

**PAG Forecast Subcommittee
Meeting Notes**

Meeting Date	11/28/07 7:00-9:00 pm
Meeting Location	Port of Portland Bldg
Attendance	Gene Hahn Alan Hargrave Mary Olson Dennis Yee Maryhelen Kincaid Fred Stovel Erwin Bergman Pia Welch Stuart Mathew Dennis Mulvihill Brian Nelson Duane Decker
Staff	Chris Corich Jay Sugnet Sean Loughran Lise Glancy Phil Ralston
Consultants	C.F. Booth Linda Perry Geoffrey Gosling

Chris Corich opened the meeting and asked subcommittee members, staff and consultants to introduce themselves and share their thoughts on the forecasts process.

Subcommittee members identified a range of interests and issues including:

- Desire to make sure the forecast process looks not only backward (what has happened in the past), but also forward (what do we think may be in the future)
- Forecast should reflect a broad range of issues from the cost of oil to regional growth
- Consider other modes such as high speed rail
- How will freight be included in forecast and master plan?
- Interest in understanding the forecasting process, how do you do it?
- How does economic data factor into the forecast and how does it compare to local economic picture, particularly at the local business level

Jay Sugnet discussed the subcommittee structure and how it was selected as the preferred means of exploring various Airport Futures topics in greater detail. Jay discussed the subcommittee charter and roles and responsibilities.

Linda Perry provided an overview of the forecasting process.

The committee discussed the committee's role in the process and how they should capture their conversation/input for purposes of the PAG.

Linda Perry provided a review of the 1999 aviation forecast and discussed the FAA's Terminal Area Forecasts (TAF).

Geoff Gosling shared a quote that captured essence why forecasting is a difficult process: "there are no facts about the future."

It was suggested that we consider a variety of sources for data and not rely too heavily on information provided by the airlines because of the potential for industry optimism bias.

A committee member asked how we account for the increasing difficulty of forecasting. Linda concurred that forecasting is becoming more difficult and offered that through probability analysis and risk analysis we can inform the decision-making process.

The goal is to come up with a set of forecasts and an analysis of their likelihood that we can use to plan facility requirements.

When examining the 1999 forecast and comparing it against actual numbers a question was raised about what happened in 2005 to flatten the trajectory of growth? Some of the change could be described by fuel costs, SAR's and other factors.

How will the forecast process account for lost capacity in air cargo (Korean, Delta)? Isn't there an environmental cost to shipping commodities via surface transportation modes when those items could be agglomerated and shipped by air?

The analysis of air cargo tonnage does not capture the full quantity of cargo shipped. A significant volume of cargo that could be shipped by air has moved to modes.

The committee had a lengthy discussion regarding air cargo, leakage to other modes and how cargo in general would be captured in the forecast. The committee will do additional research on the subject of air cargo looking into the composition of the air cargo market (integrated vs. belly, international vs. domestic) in an effort to break down cargo into meaningful pieces that can be considered in the forecast.

How does cargo demand differ from passenger demand?

Connect Oregon is a state funding program that has made investments to improve air cargo facilities at a number of state airports. Can we consider the effect of these types of investments on how cargo is moved?

Why do we care about cargo?

1) It is part of the Master Plan, part of the land base and facilities that make up the airport.

2) Cargo operations often occur at night and may present some noise management issues.

Check to make sure numbers on enplaned and deplaned passengers reflect all passengers including complementary tickets not just the paid seats.

Will we consider changes in fleet mix? The example discussed was the proposed change from Dash 8's to the Q400 by Horizon.

Geoff Gosling described the TAF and how the FAA starts with a national forecast and then allocates to regions and then airports. As such, the TAF is not able to explore the range of details that will be considered for an airport specific forecast.

The committee discussed the consequences of having a "bad" forecast. The general answer relates to the importance of maintaining flexibility in the Master Plan so that we can respond to unexpected changes.

How will we consider "soft costs" in the forecasting process? (i.e., health care issues, quality of life issues, SARS, war, security, consumer confidence)

What is Metro's time line for forecasts and will we be able to coordinate the Metro forecast with the aviation demand forecast. The answer was yes, Metro does forecasts out to 2060 and 2035 is no problem.

At the next meeting the subcommittee will select a chair.

The next meeting is scheduled for December 12, 2007 at the Port of Portland building.