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JUL 28 2016

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MEMORANDUM **Economic Development - Council Memo No. ED17-001**

DATE: JULY 28, 2016

TO: MAYOR AND CITY COUNCIL

THRU: MARSHA REED, CITY MANAGER mr
MICAH MIRANDA, ECONOMIC DEVELOPMENT DIRECTOR MM

FROM: KIMBERLY JANES, TOURISM DEVELOPMENT COORDINATOR KJ

SUBJECT: SUNNY ARIZONA MARKETING CAMPAIGN AND AGREEMENT WITH THE TEMPE TOURISM OFFICE

RECOMMENDATION: Staff recommends City Council approve the proposed joint marketing agreement with the Tempe Tourism Office (TTO) to continue the Sunny Arizona marketing campaign to promote the City of Chandler and the City of Tempe as a single destination and to be largely funded by the Proposition 302 Maricopa County Grant and authorize the City Manager to sign the Agreement and related documents as approved by the City Attorney.

BACKGROUND/DISCUSSION: For the past twelve years, Staff has collaborated with the TTO on the development of a regional, multi-layered marketing campaign branded as Sunny Arizona. This campaign promotes the two communities as a preferred destination to American Automobile Association (AAA) and Canadian Automobile Association (CAA) members and travel agents in key feeder markets. The joint partnership with the TTO has provided an opportunity to leverage limited marketing dollars and focus promotional activities to individuals who are more likely to visit the metro-Phoenix area and looking for warm climate vacation destinations.

City Staff and the TTO have finalized their FY17 program of work to include 15 print advertisements in AAA member publications, three digital sponsorships, an updated Sunny Arizona Family Guide, participation in three trade shows, a dedicated sales mission, two familiarization trips for travel agents and media, postage for bulk mailings, a joint website presence and media support for hosting journalists on assignment to cover Sunny Arizona. The anticipated total for the FY17 campaign is $120,000 and would be split equally between the two communities, for a total of $60,000, per organization, not including travel expenses for the sales missions, trade shows, and costs associated with hosting media for familiarization visits to Sunny Arizona.

The TTO manages a checking account, separate from TTO accounts, in the name of Sunny Arizona from which all payments are issued for the joint marketing campaign. This account was opened when Sunny Arizona was initially launched by the participating communities in 2003 and found to be an efficient way of managing the program. All partners pay their share and expenses are monitored by all partners, while invoices and payments are facilitated by the TTO upon mutual agreement. The account is audited by the TTO.

Proposition 302 Maricopa County Grant, passed in November of 2000, is available to destination marketing organizations within Maricopa County and is administered by the Arizona Office of Tourism. The purpose of this grant program is to provide funding for new and expanded tourism marketing activities such as advertising, public relations and travel industry marketing, where the primary function of the project must be tourism promotion. Tourism promotion is defined as the intent to drive overnight visitation to a respective community.

FINANCIAL IMPLICATIONS: For the bulk of this campaign, the City of Chandler would utilize Maricopa County Prop 302 Grants for all the expenses identified on the attached Excel spreadsheet, for a sum of $60,000. Travel expenses, and expenses not identified on this sheet, would be covered by Chandler's Tourism's Operating budget, solely for Chandler's portion.

PROPOSED MOTION: Move City Council approve the joint marketing agreement with the Tempe Tourism Office (TTO) to continue the Sunny Arizona marketing campaign to promote the City of Chandler and the City of Tempe as a single destination and to be largely funded by the Proposition 302 Maricopa County Grant and authorize the City Manager to sign the Agreement and related documents as approved by the City Attorney.

ATTACHMENTS: Sunny Arizona Agreement with the Tempe Tourism Office
FY2017 Sunny Arizona Marketing Budget

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made and entered into this ____ day of _____, 2016 by and between the City of Chandler, Chandler, Arizona ("the CITY") and the Tempe Tourism Office, a non-profit organization ("TTO").

RECITALS:

WHEREAS, TTO is a non-profit organization devoted to marketing Tempe, Arizona to promote the City of Tempe as a desirable leisure and business travel destination.

