

TRADITIONAL TOURISM GRANT APPLICATION COVER PAGE

Grant Cycle: Fall 2016

Title of Project: Air Service Marketing Campaign

Funds Requested: \$25,000.00

Organization Applying: Crater Lake – Klamath Regional Airport

Contact Person: Linda Tepper, Airport Business Manager

Phone Number: 541-883-5372

Email Address: ltepper@flykfalls.com

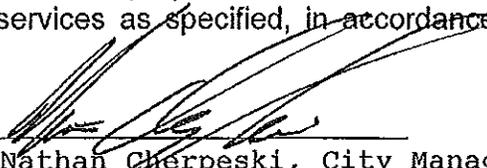
Mailing Address: 6775 Arnold Avenue, Klamath Falls, OR 97603

Web Site Address: www.flykfalls.com

Brief Description of Project including date, time and location:

Grant funds will be utilized to raise awareness of the convenience of PenAir flights to Klamath Falls and promote reasons to visit Klamath County. This will be done through full page ads in the Alaska/Horizon Air inflight magazines for the months of February, March and April and a digital marketing campaign targeting the Portland metro area for January through April.

The undersigned, as proposer, declares that he/she has carefully examined the requirements of the Klamath County Tourism Grant Application packet and agrees, if the application is funded, that proposer will enter into an agreement with Klamath County to furnish the services as specified, in accordance with the grant application attached.

Signature of Applicant  Date 10-31-16

Nathan Cherpeski, City Manager

If the applicant is requesting funds on behalf of another organization, the application must be approved by that organization.

Signature of Organization _____ Date _____

TRADITIONAL TOURISM GRANT APPLICATION QUESTIONS

PROJECT DESCRIPTION

1. *Provide a detailed description of the project and activities.*

Grant funds will be utilized to fund both a three month print campaign in the Alaska and Horizon inflight magazines and a four month digital campaign.

The print campaign in the Alaska and Horizon inflight magazines will be full page ads with a different target audience and message each month. The purpose of the ads is to promote the greater Klamath Falls area and thus the reasons business or leisure passengers may have to utilize PenAir flights to and from the Crater Lake – Klamath Regional Airport. To attract the business traveler, ads may feature such organizations as OIT, KCC, KCEDA or Sky Lakes Medical Center. To attract leisure traveler, ads may feature such attractions as various resorts located in Klamath County, the Crater Lake National Park or opportunities for hiking, birding or biking. Along with promoting the local area, the ads will focus on the reasons utilizing the Crater Lake – Klamath Regional Airport is the best means of accessing the area.

The digital campaign will focus on the Portland Metro area by targeting specific zip codes. The primary objective will be to promote the PenAir service and the Crater Lake – Klamath Regional Airport as a convenient and cost effective method of getting to and from Klamath Falls whether for business or leisure purposes.

PROJECT GOALS

2. *How many out of county visitors do you expect to attract to the project? How will you track the number of out of county visitors versus the number of locals?*

The Crater Lake – Klamath Regional Airport provides the facilities (airport) which PenAir utilizes to provide a service (transportation). The community has been without commercial flights for over two years and thus is practically starting from scratch in terms of passenger demographics. The last analysis that was done in 2012 showed that 68% of passengers originated their trips at Klamath Falls. This is a high origination percentage for a market of our size indicating that inbound travelers are using alternative airports to reach our community. The goal of the marketing campaign is to lower this percentage to 50% and equalize those passengers originating outside versus inside Klamath County.

While it is easy for the Airport to track the number of passengers that utilize the facilities it can be difficult to track specific information about the passengers as much of that information is proprietary to PenAir (such as passenger zip codes). The Airport does receive information on the number of total passengers per month arriving and departing from our airport which can be compared to historical information as a means of gauging the PenAir service. The Airport is exploring with PenAir the possibility of sharing some general passenger

information (such as zip codes) that would allow for a better analysis of our customer base. The Airport will also be conducting periodic surveys of passengers to collect such information as zip codes, reason for visit and length of stay.

