

MINUTES OF NEWPORT-ASTORIA AIRLINE CONSORTIUM MEETING

June 25, 2009

9:30 A.M.

VIA TELEPHONE FROM VARIOUS LOCATIONS

Bain called the June 25, 2009 meeting of the Newport-Astoria Airline Consortium to order at 9:37 A.M. Those in attendance were: William Bain, Dennis Reno, Penelope McCarthy, Jim Voetberg, Peggy Hawker, and Paul Fasciano from the City of Newport; Larry Pfund, Jack Crider, Jack Bland, and Lori Durheim from the Port of Astoria; Dan Clem from the Oregon Department of Aviation; Kent Craford, Steven Fox, John Lansing, Jim Day, Matt Kyler, Rob McKinney, and others from SeaPort Airlines.

It was reported that SeaPort's recently submitted marketing report would be sent in a different format.

ADDITIONS/DELETIONS AND APPROVAL OF AGENDA

It was agreed to add the public comment, an update on the meeting in Baker City, and the approval of the minutes of May 29, to the agenda. MOTION was made by Crider, seconded by Reno, to approve the agenda as amended. The motion carried unanimously in a voice vote.

APPROVAL OF MINUTES OF MAY 29, 2009

MOTION was made by Reno, seconded by Crider, to approve the minutes of the May 29, 2009 meeting, as presented. The motion carried in a voice vote with Clem abstaining, as he had not attended the May 29 meeting.

PUBLIC COMMENT

Lori Durheim suggested that the print ads in the Daily Astorian could present better graphics.

Peggy Hawker asked about the overweight bag fee that she was charged on a recent SeaPort trip.

UPDATE ON ODA MEETING IN BAKER CITY

Bain reported on the recent ODA board meeting in Baker City. He noted that Baker City is interested in possibly applying for grant funding for air service. Craford noted that the board had good questions. He cautioned against making conclusions at the three month mark. He reported that SeaPort is keeping a detailed van log showing how many passengers are traveling to and from the coast.

DISCUSSION OF AIR SERVICE MARKETING STRATEGIES

It was reported that SeaPort will be conducting a market research survey of existing customers. Bain suggested circulating the survey card to the Consortium before it is used in order to get the highest possible utilization. Craford reported that the priority has been to tabulate data from the previous survey. He noted that the final results will be available tomorrow. He added that the first survey contains good and interesting information, but it was unscientific and weighted disproportionately toward Newport. A revised survey will be circulated to Consortium members next week.

Kyler reviewed the marketing status report. He discussed the Daily Astorian print ads, the in-flight magazine, print ads in the Newport News-Times. He reviewed the distribution plan for the magazine which includes seatbacks, terminals, and newspaper inserts. He noted that he is open to other distribution outlets and connections. Bain noted that the initial distribution appears to be in excess of 10,000, and he asked whether it was possible to obtain additional copies. Kyler reported that the distribution numbers can be increased at any time. He added that the timeline is being finalized, but that circulation should begin approximately mid-July. Clem asked whether PDX had been approached regarding sponsoring in-flight magazine. Craford reported that the News-Times is providing the magazine at no charge. He added that the first quarterly issue will feature lighthouses on the north and central coasts and the Pendleton Round-Up.

The Newport News-Times ads will be updated every other week. They will also appear in the north and south county mailers, the paper's electronic edition, and in print. It was reported that a revised ad will be coming out soon. Bain asked how many Newport ads had been run to date. Kyler noted that he would send this information this afternoon.

Kyler discussed direct marketing expenditures. He reported that a congratulatory letter had been mailed to 308 new local businesses within the four county range of Astoria, including Pacific, Clatsop, Tillamook, and Columbia Counties.

Kyler reported that that Swiftpage e-blast has been adding contacts regularly to more than 15,000 names. It will be used to showcase local coastal entertainment, partnerships, and opportunities.

Twitter is being used to encourage Willamette Valley and Seattle residents to visit the coast through travel packages.

SeaPort has been using weekly press releases regarding various subjects, including the revised schedule, "No-BS Mileage Program," and two open house invitations.

McKinney reported that the critical component to interline agreements is the upgrade to Type A messaging, rather than Type B. He noted that a resource has been located that can offer an e-ticketing solution at an affordable price; a contract is in place; and it should be done toward the end of July. Preliminary contacts have been made with e-travel agencies such as Expedia, Orbitz, Priceline, and Travelocity. Bain noted that SeaPort is behind schedule, and it is the expectation that a positive effort will be made toward compliance. Clem reported that Seaport is looking at the next generation of what will ultimately

replace interline agreements. McKinney suggested visiting www.dohop.com to view itineraries from Newport and Astoria. It was agreed to discuss the interline ticketing issue in mid-July.

Craford requested a special meeting of the Consortium to discuss the passenger facility charge.

Kyler reported that SeaPort has opted not to pursue advanced media services as it is cost prohibitive.