WHEREAS, TTO's staff provides information to visitors, media professionals and meeting planners about Tempe hotels, restaurants, entertainment and local points of interest, and

WHEREAS, the CITY and TTO wish to form a joint marketing partnership to leverage limited dollars and resources through a marketing partnership focused on promoting the City of Chandler and the City of Tempe as a single destination referred to as "Sunny Arizona", and

WHEREAS, thru the Sunny Arizona marketing campaign the CITY through its Economic Development Division, and TTO will target AAA/CAA members and travel agents throughout the United States and Canada via a multi-level marketing campaign, and

WHEREAS, this marketing campaign will include print advertising, digital marketing, brochure development, exhibition and attendance at select trade shows, sales missions to AAA/CAA agencies as well as direct media, consumer and trade outreach, and

WHEREAS, CITY staff from the City of Chandler Economic Development and Division and the Tempe Tourism Office have finalized the FY17 program of work, and

WHEREAS, the program of work shall include print advertising, an updated Sunny Arizona Family Guide, participation in three trade shows, at least one dedicated sales mission, postage for bulk mailings, and

WHEREAS, the anticipated total for the FY17 campaign is $120,000 which will be split equally between the CITY and TTO.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this MOU, TTO and the CTIY (the parties) agree as follows:

1. TTO Responsibilities

1.1 Shared responsibility with CITY for creating media plan and the development and implementation of scheduled program of work for the Sunny Arizona campaign on a fiscal year basis.

1.2 Shared responsibility with CITY for creating ads and collateral through a third party design firm.

1.3 Submit signed insertion orders and trade show contracts upon mutual agreement with CITY.

1.4 Receive and process invoices for payment to include advertising, trade show registrations, fulfillment, postage, third party vendors, website maintenance and familiarization tour costs.

1.5 Maintain separate checking account from the TTO that is used only for Sunny Arizona related expenses.

1.6 Provides back up documentation for the program of work to include invoices, tear sheets, proof of implementation along with cleared checks for all work completed during the fiscal year.

1.7 Provides CITY a monthly update of expenses.

1.8 TTO's accountant provides a monthly cash flow account for the Sunny Arizona account.

1.9 TTO shall contribute $60,000.00 to the Sunny Arizona regional marketing campaign in addition to personal travel expenses for representative's attendance at trade shows and sales missions and familiarization tour expenses.

2. CITY Responsibilities.

2.1 Shared responsibility with TTO for creating media plan and the development and implementation of scheduled program of work for the Sunny Arizona campaign on a fiscal year basis.

2.2 Shared responsibility with TTO for creating ads and collateral through a third party design firm.

2.3 CITY shall contribute $60,000.00 to the Sunny Arizona regional marketing campaign in addition to personal travel expenses for representative's attendance at trade shows and sales missions and familiarization tour expenses.

3. Term.

3.1 Commencement and Expiration. This MOU will commence upon execution of the parties and expire on July 1, 2017.

3.2 Early Termination. Either party may terminate this MOU at their convenience after providing thirty (30) days written notice. Either party may terminate this MOU early for the failure to comply with the terms of this MOU.

4. Notice. All notices or demand required to be given pursuant to this MOU will be given to the other party in writing, delivered by hand or registered or certified mail, at the address et forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed herein.

In case of TTO:
Stephanie Nowack
Tempe Tourism Office
222 South Mill Avenue, Suite 120
Tempe, AZ 85281

In case of CITY:
_____
_____
_____
_____

5. Indemnification.

5.1 Each Party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other Party (as "indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees, hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

5.2 The provisions of this section 6.0 shall survive termination of this MOU.

6. Miscellaneous.

6.1 Entire Agreement. This MOU constitutes the entire understanding of the parties and no representations or agreements, oral or written, made prior to its execution shall vary or modify the terms herein.

6.2 Amendments. Any amendment to or variation from the terms of this MOU shall be in writing and shall become effective only after approval of both parties.

