
- B. Documentation of assumptions of revenue sources including fares, expected Livingston County contributions, and any other revenue. Please provide assumed fare rates (although Livingston County reserves the right for final approval of fare rates).
- C. Financial statements for the company for the past year.
- D. A statement from the Offeror's insurer that the Offeror has or can obtain the required insurance.



A. DOCUMENTATION OF THE FULL COST OF OPERATING SERVICES BETWEEN LIVINGSTON COUNTY AND DTW

The fully-loaded annual gross operating cost for Michigan Flyer to operate DTW airport services for Livingston County based on a schedule of 12 round trips per day between Brighton and Detroit Metro Airport (via Ann Arbor at the Blake Transit Center) is detailed below. Note that the current mileage between Ann Arbor and DTW is already included in the AirRide program, so those miles are shown as a deduction from the total gross cost.

12 round trips/day X 100 round-trip miles X 365 days/year X \$6.00/mile = \$2,628,000
 minus 12 round trips X 52 round-trip miles X 365 days/year X \$6.00/mile = (1,366,560)

Total Adjusted Annual Gross Cost \$1,261,440

OPTIONAL SERVICE TO ANN ARBOR AND EAST LANSING

This includes continued operation of 12 round trips per day between Brighton-East Lansing and Brighton-Ann Arbor and DTW. There would be no additional costs for the mileage between Brighton-Ann Arbor since that is included in cost calculations to the airport above. So only mileage between Brighton-East Lansing is included in the cost calculations below. For the mileage between Brighton-East Lansing, we would continue to make a 75% contribution to the cost of operating this segment of service:

12 round trips/day X 95 round-trip miles X 365 days/year X \$6.00 cost/mile - \$2,496,600
 Contribution from Michigan Flyer (\$2,496,600 X .75) - (1,872,450)

Total Adjusted Annual Gross Cost \$ 624,150

Total Adjusted Annual Gross Cost For Airport and Optional Services - \$1,885,590

B. DOCUMENTATION OF ASSUMPTIONS OF REVENUE SOURCES

The above fully-loaded annual gross cost of \$1,885,590 for the 12-run schedule between Livingston Co-DTW, Livingston Co-East Lansing, and Livingston Co-Ann Arbor would be covered based on the following breakdown of revenue sources:

1. Expected ticket revenues.
2. A contribution from Indian Trails/Michigan Flyer as our commitment to this service.
3. A contribution from the public agency for the remainder of the cost balance.

So with the above assumptions in mind, the following shows the calculated net cost:

Gross Cost of Service - \$ 1,885,590

* minus expected annual ticket revenues - (350,000)



Sub-total Operating Balance-	\$ 1,535,590
<i>minus contribution from Michigan Flyer-</i>	<i>(767,795)</i>
<i>minus contribution from Livingston Co.-</i>	<i>(767,795)</i>
Operating Balance	\$ 0

In summary, the net annual cost to Livingston County to continue this 12 round-trip schedule serving DTW, Ann Arbor and East Lansing would be **\$ 767,795**.

** ticket revenues assumption based on current annual revenues plus projected growth- fares are \$24 OW and \$44 RT
^ Flyer contribution based on 50% of adjusted gross cost minus assumed ticket revenues*

C. FINANCIAL STATEMENTS

Financial statements for the past two years can be provided to Livingston County officials in person to maintain the confidentiality of our privately-held statements.

D. PROOF OF INSURANCE

See the up-to-date proofs of insurance enclosed with this proposal.