

**PORT OF ASTORIA/CITY OF NEWPORT
JOINT SPECIAL MEETING MINUTES
NOVEMBER 12, 2008**

1. CALL TO ORDER AND ROLL CALL (via telephone conference call)

CITY OF NEWPORT (Newport)

Mayor Bain called the City of Newport City Council to order at 12:05 pm and took roll call:

Mayor Bill Bain

Council: Patricia Patrick-Joling, Larry Henson, Terry Obtshka, Peggy Sabanskas, and Richard Killbride

City Attorney Gary Firestone

Newport Airport Manager Denis Reno

City Recorder Peggy Hawker

Press and other guests:

PORT OF ASTORIA (Astoria)

President Larry Pfund called the Port of Astoria Special Meeting to order at 12:06 pm and took roll call.

Commissioners: Bill Hunsinger, Vice-President; Kathy Sanders, Secretary; Floyd Holcom, Treasurer; and Dan Hess, Asst. Secretary/Treasurer

Executive Director Jack Crider

Astoria Airport Manager/Director of Operations Ron Larsen

Meeting Recorder Janet Farstad

News Media: Cassandra Profita, The Daily Astorian

Seaport: Kent Crawford

Guests:

TELEPHONE

Senator Betsy Johnson

Oregon Department of Aviation: Daniel Clem, Director

Oregon Aviation Board Member: Larry Dairymple

2. PURPOSE OF THE JOINT MEETING

The Port of Astoria Commissioners and the City of Newport City Council met via telephone conference to discuss the award of the ConnectOregon 2 contract for passenger air service to both cities.

Gary Firestone talked about the purpose of the meeting and issues pertaining to Cape Air and Seaport's proposed passenger air service proposals. ODOT's letter of Nov. 7, 2008 affirmed their position regarding use of ConnectOregon funds, match and requirements. A question had been submitted to ODOT: if Seaport's proposal to include service to both Portland International Airport and Boeing Field in Seattle, Washington, would be eligible under the grant guidelines. ODOT's position was that the project needed to be completed as outlined in the application, the service to Seattle is not eligible. In addition the start date for Cape Air of 2010 would not be considered project ready.

Options are: 1.) Not to proceed with an award; 2.) Negotiate further with both Cape Air and Seaport to gather more information; or 3.) Award the contract to either Cape Air or Seaport.

Seaport does not have interline baggage, but said they could obtain one. Seaport is equipped to move cargo and passengers, but there is a question of the number of airplanes are adequate to serve all routes.

Cape Air does not have airplanes to carry both passengers and cargo, they would need to take seats out to haul cargo.

Jack Crider recommended awarding a contract in order to begin negotiations and move forward in the interest of aviation and ConnectOregon funding.

Mayor Bain was not convinced that either company could be successful. Tough negotiations would be necessary to conclude a contract within the time frame. He recommended reconsidering an award in order to include enough time for contract language to insure a service contract that would start in 2009 and result in service that will survive and become prosperous.

Council Joling concurred with Mayor Bain's comments. She voiced concern with sustainability and said that Cape Air is the only one who could provide that service.

Newport Council Joling moved to award to Cape Air and negotiate a start up date of 2009, plus other negotiations pertaining to the contract; such as rates and service. The motion was seconded and moved to the floor for discussion.

Denis Reno said Cape Air could work if the start up was in the third quarter of 2009; that the numbers could support them. However, Astoria needs to agree with Newport as setting a precedent of dissension could compromise future funding.

Larry Dairymple recommended that Newport should listen to Astoria before voting without their input. He was also concerned that Cape Air did not attend either meeting, indicating a lack of interest. Seaport has attended the meetings with several representatives.

Comm. Holcom concurred that Cape Air should have shown up at the meetings. He has received many phone calls about the public concern regarding the need for air service. Astoria has cross border usage between communities, among other differences between Newport and Astoria that would impact sustainability. Astoria has more communities to draw from. He believes that Seaport could be productive and already has a presence in Oregon.

Comm. Hess said the freight vendors using air freight could be one aspect of the service. He believes that Seaport would not start an operation intending to fail.

Comm. Sanders talked about the meeting in Newport and how Newport pressed Cape Air if they could start in 2009, they repeatedly said no. She asked what information Newport had received that changed Cape Air's ability to start in 2009, they replied none. She said that asking again would only delay the project.

Comm. Hunsinger talked about the interviews at the Newport meeting. Seaport was present with 6-7 people and answered questions for 2 hours. Cape Air was on his cell phone and had many interruptions, indicating a lack of interest. As far as sustainability, Horizon provided a good service that was increasing in ridership and only left because they changed their plan, not because of lack of passengers.

Ron Larsen said that all parties agree on the goal of sustainability. But, there are no guarantees and that is one of the reasons why a ConnectOregon application was made, to help support the start up. Seaport is already here in Oregon and eager to begin. Cape Air is not responsive.

Senator Betsy Johnson talked about seeing a high level of cooperation beginning to disintegrating. If the award for passenger air service fails, the grant will not come back and could impact future aviation funding. She recommended using Eugene and Redmond as models to understand the service. She voiced concern on how hard folks worked to get the grant and it appears to becoming a stalemate. Instead of drawing a line in the sand, other options need to be investigated.

Dan Clem concurred with Senator Johnson and went on to say that the issue is about the application. The application referenced a business strategy in 2007 and start up in 2009. If the project is not in accordance with the application, OTC can reject funding it. The start up date of 2010 is outside the application causing OTC rejection.

The need for marketing was discussed. Seaport already had a marketing plan but could complete another survey within 2 weeks. Marketing was confirmed as within the scope of the grant for funding.

CALL FOR EXPARTE CONTACTS:

- City of Newport Council:
Council Henson had a telephone call with Dan Clem, Mayor Bain, Denis Reno and Council Killbride to discuss the states position.
- Port of Astoria Commissioners:
Comm. Holcom was included in the Newport telephone call with Council Henson.
Comm. Hunsinger talked to Kent Craford of Seaport about the award process.

MOTION TO AWARD A CONTRACT:

Newport Council Joling withdrew the motion on the floor, second concurred.
Council Joling moved to award to Seaport, to negotiate and bring back a contract with terms, not later than 30-days, seconded.

VOTE by roll call was unanimous to approve the motion.

Astoria Comm. Holcom moved to concur with the Newport motion to award to Seaport, to negotiate a contract with terms and bring back within 30-days, seconded by Comm. Hess.

VOTE by roll call was unanimous to approve the motion.

3. ADJOURNMENT at 1:25 pm

Submitted by Janet Farstad

Port of Astoria
COMMISSION MEETING

SIGN IN SHEET

DATE: 11-12-2008

NAME

PRINTED NAME

Leri Dunbar

Don West

Cindy Price

Michael Desmond

Todd Banks

Kent Crawford

Commissioner Ann Samuelson

Cassandra Profita

STROCK COWNER