3. *How are you planning on extending the out of county visitor's length of stay? How will you encourage early arrival and late departure? How will you track the number of extra days?*

This will be difficult to track as we are marketing a means of accessing the community and not a specific event or venue. Our goal is to increase visits to the community by making it easier for potential visitors to get here.

QUALIFICATIONS OF APPLICANT

4. *Describe your organization/project management team. How are these individuals qualified to lead this project?*

Marketing efforts for the Airport are led by Business Manager Linda Tepper who has over 20 years of experience in project management and marketing for the Crater Lake – Klamath Regional Airport. She has established a strong working relationship with PenAir's marketing staff which allows for close monitoring of the correlation between local marketing efforts and PenAir ticket purchases. Outside of her position with the Airport, Linda has extensively helped organize the annual Kruse of Klamath for the past eleven years serving as the primary marketing person for the event.

The Airport has a strong partnership with Discover Klamath who has served as the County's official Tourism Agency since early 2009. Lodging tax collections have increased from (approximately) \$1.2MM annually in 2008 to (approximately) \$2.0MM annually in 2016 (which is an 8.4% annual compounded growth rate in tourism). It would be fair to say that the Discover Klamath Board and staff, its strategies and tactical programs, have contributed to the growth of tourism in the Klamath region.

5. *Describe your team's experience in operating past or similar projects.*

The Crater Lake - Klamath Regional Airport has extensive experience managing grants at the County, State and Federal levels. The Airport has received, and successfully executed in the past, Klamath County Tourism grants, State *ConnectOregon* grants and on an annual basis Federal Aviation Administration Airport Improvement Program grants.

Specifically, the Airport and Discover Klamath successfully planned, implemented and executed an Air Service Marketing Campaign for the new PenAir air service utilizing \$75,000 in funds from a Small Community Air Service Development Program grant. At the time PenAir began service on October 5th

this marketing campaign resulted in over 2000 tickets sold for the first 150 days of PenAir's service – the highest amount PenAir has ever seen for a new route.

One of the primary components of this "launch period" marketing plan was the use of ads in the August, September and October issues of the Alaska/Horizon inflight magazines. These magazines reach a large audience in our target demographics and have been proven to be an effective marketing medium that we will continue to use.

PROJECT PLAN

6. *How will you give credit to Klamath County for its support in our event or project?*

Klamath County's logo (with permission) will be included in the ads placed in the Alaska/Horizon inflight magazines along with the wording "This ad funded in part by a Klamath County Tourism Grant".

7. *Provide a detailed timeline of your marketing efforts leading up to the event or project.*

Alaska/Horizon Inflight Magazines

Nov 23 2016	Notice of grant award
Nov 23 2016 to Dec 10 2016	Develop creative for February issue
Dec 15 2016	Submit ad for February issue
Dec 16 2016 to Jan 10 2017	Develop creative for March issue
Jan 15 2017	Submit ad for March issue
Jan 16 2017 to Feb 10 2017	Develop creative for April issue
Feb 15 2017	Submit ad for April issue

Digital campaign

Nov 23 2016	Notice of grant award
Nov 23 2016 to Dec 20 2016	Develop creative for digital campaign
Jan 1 2017 to April 30 2017	Run digital campaign

8. *Describe your target market/audience.*

Our target audience is that group of people primarily from the Pacific Northwest that are interested in visiting Klamath Falls for either business or leisure pursuits. They value the convenience and time effectiveness of being able to get to Klamath Falls directly via commercial flights as opposed to driving.

Business travelers may be those with existing relationships with one of the major employers in Klamath County (OIT, Sky Lakes Medical Center, or the government) or perhaps drawn to Klamath by the area's potential as a result of economic development efforts from local agencies like KCEDA.

Leisure travelers may be those with ties to the community (such as family members that reside in the area or students at OIT) or those looking to

experience the many sights and activities that Klamath County has to offer (such as Crater Lake National Park, birding, biking, and resorts).

9. *Describe specifically how you will market the project to out of county visitors.*

Grant funds will be utilized to fund both a three month print campaign in the Alaska and Horizon Air inflight magazines and a four month digital campaign.

