

FOR COUNCIL MEETING OF:
AGENDA ITEM NO:

May 5, 2008
4.3 (b)

TO: MAYOR AND CITY COUNCIL
THROUGH: *Linda Norris*
LINDA NORRIS, CITY MANAGER PRO TEM
FROM: VICKIE HARDIN WOODS, DIRECTOR *VHW*
COMMUNITY DEVELOPMENT DEPARTMENT
SUBJECT: AUTHORIZATION TO FUND ADDITIONAL MARKETING ACTIVITIES
UNDER A CHAMBER OF COMMERCE MARKETING CONTRACT
AMENDMENT

ISSUE

Should City Council authorize additional funding from the Non-Departmental Division of the General Fund for marketing activities related to the Chamber of Commerce Air Service Marketing Contract amendment.

RECOMMENDATION

Approve additional funding in the amount of \$44,140 from the allocated Qwest reserve in the Non-Departmental Division of the General Fund for marketing activities related to the Chamber of Commerce Air Service Marketing Contract amendment.

BACKGROUND

In an effort to ensure that commercial air service remains a viable entity for the City of Salem, the City entered into a contract with the Chamber of Commerce to implement a marketing program on May 1, 2007. The Chamber's multifaceted marketing program includes print media, cable TV spots, billboard, radio and other "Fly Salem" travel advertising. The contract was first amended on June 28, 2007 to allow the continuance of the contract until June 30, 2008.

In March 2008, Mayor Taylor and other Salem leaders flew to Atlanta to meet with Delta. The primary focus of the meeting was to discuss the impact of high fares to and from Salem and the corresponding negative influence on load factors. In response to the visit, Delta has made a concerted effort to keep fares competitive with Portland fares. To support this effort, the City increased marketing efforts by amending the marketing contract a second time. The contract amendment made the remaining marketing budget funds available to the Chamber of Commerce prior to the start of the fourth quarter. This allowed

the Chamber to provide enhanced marketing activities during the third and fourth quarters of the fiscal year. There is currently no budget remaining. However, the concern still remains that enhanced marketing be maintained in response to Delta's reduction in fare structures. Continuing enhanced marketing requires a third amendment to the Marketing Contract and additional dollars allocated to fund these efforts.

FACTS AND FINDINGS

The Community Development Department has met with the Chamber of Commerce and other City Management to discuss the need to maintain the marketing momentum that is being accomplished in response to Delta's fare restructuring. There is agreement by all involved that that it is important to not only continue the marketing "blitz" that is taking place in the last quarter of the fiscal year, but to increase it as well. Staff recommends that the Marketing Contract be amended to allow the Chamber of Commerce to continue enhanced marketing efforts, and additional dollars be allocated to fund these efforts. The Budget Office has identified \$44,140 of the allocated Qwest reserves remaining in the Non-Departmental Division of the General Fund that would serve to fund this effort.

The Marketing Contract Amendment will also include an extension of the contract beyond June 30, 2007 to August 31, 2008,



Vickie Hardin Woods, Community Development Director