

MINUTES OF NEWPORT-ASTORIA AIRLINE CONSORTIUM MEETING
July 23, 2009
7:30 A.M.
PORT OF ASTORIA OFFICES AND
VIA TELEPHONE FROM VARIOUS LOCATIONS

Bain called the July 23, 2009 meeting of the Newport-Astoria Airline Consortium to order at 7:38 A.M. Those in attendance were: William Bain, Dennis Reno, Penelope McCarthy, Jim Voetberg, and Peggy Hawker from the City of Newport; Larry Pfund, Jack Crider, Jack Bland from the Port of Astoria. Dan Clem from the Oregon Department of Aviation was excused. Kent Craford, Steven Fox, John Lansing, Jim Day, Matt Kyler, and Rob McKinney.

ADDITIONS/DELETIONS AND APPROVAL OF AGENDA

It was agreed to add a discussion on operations relative to weather. MOTION was made by Reno, seconded by Pfund, to approve the agenda as amended. The motion carried unanimously in a voice vote.

DISCUSSION OF AIR SERVICE MARKETING STATUS

Kyler noted that this report will outline things that have taken place since the last meeting with actions going forward.

Marketing plan status. Kyler reviewed the hotel cooperative partnerships. He reported that the SeaPort Air.com route destination pages are being tested and should go live on August 7, 2009. This will link information with lodging establishments, including The Cannery Pier Hotel, Holiday Inn Express, Boreas Bed and Breakfast, The Commodore, Surf Sand Resort, The Stephanie Inn, and the Inn of the Four Winds on the north coast. It will link to The Embarcadero, Sea Spirit House Bed and Breakfast, Elizabeth Street Inn, and Salishan on the central coast. Potential participants include The Elliott in Astoria, and The Adobe and The Fireside in Yachats. SeaPort is trying to develop packages so that credit cards can be charged once. The approximate completion date is August 7.

Regional coop event marketing. Kyler reported that SeaPort has identified the following events for coop marketing: Astoria Regatta Celebration, Pacific Commercial Fisherman's Festival, Seaside Oktoberfest, Pacific Commercial Fisherman's Festival, Art Deco Film Festival, The Gathering long board classic, Jazz at Newport, and the Yachats Mushroom Festival. Other suggestions included the Seaside golf and volleyball tournaments, the kite festivals in Long Beach and Lincoln City, the Rod Run in Ocean Park, and the Cannon Beach sand castle building festival.

Outdoor advertising. Kyler reported that iConGroupe is working to identify the Seattle building inventory to display signs on buildings. He noted that SeaPort has reserved a

billboard site on I-5 near Jantzen Beach. He added that SeaPort is talking with ClearChannel about another billboard that may be placed by late September. He reported that Lamar is looking for billboard options and should have information by the end of July for coastal recommendations.

Fork Fly Dot.com. Kyler reported that a proposal is expected on July 31. Kyler reported that SeaPort is working on an ad words campaign to launch in August that will target service areas with key words. It creates a chain that can be tracked to reservations, and determine how many people actually go through the booking site.

Old Grey Cab (Astoria). Kyler reported that SeaPort will be installing rooftop signage on two cabs serving the northern Oregon and southern Washington coasts. He agreed to forward the image when it is available in the jpeg format.

Comment card discussion. Kyler reported that SeaPort has gotten great feedback on the comment cards, and would like to implement them as soon as possible. He added that they would be circulated internally to determine the best avenue of distribution. He noted that it would be preferable to have the CSA's distribute the card, rather than pilots, and they could be collected while passengers were waiting to depart. A discussion ensued regarding adding "residence" to the card. MOTION was made by Crider, seconded by Pfund to implement the comment card, and add a line for home town. The motion carried unanimously in a voice vote.

Print ads. One of the ads has been removed from the Daily Astorian, and a new ad campaign has been developed that includes support of the Portland Beavers.

Placement of ads in Oregon Coast Magazine. Kyler reported that he has collected media kits from various coastal magazines. He noted that ads in the Oregon Coast Magazine are very expensive, and the dollars may be better spent in getting people to the Oregon coast. He will stay in contact with the coastal media vendors in the event of media sales.

SeaPort magazine. It was reported that the SeaPort seatback magazine is currently in print and will be launched tomorrow. Craford stated that he was very pleased with how it turned out, and shocked by the amount of advertising the Newport News-Times was able to sell for this publication. He added that the theme and editorial content for the October edition is now in development.

Meetings with room tax entities. Kyler reported that he has attended two meetings in Astoria, and interest in SeaPort is very high. He noted that the lodging tax entities are developing budgets for next year. He added that having a dedicated amount of money that SeaPort can match would be powerful. He reported that he has met once with the Destination Newport Committee, and will follow up with the advertising agency next week. He reported that the chamber of commerce has more flexibility, and he will be meeting with Lorna Davis, the chamber director in Newport, on Tuesday. Craford added that for SeaPort to get coop advertising dollars, the Consortium needs to help impress

upon the lodging tax entities, the importance of this endeavor. Bain noted that the Destination Newport Committee has bylaws that state that it cannot provide an advantage to any one business

Review of press releases. Kyler reviewed the two press releases issued since the last Consortium meeting. One release addressed the mileage program, which the other addressed SeaPort's expansion in the southern U.S. Bain asked whether SeaPort is getting pushback from the Oregonian article, and a brief discussion ensued. Bain suggested developing a press release regarding SeaPort's success to date.