The Alaska inflight magazine covers 1.88 million passengers on 16,950 flights monthly to 85 destinations across the United States and Mexico. Major hubs include Seattle, Portland, Los Angeles, San Francisco and Anchorage with an average length of flight at just under three hours.

The Horizon inflight magazine covers 640,000 passengers on 11,280 flights monthly to 45 destinations in the western United States. Major hubs include Seattle, Portland, Los Angeles and San Francisco with an average flight at just over one hour.

The digital campaign will be targeted to the greater Portland Metro area by use of zip codes.

Both the inflight magazine ads and the digital campaign will promote Klamath County and the convenience of using the Crater Lake – Klamath Regional Airport.

10. *How will you measure attendance in drawing out of county visitors to the project? Examples: Hotel Rate Code, Ticket Sales, Trail Counts. (Be specific)*

The effectiveness of the marketing campaign will be measured by the increase in reservations in PenAir's system for the period of January 1, 2017 through June 30, 2017. Furthermore, if possible, an analysis of reservations by zip code will be conducted at the beginning of the period to determine how many are in county versus out of county. A follow up analysis at the end of the period will provide data on the success of increasing out of county visits via PenAir's flights to Klamath Falls.

11. *If your project is already underway, explain how this award will increase your likelihood of success.*

Efforts to market the new air service provided by PenAir has been ongoing since their announcement in late June 2016 that they were beginning flights on October 5th. The Airport utilized \$75,000 in funds from a Small Community Air Service Development Program (SCASDP) grant to implement an intensive marketing campaign during the "launch" period of July 1, 2016 to October 31, 2016.

It is expected that extensive marketing will be need to be continued for the first year of PenAir's service to firmly establish the success of flights for PenAir. This continued marketing has been broken into two periods, Sustaining Period I from November 1, 2016 to June 30, 2017 and Sustaining Period II from July 1, 2017 to December 31, 2017. The Airport is currently seeking funding from outside agencies to augment our limited marketing budget for Sustaining Period I. Funding from the Klamath County Tourism Grant Program will allow the Airport to achieve the level of marketing needed to effectively impact the number of out of county passengers on PenAir flights.

12. *Describe any in-kind, barter, volunteer labor or discounted services you expect to receive in support of this project. Volunteer labor hours will be valued at \$10.00 per hour for purposes of completing the budget form.*

As a result of our continued ad purchases with Paradigm Communications Group, who publishes the Alaska and Horizon Air magazines, the Airport has been able to negotiate a reduced ad rate for this potential campaign. A normal full page ad rate would have been \$9,724 but Paradigm has quoted a rate of \$8,750 for the campaign planned for Sustaining Period I.

13. *List your potential sponsors and partners and how they contribute to the event or project.*

Discover Klamath is a partner with the Crater Lake – Klamath Regional Airport assisting with the cash match and in developing creative content. It is also expected that each ad in the marketing campaign will feature one to two businesses/attractions (for example the Running Y Resort, Crater Lake Zipline, OIT). These entities will also be financial partners to the campaign. These partners have been tentatively identified and firm commitments will be obtained if the Airport is successful in receiving a grant.

14. *If this is an annual event or ongoing project, identify your marketing network and how it contributes to or enhances your success.*

Marketing of the new PenAir air service is an ongoing effort that began in July 2016. We have a well-established relationship with Discover Klamath that allows us to closely tie our marketing efforts to those objectives that they have in increasing overall visitors to our area. In addition, through the initial "launch period" of air service marketing that has already been executed we have established an effective partnership with Paradigm Communications through previous ad purchases. This has allowed us to negotiate better rates and ad placement for future marketing campaigns.

15. *If your organization is not awarded full funding, how would you modify your plans?*

If not awarded full funding, our marketing plan can be modified by (1) eliminating or reducing the digital campaign, (2) reducing the size of the Alaska/Horizon inflight ads and/or (3) reducing the frequency of the ads.

