

February 19, 2010  
10:00 A.M.  
Newport, Oregon

## **CALL TO ORDER**

Chair Bain called the meeting to order at 10:00 A.M. In attendance were: Bill Bain, Penelope McCarthy, Jim Voetberg, Gene Cossey, Mark McConnell, and Peggy Hawker from Newport, Jack Crider, Jack Bland, John Overholser, and Larry Pfund (via telephone) from Astoria, Larry Dalrymple and William Hedlund from the Oregon Department of Aviation, Rob McKinney (in person), Jim Day, Matt Kyler, John Lansing, and Steven Fox from SeaPort Air. Also in attendance were Larry Coonrod from the Newport News-Times, Walter Sherman from the Depoe Bay Beacon, John Overholser and Bruce Conner (in Astoria and via telephone). Also attending in Newport was Greg Stanton.

## **APPROVAL OF MINUTES OF THE JANUARY 15, 2010 MEETING**

MOTION was made by Crider, seconded by Dalrymple, to approve the minutes of the January 15, 2010 meeting, as presented. The motion carried unanimously in a roll call vote.

## **INTRODUCTION OF GENE COSSEY, NEWPORT MUNICIPAL AIRPORT DIRECTOR AND REPRESENTATIVE FROM NEWPORT ON AIRLINE CONSORTIUM BOARD REPLACING JIM VOETBERG**

Bain introduced Gene Cossey; the city's newly appointed airport director, and member of the Consortium board.

## **AIR SERVICE MONTHLY MARKETING REVIEW**

**Analysis of marketing dollars allocated to each community.** Day reported that since the inception of service, \$156,491 has been spent for marketing for Astoria, and \$141,788 has been spent for marketing for Newport. He noted that he would send the Consortium a detailed report later today.

**Update on co-op activity on the coast - packages with air, lodging, and restaurant.** Kyler reported that talks with potential partners are continuing. He noted that the new customer service manager is working on how the new reservation system will work on the marketing side. When the new reservation system goes live, packages will be tested.

Cossey asked for a list of where marketing dollars are being spent. A list will be available no later than the next consortium meeting.

Kyler noted that print and radio partners are listed in the marketing status report. He reported that the latest press release about Rob McKinney's presidency has created lots of good press.

Kyler reported that SeaPort staff attended Port of Portland training on new customer service initiatives for 2010, and SeaPort will be implementing those practices.

Kyler reported that SeaPort is a sponsor of the upcoming Seafood and Wine Festival and will have a presence at the event.

Kyler noted that the new edition of SeaPort's in-flight magazine is available.

**Incentive plan for referring passengers to SeaPort Air.** Kyler reported that the incentive was planned as a two night stay at the Elizabeth Street Inn with airfare. He noted that it did not make sense for coastal passengers, so SeaPort looked at the program from the customer service aspect. It was suggested that the incentive be given to staff who step up and increase the numbers of survey cards completed. McConnell asked whether SeaPort was intention to use round trip tickets are part of the incentive, noting that it would work for anyone. McConnell noted that response might be better if a free ticket was offered. A discussion ensued regarding whether the ticket was one-way or round trip. Bland suggested receiving two free tickets for purchasing one full-priced ticket. Day noted that this might require a contract amendment if Seattle was a part of the route. Conner noted that the hotel package would not change minds, and recommending omitting hotels and offering only air tickets. Cossey noted that folks completing the survey cards should be aware the incentive is not a round trip ticket. Cossey noted that he was not sure that the incentive to the SeaPort staff is a good idea. Day noted that there is no cost to the consortium or use of subsidy for this program. The latest survey card information had been previously sent to the consortium. It was noted that the next report should contain more data based on the new survey card. McCarthy asked why Newport is more successful at having survey cards completed, and Kyler reported that it may be that the customer service agents at Portland and Boeing Field are busier, but that the new customer service manager is looking at this. Day reported that one of the reasons the Newport response is better is that more leisure travelers visit the coast where more business travelers to go to Seattle and business travelers have less time to complete the survey. Bain suggested a percentage analysis of the survey card information.

Bain recognized Rob McKinney, the newly-appointed president of SeaPort Air.

#### **UPDATE ON E-TICKETING SOFTWARE PURCHASE AND IMPLEMENTATION AND INTERLINE TICKETING AGREEMENT STATUS**

McKinney reported that e-tickets will be sold beginning tomorrow. He noted that SeaPort has signed an interline agreement with another carrier that will make it easier to approach carriers that serve Portland. He reported that talks have occurred with a major carrier, and that great progress has been made. Crider asked whether tickets could be

purchased on Expedia, and McKinney noted that e-tickets will be available tomorrow through travel agents. He added that tickets should be available on Expedia by March 1.

