

December 13, 2016

2:00 PM

Newport, Oregon

The City of Newport Airport Committee met on the above date in Conference Room A, Newport City Hall. In attendance were: Committee chair Jeff Bertuleit, committee members Susan Reese, Mark Watkins, Ralph Grutzmacher, and Jim Shaw. Committee member Ken Brown had earlier advised he would not be able to attend, and City Council liaison Ralph Busby did not attend. Also in attendance: City Manager Spencer Nebel, Airport staff Lance Vanderbeck, and Committee staff Bob Fuller (Public Works).

1. The meeting was called to order by committee chair Jeff Bertuleit at 2:00 PM.
2. Roll Call
3. Approval of Minutes: Motion was made and seconded to approve the draft minutes from the November 8, 2016 meeting. The motion passed on a unanimous voice vote.
4. Discussion/Action Items
 - a. Annual goal-setting discussion
 - i. Reese suggested using the priorities recommendations that the committee formulated for the Airport Task Force as a tool for developing goals.
 - ii. Watkins noted there is a waiting list of 12-13 individuals waiting for hangars. Nebel suggested exploring hangar funding and construction as a possible goal; he said the committee should target three or four goals for this exercise.
 - iii. Other suggestions: Water and sewer development; “user-friendly” services (Vanderbeck advised Nebel and he have met with the Chamber of Commerce to discuss marketing possibilities); implementation of land use recommendations from the Master Plan; identify air service and marketing materials.
5. 4b: Summary of discussions with possible air service providers (staff handout attached to these minutes)
 - a. Vanderbeck advised there were three responses of interest and he reviewed their information as per the handout.
 - b. Watkins suggested a survey of local residents and businesses to determine what ticket price range would be attractive to prospective travelers. He noted Seaport Airlines passenger counts were supposed to

have been made available and, if so, could be used to get an idea of passenger loads.

- c. Bertuleit suggested contacting Kenmore Air as well.
 - d. A discussion ensued regarding issues to be addressed.
 - i. Tickets are likely to be expensive
 - ii. Beware of subsidies from the City.
 - iii. Is there a niche for NOAA personnel? Staff will contact local NOAA command staff to determine if there is a need for air passenger service.
 - iv. Difficult to have a 7-day schedule, yet four flights per week (for example) would be hard to coordinate with other travel plans for prospective customers.
6. Operations report (included in meeting packet).
- a. Nebel advised the committee to review the job descriptions provided and send any suggestions to him by email. This will be a discussion item next meeting.
 - b. Vanderbeck noted his discussions with Hertz Rent-a-Car indicated they think they will do well with renting cars out of the airport.
7. Committee comments
- a. Watkins said the fuel prices are a little high, he would like to see a fuel pricing policy.
 - b. Watkins offered the local pilots' group assistance with any events during the August 2017 solar eclipse event.
 - c. Grutzmacher suggested providing RV camping at the airport and charging a fee for campers during the event.
 - d. Watkins asked why staff are not sent home when there is low activity at the airport; Vanderbeck said there are still things that need staff attending to, regardless of airplane traffic activity. Nebel noted that full-time City employees are hired on a 40-hour week basis and cannot be directed to take time off.
8. Public comments: none
9. Develop next agenda
- a. Job descriptions: Review and discuss
 - b. Continue goal-setting discussion and suggestions