**Klamath County Tourism Grant Application
Project Budget**

	Committed	Pending	Total	Actual	Comments/Explanations
INCOME					
Tourism Grant Request	25,000.00				
Cash Revenues -					
Source: Airport	3,750.00				
Source: Discover Klamath	3,750.00				
Source:					
Total Cash Revenues	7,500.00	-	-	-	
In-Kind Revenues:					
Source:					
Source:					
Source:					
Total In-Kind Revenues	-	-	-	-	
Total Revenue	32,500.00	-	-	-	
EXPENSES					
Cash Expenses -					
Personnel costs					
Marketing costs	32,500.00				
Rentals					
Supplies					
Other:	-	-	-	-	
Other:					
Other:					
Other:					
Total Cash Expenses	32,500.00	-	-	-	
In-Kind Expenses					
Labor					
Marketing costs					
Other:					
Total In-Kind Expenses	-	-	-	-	
Total Expenses	32,500.00	-	-	-	
Net Income<Expense>	0.00	-	-	-	

NOTES

Be as specific as possible; provide explanation to help clarify budget items
 Use the "Actual" column when preparing your final report; submit this form with the final report
 Use additional space or lines if necessary to provide complete information
 Value all volunteer labor at \$10.00 per hour for in-kind revenues and expenses.

**Klamath County Tourism Grant Application
Marketing Budget Form**

	Committed	Pending	Total	Actual	Comments/Explanations
CASH INCOME					
Tourism Grant Request	25,000.00				
Other Sources	7,500.00				
Total Revenue	32,500.00	-	-	-	
CASH EXPENSES					
Advertising					
Print	26,250.00				3 full page ads @ \$8750 in Alaksa/Horizon inflight magazines the months of Feb/Mar/Apr
Web					
Other Internet	5,000.00				Digital targeting campaign
Other					
Total Advertising	31,250.00	-	-	-	
Printing					
Postage					
Misc/Other (Explanation Req'd):					
Other: Design	1,250.00				Ad design expenses
Other:					
Other:					
Other:					
Total Miscellaneous/Other	1,250.00	-	-	-	
Total Expenses	32,500.00	-	-	-	
Net Income<Expense>	0.00	-	-	-	

NOTES

- Do not include any non-cash items as they are not eligible in determining the matching contribution requirement.
- Be as specific as possible; provide explanation to help clarify budget items
- Use the "Actual" column when preparing your final report; submit this form with the final report
- Use additional space or lines if necessary to provide complete information
- Value all volunteer labor at \$10.00 per hour for in-kind revenues and expenses.

avis budget group

October 28, 2016

Klamath County Finance
Tourism Traditional Grant Program
305 Main St.
Klamath Falls, OR 97601

RE: Letter of support for Crater Lake – Klamath Regional Airport Grant Application

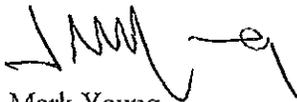
To Whom It May Concern:

Please accept this letter on behalf of Avis/Budget Car Rental in support of the Crater Lake – Klamath Regional Airport’s grant application to the Klamath County Tourism Traditional Grant Program. The Airport’s application for funds to be used to market the new air service being provided by PenAir has my support for funding.

Air service brings additional visitors to town resulting in increased business for the hospitality sector such as rental car agencies like Avis/Budget. These visitors bring “new” dollars that are then spent throughout the community to many other local businesses contributing many times over to the economic health of the community.

The successful launch and establishment of air service by PenAir is something that the entire community should be invested in as it pays dividends to everyone. Utilizing grant program funds to continue to advertise the PenAir service is an excellent use of funds that would benefit the entire community.