Other media placement. It was reported that the Old Grey Cab rooftop ads would be in place by the first week of August. It was reported that SeaPort had partnered with the Greater Newport Chamber of Commerce for a ½ page ad in the visitors guide. SeaPort has also partnered with Tribune Broadcasting for the next five weeks on advertising about Seattle and Portland. This was received yesterday and must go through the internal approval process. This ad will be e-mailed to the Consortium.

Direct marketing expenditures in reports. Kyler reported that, on July 20, SeaPort released over 130 new business congratulatory letters in the four north coast counties. He reported that SeaPort e-blasted via Swiftpage during the first week of July and again on July 22 and 23.

SeaPort's efforts with PDX marketing experts. Kyler reported that SeaPort was involved with the Port of Portland for an event hosted by KINK radio that occurred in Pioneer Square. Astoria was the featured destination at this event, and SeaPort gave away a round-trip ticket and lunch. SeaPort will also be featured as the "Airline of the Week" from July 27 – 31. Ads will air on KGW all week, a web banner will be displayed on SeaPort's homepage, and a SeaPort birthday barbecue will be held. Craford will be meeting with Dave Zilke, of the Port, around the beginning of August, to determine the PDX contribution for marketing efforts. It will probably amount to approximately \$25,000 per route. He will e-mail the Consortium regarding the status of this discussion. Bland suggested that the DOT would like to know that marketing money is being matched by the Port of Portland.

Use of annual events in promotional material. It was reported that SeaPort is designing tradeshow booth materials for onsite sponsorship presence. SeaPort plans to develop branded folders and press kits for quick distribution, and create drop cloth booth material.

Update on contacts. It was reported that the Crestview Golf Course is excited to work with SeaPort in developing "play and stay" packages with various Yachats lodging establishment. A meeting will be scheduled with Mark on July 27, and the discussion will continue. SeaPort has been unable to contact with Carrie Lewis at the Oregon Coast Aquarium, but will schedule a meeting time and location on July 28. Tony Pope, at Salishan is interested in developing travel packages with SeaPort. These would include airfare, lodging, ground transportation, and golf. Discussions will continue next week.

Direct sales activities. Lansing and Fox updated on the Consortium on specific direct sales activities and key account prospects. A discussion ensued regarding value accounts, charter, and freight.

Interline ticketing agreement status. McKinney reported that SeaPort is not going to have an interline ticketing agreement by the original date due to a third party. He noted that SeaPort is looking at other reservation systems that could cost up to \$100,000 initially and \$25,000 monthly. He added that an intermediary system may be faster and more seamless. He noted that Type A messaging allows e-ticketing, and that additional software is required to create e-tickets.

A discussion ensued regarding reliability. It was reported that SeaPort will notify all passengers the night before a flight if there is a greater than 50% change of fog the next morning. Bain noted that Newport is working on solutions to reliability.

Interline baggage agreement status. It was noted that the ticketing agreement is the gateway to a baggage agreement. Crider asked whether the Consortium should officially grant SeaPort additional time. Craford reported that the ticketing date had been missed, and it would be appropriate to request an extension of time. He added that a target would be very artificial because a lot of the issues are outside SeaPort's control. He reported that SeaPort is making every effort to do this, and there is not a single thing they could be doing that they are not already doing. He added that SeaPort has invested time and money, and the Consortium may grant an extension, but it will not advance the work any faster. He reported that the best option is with Alaska Airlines, and although it is taking a longer time, the result will be a higher quality and potentially hundreds of tickets. MOTION was made by Crider, seconded by Pfund, to direct carrier to provide us with a request to modify the dates due for the interline ticketing and baggage agreements with good faith estimate of potential time of achievement of agreements, and further indicating progress with type a messaging program. The motion carried unanimously in a voice vote. McCarthy suggested that SeaPort provide information about the interline agreements, and whether it is a useful goal and if not, what is the alternative.

Signed copy of Exhibit A. Bain has received a fully executed copy of Exhibit A.

Copy of insurance to Consortium. Day will request a copy the insurance, and request that the city be added as an additional insured. He will send this information to McCarthy electronically.

Copy of performance bond (Connect Oregon II grant requirement). McCarthy noted that the requirement to supply the bond copy is on page four of the ODOT Connect Oregon II agreement. It was suggested that staff communicate with ODOT to determine whether this grant provision can be modified as this grant does not fund activities for which a bond would typically be required.

Regular reporting of BIS load factor. Overholser reviewed data showing an upward trend. Astoria is lagging behind Newport in passengers. The early morning Astoria flight

has a very low load factor. It was suggested that SeaPort look at a round-robin for the early morning flight. Craford recommended organizing a subcommittee of Clem, Pfund, and Bain, and a SeaPort representative, to review this issue

Adjournment. Having no further business, the meeting adjourned at 10:26 A.M.