

**PAG Forecast Subcommittee #5  
Meeting Notes**

Meeting Date	<b>04/08/08 2:00 – 4:00 p.m.</b>
Meeting Location	<b>Port of Portland Building – Conference Room 5 East</b>
Attendance	Fred Stovel Stuart Mathew John Weigant Brian Nelson Stan Allison Dennis Yee Dennis Mulvihill Cam Williams Jim Edelson Bob Eaton Pia Welch
Staff	Jay Sugnet Sean Loughran Chris Corich Bronwyn Buckle Tad Jones  C.F. Booth Linda Perry
Consultants	Sam Imperati

Dennis Mulvihill, Subcommittee Chair, opened the meeting.

Following introductions Dennis reviewed the meeting's agenda and staff announced that a meeting summary was not prepared yet for the last meeting. Meeting summaries for the February and April meetings will be circulated as soon as possible.

Linda provided a presentation of the final passenger, cargo, military and general aviation forecasts.. Linda emphasized the changes made since the last presentation, including questions raised by the PAG at the March meeting – in particular the price of oil.

Erwin stated that Europe is shying away from alternative fuels due to its impact on food prices and long term viability. He also sees the decline of the US\$ as having a significant impact on the price of oil.

Linda said there was a lot of confusion about the price of oil at the March PAG meeting. The difference between nominal dollars and 2006 dollars was one source of confusion, as well as, different prices being quoted. These issues are discussed further in the Price of Oil memo that was sent in advance of the meeting.

Erwin raised the issue of carbon taxes and their effectiveness on balancing the negative effects of air travel on the environment. He suggested that implementing a carbon tax would not necessarily decrease the negative impacts of air travel because some people will still fly, regardless of additional financial costs.

Erwin then shared a recent story of religious leaders in Europe encouraging their congregation to reduce their air travel because of the irreparable global impacts of fossil fuel consumption. He sees that a reduction in air travel in the future could be caused by the public's moral sense of responsibility to future generations. Linda agreed, but stated that it is difficult to quantify this potential impact in the forecast as there is no data to support it. Linda added that in many ways, the potential for the public's reluctance to fly, including viewing fossil fuel consumption as a sin, is reflected in the price of travel. Higher prices, including a carbon tax, would mean lower demand for air travel.

Erwin also asked why some flights are more expensive than comparable flights. Chris said that the airlines charge what people are willing to pay. Also, there is less competition in the east-west market compared to the north-south market which is why a ticket to the east coast is comparatively more expensive.

After discussing the new cargo forecasts, John asked why we did not use 2007 data. Linda responded that it is not yet available. She did review some preliminary data to confirm that there were no emerging trends that would significantly alter the forecast.

John asked about load factor and aircraft size over time. Specifically, are there policies to encourage belly cargo over cargo feeders to reduce the total number of operations? Linda talked about the shift to smaller aircraft on west coast routes reducing capacity in belly cargo. Also, the restructuring of the cargo industry to be more integrated with other modes of transport has influenced the cargo forecast.

John asked about exchange rates, specifically fewer Americans traveling abroad and more foreigners visiting the US and whether we can measure this impact? Linda said it is probably not significant, and that it may be explained by the other socio-economic indicators.

John suggested that it would be helpful to show general aviation operations over time for context. He also asked about the cost-benefit of additional general aviation. Chris talked about how PDX could not refuse a fixed-base operator (FBO) that wanted to come to PDX to serve general aviation, but that there are more attractive locations in the region.

Linda then discussed the sensitivity tests that were conducted on 25 issues and trends identified by the forecast subcommittee. She then discussed the first five **including oil prices, leakage to other airports, leakage to other transportation modes, video conferencing and airline mergers.** The concept

of leakage refers to when other nearby locations (e.g. Salem or Redmond) offer more commercial service and reduce the need to connect through PDX. Erwin stated in general that any economic event would have an impact on the forecast. It is difficult to factor everything in a forecast. He also mentioned specifically that leakage could cause an increase in operations at PDX if airlines reduce service in Salem and Redmond as a cost cutting measure.

John mentioned that an increase in video conferencing could increase costs for other non-business travelers, since the business market is more profitable.

Fred suggested that other potential technological advances may be considered in the forecast. For example, load factor could increase significantly with GPS and other technology if airlines could e-mail people nearby the airport that standby seats were available.

#### Discussion of Forecast Subcommittee Recommendation

Dennis asked the group for their sense of the forecast so far. John, Erwin, and Fred all supported the work so far.

Sam provided a process check and offered a simple proposal for the group to consider, asking the question "Was the Forecast process was done well?" Members present voted one with John and Erwin voting a 2.

Sam then asked what would make John and Erwin vote 1 instead of 2?

John restated his disagreement with using a flat number for both the military and general aviation. This implies that the forecast is reflecting a policy and not reality. John was comfortable knowing that the military will be discussed again in the alternatives analysis phase.

Secondly, John suggested an update of the forecast in 3 years time with any new data that is available. Chris stated that the Port is willing to review the forecast at a future point in time to see if we are tracking the forecast, or if it is discovered that our forecast is off-base. He could not commit to a complete update of the model. The group generally agreed to a revisit at some point in the future, possibly six months prior to adoption of the master plan and land use plan.

Pia suggested that the next forecast could be improved if we incorporate more cargo data. Starting earlier in the process would allow us to gather better data. The Port said this would be identified as a suggestion for future master planning processes.

Dennis Yee was asked when he would update the model. Dennis said Metro will have new data on population and income growth by the end of 2009.

The final recommendation of the Forecast Subcommittee to the PAG is as follows:

- A. The Forecast process was done well,

- B. Subcommittee comments and recommendations were considered and/or incorporated,
- C. Results are reasonable and should be adopted,
- D. Do a check-in at a point approximately six months before the end of the PAG process to see if any of the key variable used in the forecast have sufficiently changed that we should explore whether to re-run the model with the new information, and
- E. Develop a list of issues and what we have learned items from this process for use down the road in the next, post-PAG forecast.

No future meeting was scheduled. This meeting concludes the work of the forecast subcommittee. If desired by the PAG, the group may be reconvened.