Sincerely,



Mark Young
Local Area Manager

Board of Directors

Todd Andres

PacificCorp

Dan Keppen

Dan Keppen & Associates, Inc

Rachael Spoon

State Farm Insurance

Randy Shaw

Coldwell Banker/Holman Premier Realty

Jason Chapman

Chapman Ranch

George Ormsbee

Cal-Ore Communications

Mark Doble

Herald & News

Maggie Polson

Cascada Comprehensive Care

Col. Wes French

173d Fighter Wing, Kingsley Field

Tessa Gutierrez

Soroptimist

Harry Mauch

Party Time/Power Pac Rentals

Sergio Cisneros

Sergio's Restaurant

Jennifer Scanlan

Umpqua Bank

Janet Buckalew

Pacific Crest FCU

Dr. Roberto Gutierrez

Klamath Community College

Brian Gailey

Gailey Photography

Dan Peterson

Oregon Tech

Tracy Brunner

OSU Extension Service

Jillian Stork

Express Employment Professionals

Ex Officio Members

City of Klamath Falls

Klamath County

KCEDA

Oregon Institute of Technology

Klamath Community College

KUHS DECA

Staff

Heather Tramp

Interim Executive Director

John Massie

Member Outreach

Joyce Jordan

Office Coordinator

Chrystal Vaughan

Office Assistant

205 Riverside Drive Ste A

Klamath Falls, OR 97601

Phone: (541) 884-5193

Fax: (541) 884-5195

www.klamath.org



Klamath County CHAMBER OF COMMERCE

Lead. Connect. Advocate.

October 27, 2016

Klamath County Finance
Tourism Traditional Grant Program
305 Main St.
Klamath Falls, OR 97601

RE: Letter of support for Crater Lake – Klamath Regional Airport Grant Application

To Whom It May Concern:

Please accept this letter on behalf of the Klamath County Chamber of Commerce in support of the Crater Lake – Klamath Regional Airport's grant application to the Klamath County Tourism Traditional Grant Program. The Airport's application for funds to be used to market the new air service being provided by PenAir has our support for funding.

The Klamath County Chamber of Commerce is committed to the economic vitality and livability of the area. The Chamber represents over 500 businesses located in or near Klamath County and for many of them air service is a critical component of their success.

Air service brings additional visitors to town resulting in increased business for the hospitality sector and other associated industries like rental car agencies. These visitors bring "new" dollars that are then spent throughout the community to many other local businesses contributing many times over to the economic health of the community.

Air service makes it easier for professionals such as physicians, lawyers, finance professionals, architects and engineers to gain access to necessary continuing education classes or specific training – most of which occur outside of Klamath Falls. These professionals are critical to a thriving community and having convenient air service goes a long way in recruiting and retaining them to/in Klamath Falls.

The successful launch and establishment of air service by PenAir is something that the entire community should be invested in as it pays dividends to everyone. Utilizing grant program funds to advertise this new service through the Alaska Air/Horizon Air inflight magazines would be an excellent use of funds that would benefit the entire community.

Sincerely,

Heather Tramp
Interim Executive Director
Klamath County Chamber of Commerce
(541) 884-5193
heathert@klamath.org

"The Klamath County Chamber of Commerce is committed to Klamath County by advancing its economic vitality and quality of life through the education, promotion and networking of our members"



October 27, 2016

Klamath County Finance
Tourism Traditional Grant Program
305 Main St.
Klamath Falls, OR 97601

RE: Letter of support for Crater Lake – Klamath Regional Airport Grant Application

To Whom It May Concern:

Please accept this letter on behalf of PenAir in support of the Crater Lake – Klamath Regional Airport's grant application to the Klamath County Tourism Traditional Grant Program. The Airport's application for funds to be used to market the new service being provided by PenAir has our full support for funding.

Starting new air service routes as you might imagine requires a great deal of financial investment by an airline. Equipment, personnel and supplies must all be put in place before service can begin. Unfortunately funding is not available at the levels we would like during this startup phase for marketing making it difficult to truly brand our product in the manner needed.

In the last fourteen months, PenAir has established service to five cities on the West coast from its Portland hub and five cities in the mid-West from its Denver hub. We greatly value the efforts of airports such as the Crater Lake – Klamath Regional Airport that provide marketing for their local PenAir flights. The difference it makes in the long term success of the new service cannot be overstated.

Due to the Airport's initial marketing efforts to promote the new PenAir flights there were over 2000 reservations in our system by the start of service on October 5th – the largest we have ever had for any single new route. Continued marketing will be essential for ensuring the long term success, and hopefully growth, of the service that we provide to the community of Klamath Falls.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Roberts", with a long horizontal flourish extending to the right.

Melissa (Missy) Roberts
VP Sales & Marketing