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April 18, 2002

BY FAX AND BY MAIL

Delores King
Air Carrier Fitness Division (X-56)
400 7th Street S.W.
Washington D.C. 20590

Docket OST-01-10529

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DEPT. OF TRANSPORTATION
DOCKETS

Re: Operations Update.

Dear Ms. King:

The company has made some changes to the operations to facilitate a safer and more reliable operation. I wanted to get this update out to you as soon as possible. I will also send a copy to Dockets.

The company has made the decision to move the Base of Operations and the Maintenance Base to Phoenix Sky Harbor Airport. We have acquired a lease on offices and a hangar located on the north runway. This facility will give the company a centralized location where the management team can be closer to the hub of future operations. The communication benefits have already been seen. The company has been better able work together as a team, with the many resources located at the airport, to resolve issues.

Being located at Sky Harbor also gives us greater access to parts and maintenance personnel. Since we are located in a Swift Aviation facility we have access to a large parts inventory and trained maintenance personnel to assist Arizona Express in our operations. These benefits of having readily accessible parts and parts locating services, as well as a large number of technicians, gives Arizona Express the tools to improve customer safety and company reliability.

With the transition to Phoenix and the future growth plans for Arizona Express, Mr. William Halpin and Arizona Express have agreed to end our relationship. We wish Mr. Halpin the best and appreciate all that he has done for the company. We are interviewing several candidates that appear to be qualified. We are striving to find an individual who is experienced in the airline industry and Beach 1900s. When we have reached a decision as to who shall fill the Director of Operations position, we will forward his compliance information to you.

In our past conversations we have discussed the additional financial requirements of starting the 1900 service. Attached are the additional expenditure requirements for the 1900 operations. The operating expenses were communicated in previous correspondence so I have included only the costs that have not been incurred or paid.

Sincerely,

Daniel Hall
President
Arizona Express Airlines, Inc.

ARIZONA EXPRESS AIRLINES

Capitalization Required for 1900 implementation	
Drug Testing	\$ 250.00
Training	\$ 7,500.00
Tools & Equipment	\$ 15,000.00
Insurance	\$ 8,220.00
FFE PHX	\$ 3,900.00
FFE GUP	\$ 3,550.00
GUP Rent Deposit	\$ 867.00
Phones and DSL	\$ 505.00
Gen Admin & Travel	\$ 2,000.00
Total Expenditures	\$ 41,792.00

- * Drug testing is for new pilots and mechanics. This is a cost based on the DAT contract of \$50.00 per new hire.

- * Training for personnel other than Pilot in Commands are performed in-house and therefore have minimal financial impact to the operations. The Pilot in Command training is performed by flight safety and is included with the purchase of the Aircraft. The cost associated with training is related to per-diem and travel related expenses.

- * Tools and equipment costs are for minor maint tooling and additional ground support equipment related to the 1900s.

- * Insurance for the aircraft is premium financed and therefore has a down payment associated with starting the insurance.

- * FFE are costs related to fixtures, furniture, & equipment for the stations. This includes computers, desks, and radios.

- * Phones casts will be incurred to establish land lines, DSL and cell phones for the additional operations

- * There are going to be some additional travel and administrative requirements for the additional operations so a budget cost was established for this.