Kyler will be representing SeaPort at various monthly meetings including Destination Newport Committee and the Lower Columbia Tourism Council. He will contact the Oregon Coast Visitors Association to determine a level of involvement with that organization. He agreed to document contacts in the marketing report. It was recommended that he contact the Crestview Golf Course the Oregon Coast Aquarium, and Salishan.

Pfund recommended including annual events in promotional materials. He asked about making schedule adjustments, noting that the Port of Astoria is considering building a t-hangar to house the Pilatus aircraft. Housing the airplane in Astoria would make the dead head leg unnecessary. He asked whether the National Guard folks are using the service, and it was noted that they are not currently booking flights to Astoria, although the account has been established. He asked whether passengers are reporting why they are flying out of the area in response to the surveys.

Craford reported that the surveys indicate that a majority of passengers are flying for pleasure, although passengers originating from the coast may be flying for business purposes. It was suggested that the survey should include a country of origin and point of entry.

Craford reported that the dead head airplane originates in Newport at 4:45 A.M., flies to PDX, fuels, and then to Astoria. He added that it would be appropriate to look at the schedule, although the current schedule runs through October. He noted that when the north runway reopens, there will be greater scheduling flexibility. A round-robin flight was discussed. This would compress three round trips into two and end the dead head leg without having to allocate another airplane. Reno noted that he does not think that Newport could support a market to Astoria. Bain asked whether there is any opportunity to move the six month reconsideration up. It was agreed that between now and September 15, discussion could occur regarding changes to the service. It was noted that any change in service would change the cap, and require reopening the contract. It was noted that decreasing the segments would be a disadvantage to Seaport, but would eliminate the weakest segment.

A discussion ensued regarding the accountability of direct marketing expenditures in routine reports from Seaport. Paul Fasciano, the city's finance clerk, asked what the city can expect regarding reporting on how the \$23,000 monthly is being spent. He added that

the city would like more detail. Craford reported that SeaPort has provided an accounting of total dollars spent, and it is above what is required by the contract. He added that these additional funds are provided by SeaPort, and it speaks to SeaPort's efforts to go above and beyond in marketing the product. SeaPort was asked to provide a detailed account of media bought and marketing engaged in and what the resources have gone toward. No specific accounting of how much on each ad or marketing buy is necessary. Craford reported that it is SeaPort's decision not to provide that information due to confidentiality and unless there is a concern regarding the veracity of the accounting of the aggregate amount. He asked what purpose, other than micromanagement of marketing campaign, would this achieve. Fasciano noted that the city is out of the loop regarding media buys. It was noted that labor was not intended to be a part of promotional activities as addressed in section 16. Craford indicated that SeaPort does not allocate any overhead expense. He added that the city could invoke the audit provision, but that SeaPort does not want every ad scrutinized and questioned as to why monies could not have been spent otherwise. Fasciano stated that the city wants to see that the ads total \$23,000. McCarthy reported that she had reviewed the contract and draft marketing plan, and expressed concern that has not been a statement of what marketing has been done to this point. It was noted that no final plan was provided to the city, and in looking at the marketing information received today, it indicates lots of future intentions, but what the city is looking for is what SeaPort has done to support the marketing dollars invoiced to date. It was noted that the city is not looking for a detailed financial report, as much as a listing of ads placed in specific papers on specific dates, newspaper inserts and the dates, or any information to document the use of advertising monies. Craford reported that SeaPort can compile a listing of all ads run, invoices for ads, and collateral materials, but that SeaPort would reserve the prerogative to redact specific dollar amounts from that accounting. Bain noted that the city is under the scrutiny of its constituents. It was noted that the Consortium is not questioning SeaPort's veracity, but need enough detail to adequately document the payments. Craford reported that SeaPort desires to retain the control and direction of the marketing of the product. Bain noted that the most recent marketing plan is a draft dated April 28. He asked that the Consortium receive the final marketing plan as soon as possible. It was noted that the contract requires a quarterly narrative report. Kyler will send the final marketing plan to Consortium members. SeaPort will begin the marketing accounting, and it will be available after July 4. McCarthy asked about labor in terms of marketing costs, and whether it relates specifically to the marketing of coastal routes. It was reported that it is specific to coastal routes.

REGULAR REPORTING OF BIS/LOAD FACTOR

Bain asked whether the most current information is being provided on a regular basis. It was reported that SeaPort is providing this information with the weekly invoice. Fasciano will provide this information to Hawker for dissemination to the Consortium.

SET NEXT MEETING DATE

It was agreed to hold the next meeting on July 23, at 7:30 A.M., at the Astoria Airport.

COMMENTS

Reno reported that the Newport ILS system will be out of service for approximately 7 – 10 days beginning on July 15. A notam will be issued, and Reno will keep SeaPort informed.

ADJOURNMENT

Having no further business, the meeting adjourned at 11:35 A.M.