### **REVIEW OF STATUS OF SUBSIDY FUNDS**

A report on the use of grant funds was distributed. Bain said that there were no surprises. Overholser suggested an upcoming discussion about switching the cap level to anticipate an upswing in loads in the next six months and a downswing in the following six months. Bain stated that he did not see the practical effect of changing the caps.

### **DISCUSSION AND APPROVAL OF NEWPORT'S USE OF CONNECTOREGON II FUNDS FOR CONSULTANT**

Bain stated that Newport would like support from the Port of Astoria to seek proposals for a consultant to provide data relative to sustainability of the air service. Cossey noted that the study is estimated to cost less than \$30,000, and would be an in-depth market and passenger demand analysis to help in future decisions and objectives and approaches to dealing with air service as the end of the subsidy approaches. Crider stated that both communities share the same need, and could recognize economies if coordinated. He added that he is looking into the possible use of Port planning and marketing dollars. McCarthy noted that Marty Anderson, of ODOT, approved the use of COII dollars for a consultant for sustainability purposes. She added that the only reason \$100,000 was mentioned is related to Newport's public contracting processes. She noted that it is unrelated to the cost of a consultant. Overholser asked whether the \$30,000 number would include data for both communities. Cossey noted that the cost for the study is approximately \$12,000, but the Airline Sustainability Task Force is looking at a consultant for other issues that would be included in the \$30,000 total. Bain suggested including both communities in the RFP. McCarthy reported that the City Council discussed this matter and directed staff to proceed with the RFP and initiate a discussion of the Consortium. Pfund asked what could be gained from this study. Cossey reiterated that the study would create a clear picture of demand. A discussion ensued regarding previous Mead and Hunt studies. Crider stated that he is interested in the scope of work and deliverables. Cossey reported that he would try to obtain samples from other communities. MOTION was made by Crider, seconded by Cossey, to prepare the scope of work to select a consulting firm to compile a marketing report. The motion carried unanimously in a roll call vote.

### **DISCUSSION OF REJECTION OF NEWPORT'S APPLICATION FOR CONNECTOREGON III FUNDS AND POTENTIAL EFFECT ON CONSORTIUM AND AIRLINE SERVICE UNDER CONNECTOREGON II FUNDS**

McCarthy reported that Newport's ConnectOregon III grant application had been rejected. She noted that Newport is working on an appeal to ODOT regarding the rejection. She reported that the appeal will include a new route from Newport to Seattle and possibly Newport to Salem, as COIII funding cannot be used to subsidize existing routes. Crider asked that McCarthy keep Astoria in mind when drafting the appeal.

## **REVIEW OF SEAPORT AIR RIDERSHIP**

Bain reported that ridership was more than 100 in Newport last week. Overholser noted that much of the traffic occurred on the weekend.

## **REVIEW OF FLIGHT ALLOCATION BETWEEN ONP AND AST**

McKinney reported that SeaPort is focused on how to reallocate the flights to make the subsidy dollars go as far as possible. He noted that one idea is to move the third Astoria flight to Newport, but have it stop in Salem. McKinney also reported that SeaPort is prepared to look at utilizing the Cessna Caravan to make the subsidy dollars go further, but this would require Consortium approval. Cossey asked how long it would take SeaPort to get the Caravan into service, and McKinney noted that it would take six weeks to three months. Cossey asked whether the Pilatus could be used in inclement weather, and McKinney noted that it is possible, although the subsidy would be greater using a more expensive aircraft. Crider noted that the Consortium is trying to make the subsidy last as long as possible and asked SeaPort to provide the Consortium with a proposal. Cossey suggested that the proposal include impacts on fares, the subsidy, ridership, etc. McKinney agreed to provide a proposal to the Consortium prior to the next meeting.

## **FARE UPDATE AND PROPOSED CHANGES**

McKinney reported that the last fare change was approximately one week ago. He noted that the customer service manager is actively watching bookings to determine what the market can bear, with a goal of sustainable fares.

## **PUBLIC COMMENT**

McConnell stated that he appreciates the positive efforts of SeaPort and the Consortium.

## **NEXT MEETING**

The next meeting will be held March 19, 2010, at 10:00 A.M., at the Newport City Hall.

## **ADJOURNMENT**

Having no further business, the meeting adjourned at 11:30 A.M.