10. Adjourned at 3:30 PM.

VERSION 1
DECEMBER 1, 2016



AIR SERVICE MEETINGS OVERVIEW

135 AIR SERVICE PROVIDERS

PRESENTED BY: LANCE VANDERBECK

NEWPORT MUNICIPAL AIRPORT
135 SE 84TH ST

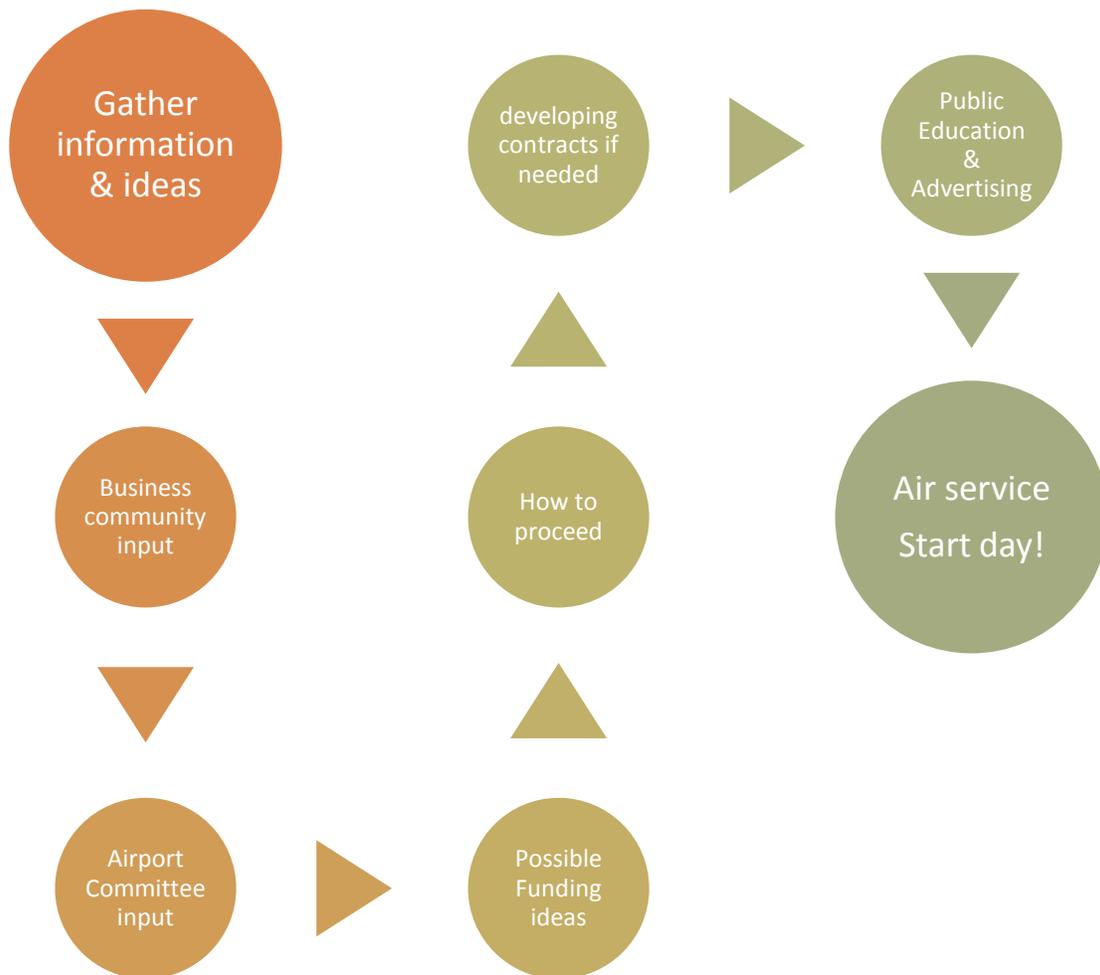
AIR SERVICE MEETINGS OVERVIEW

ROAD MAP TO RURAL AIR SERVICE

RURAL AIR SERVICE PROCESS STEPS

There are several steps before air service is up and running again in Newport. One thing to remember is we know what hasn't worked. For now, we should look at new ideas of what may work to meet both the needs of the flying public and help air carrier providers to be sustainable. The State of Oregon has been pushing for rural air service to better connect the State. One idea the State has been looking at is an "Uber" on demand model, but unsure how that model may look. Some additional options would be to partner with an airline or larger airport for support; seek out granting opportunities or business loans, or a combination of them could work for Newport. We have been approached by three air service providers giving us their ideas of what they think may work for Newport. This report is a brief summary of the meetings. Also included is a section to provide feedback and goals. Directly below is a chart of the steps that may still need to be taken to achieve our air service goal.

RURAL AIR SERVICE PROCESS FLOW



ZEPHYR AIR

On November 17, 2016; City Manager Spencer Nebel, City Attorney Steve Rich, City Councilman Ralph Busby, and Airport Director Lance Vanderbeck meet with Zephyr Air in regards to providing 135 air service at the Newport Municipal Airport.

Zephyr Air is a newly forming Air Service Company looking to start sustainable rural air service by partnering with communities and utilizing cost-effective general aviation aircraft. Zephyr Air's goal is to use a Bonanza A-36, 6 passenger aircraft with a less than 45-minute flight time from Newport to Flight Craft (Portland).

Zephyr Air is proposing an upfront guarantee for 4 weekly service flights to Portland for the first year. Zephyr Air will return revenue from each ticket sold to pay back that upfront dollar amount. This will mean the ticket prices are not subsidized. Zephyr Air is asking the City of Newport to help with the upfront cost by applying for possible Oregon Department of Aviation grant House Bill 2075.

Zephyr Air Financials show that with the upfront guarantee it can provide 208 scheduled round trips with 1,664 scheduled seats. Zephyr Air is projecting average air fare will be \$200 - \$250 one way.

In summary, Zephyr's plan can accomplish providing air service to Newport. They are looking to work with the community and gain support from Newport to grow the airline. Zephyr is projecting they will be able to operate financially unassisted after a year of service.

KONECT AVIAITON

On November 29, 2016; City Manager Spencer Nebel, City Attorney Steve Rich, City Councilman Ralph Busby, and Airport Director Lance Vanderbeck meet with Konect Aviation in regards to providing 135 air service at the Newport Municipal Airport.

Konect Aviation is based in McMinnville with satellite operations at Newport; specializing in Scenic Tours and Private Charters. Konect Aviation has recently received a 135 operating licenses on their Piper Comanche, 5 passengers, high performance aircraft giving them the ability to provided 135 air services from Newport to Portland, Seattle, Eugene, North Bend, and Redmond.

Konect Aviation is proposing on demand air service and building to regular scheduled air service. An example: a flight from Newport to Flight Craft (Portland) is a 45-minute flight for \$499 for 5 passengers one way. The plane is on demand; which means they are here when you need them to be, you will not have to worry about rushing to the airport and missing your flight. You are not restricted to flying only to Portland; if you want to go to Seattle, Portland, Bend, or other airports you can go for the weekend.

Konect Aviation is currently providing scenic air tours at Newport Municipal Airport, they have a Newport Business License, Air Carrier Certificate, Airplane to provide service, a member of the Newport Chamber of Commerce, and have been working with local Hotels with scenic air service. They have a marketing plan in place to promote the air service option for the traveling public.

Konect Aviation is asking The City of Newport for a subsidy of for each time the aircraft needs re-positioning from McMinnville to Newport only. Konect Aviation is anticipating only needing this support during the start-up phase (1-2 years) of the program to help keep the ticket price down for the customers.

In summary, Konect Aviation's service and equipment is a good fit for the current service need for Newport. Konect Aviation has what it takes to get the program started with low risk. They have an excellent starting point that allows for sustainable, organic growth and Konect is a reputable, established company.

Air Service Goals Airport Committee.

Short term goals

Long term goals