6.3 Cancellation. Each party acknowledges that the other has the right as provided in A.R.S. Section 38-511 to cancel this MOU if, while this MOU or any extension is in effect, any person significantly involved in negotiating, drafting or securing this MOU on behalf of a party is (i) an employee or agent of the other party in any capacity, or (ii) a consultant to the other party with respect to the subject matter of this MOU.

6.4 Governing Law. This MOU is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

6.5 Severability. If any provision of this MOU is declared invalid, or illegal or unenforceable, that provision shall be severed from the MOU, and the remaining provisions shall otherwise remain in full force and effect.

6.6 Headings. The headings used in this MOU are inserted for reference purposes only and do not affect the interpretation of the terms and conditions hereof.

6.7 Good Standing Authority. Each of the parties represents and warrants to the other that it is duly formed and validly existing under the law of Arizona and that the individual(s) executing this MOU on behalf of their respective party is authorized and empowered to bind the party on whose behalf each such individual is signing.

6.8 Independent Contractor. TTO is an independent contractor under the MOU. The MOU does not create a principal/agent relationship between the parties and neither party is hereby authorized to incur costs, expenses or other obligations on behalf of the other party.

IN WITNESS WHEREOF, the parties have executed this MOU by signing their names on the day and date first written above.

CITY OF CHANDLER
An Arizona Municipal Corporation

By _____
City Manager/designee

ATTEST:

_____

TEMPE TOURISM OFFICE
A non-profit corporation
Tempe, Arizona

By: Stephanie Nowak
Its: President & CEO

City Clerk

APPROVED AS TO FORM:

City Attorney

Sunny AZ - 16-17

Advertising- Print Placement/ Production (magazine, newspaper) & Brochures		Amount Budgeted	Amount Spent
1st Insertion			
AAA VIA (1/3P4C) - Circ: 2,630,000 (Northern CA +NV+UT)	Oct	$9,353.00	
AAA Living (1/2P4C with 1/2P Advertorial - Circ: 557,330 (Chicago Area)	Nov/Dec	$9,722.00	$0.00
AAA Home & Away (1/3P4C) - Circ: 457,100 (Columbus area)	Nov/Dec	$4,190.00	
AAA Live/Play (1/3P4C) - Circ 123,000 (Minneapolis area)	Nov/Dec	$1,890.00	
AAA Living (1/2P4C) - Circ: 364,330 (Wisconsin)	Nov/Dec	$6,824.00	
AAA Journey (1/3P4C) - Circ: 657,910 (Washington)	Nov/Dec	$3,605.00	
AAA VIA - e-Newsletter with banner/link - Circ: 1,000,000 (Value Added)	Dec	$0.00	
AAA Journey - E-Newsletter placement - Circ: 130,000 - Value Added	Dec	$0.00	
2nd Insertion			
AAA VIA (1/3P4C) - Circ: 2,630,000 (Northern CA +NV+UT)	Jan	$9,353.00	
AAA Living (1/3P4C - AZ co-op) - Circ: 557,330 (Chicago Area)	Jan/Feb	$4,085.00	$0.00
AAA Home & Away (1/3P4C) - Circ: 457,100 (Columbus area)	Jan/Feb	$4,190.00	
AAA Live/Play (1/3P4C) - Circ 123,000 (Minneapolis area)	Jan/Feb	$1,890.00	$0.00
AAA Living (1/2P4C) - Circ: 364,330 (Wisconsin)	Jan/Feb	$5,010.00	
AAA Journey (1/3P4C) - Circ: 657,910 (Washington)	Jan/Feb	$3,605.00	
AAA Westways (1/3P4C) - Circ: 4,210,000	Jan/Feb	$11,365.00	$0.00
AAA Journey - E-Newsletter placement - Circ: 130,000 - Value Added	Jan	$0.00	
3rd Insertion			
AAA Westways (1/3P4C) - Circ: 4,210,000	Mar/Apr	$11,365.00	
AAA Westways (1/4P4C+ 1/4PAdvertorial) - Circ: 4,210,000 (Value ADded - Visit Phx Insert-2017)	Jun-17	$0.00	
Constant Contact	(Aug)	$400.00	$0.00
SUBTOTAL ADVERTISING - PRINT/ PRODUCTION		$86,847.00	$0.00
Brochure/ Direct Mail Production/ E-blasts			
Sunny Family Guide - Design		$1,500.00	$0.00
Sunny Family Guide - Print		$3,800.00	
Print ad - resizing costs		$2,000.00	$0.00
Postcard to promote the FAM (print for 2017 season		$200.00	
SUBTOTAL BROCHURE/DIRECT MAIL PRODUCTION		$7,500.00	$0.00
Website Development			
Sunny Arizona Website Hosting - Annual Hosting Fee - WIX.com	(Aug)	$150.00	$0.00
Sunny Arizona Website - 123 Contact Form - Annual fee - 123contacts.com	(Aug)	$150.00	$0.00
Sunny Arizona Website - update existing with more robust look	(Aug)	$1,500.00	
SUBTOTAL WEBSITE DEVELOPMENT		$1,800.00	$0.00
Travel Agent FAM / Tradeshows / Sales Missions			
FALL - Sunny AZ Trade FAM - Ground Transportation	(Dec)	$4,613.47	
FALL - Sunny AZ Trade FAM - Ground Transportation - airport transfers	(Dec)	$800.00	$0.00
CONSUMER SHOWS - Travel & Adventure - 10x10 corner - Chicago - Jan 21-22, 2017	(July)	$3,470.00	
CONSUMER SHOWS - Travel & Adventure - 10x10 corner - Los Angeles -Feb 18-19, 2017	(July)	$3,470.00	
CONSUMER SHOWS - Travel & Adventure - Booth related / shipping - LA -Feb 18-19, 2017	(July)	$3,000.00	
CONSUMER SHOWS - Travel & Adventure - Booth Related / shipping - Feb 18-19, 2017	(July)	$3,000.00	
Family Travel Summit - TBD - Oct 2017 ($650 x 2 ppl) - membership	(July)	$1,300.00	
Sales Mission - Ohio- August 2016 - Gift Card for appt follow-up	(Aug)	$2,500.00	
SUBTOTAL TRAVEL AGENT FAM/ TRADESHOWS		$22,153.47	$0.00
Fulfillment - Packet stuffing and delivery			
		$7,000.00	
Superstition Mailing #1	(July)		$0.00
Superstition Mailing #2	(Aug)		$0.00
SUBTOTAL FULFILLMENT		$7,000.00	$0.00

Fulfillment Envelopes			
Envelopes- 9x12 with Indeicia (US and Canada w/o indeicia)	(Feb)	$1,500.00	
Letter printing - fulfillment and Travel agent mailings	(Feb)	$1,000.00	
SUBTOTAL FULFILLMENT ENVELOPES		$2,500.00	$0.00
Postage			
US Postal Service Mailing #1		$7,973.00	
US Postal Service Mailing #2	(Aug)		$0.00
SUBTOTAL POSTAGE		$7,973.00	$0.00
Bank Charges & Other expenses			
Bank Fees	(July)	$40.00	
SUBTOTAL BANK CHARGES		$40.00	$0.00
TOTAL EXPENSES		**$135,813.47**	$0.00
Income			
Funds carried over from FY15-16	(July)	$14,713.47	$0.00
Tempe Tourism Office - Payment #1	(July)	$5,000.00	$0.00
Tempe Tourism Office - Payment #2	(July)	$5,000.00	$0.00
Tempe Tourism Office - Payment #3	(Sept)	$5,000.00	$0.00
Tempe Tourism Office - Payment #4	(Oct)	$5,000.00	$0.00
Tempe Tourism Office - Payment #5	(Nov)	$10,000.00	$0.00
Tempe Tourism Office - Payment #6	(Dec)	$10,000.00	$0.00
Tempe Tourism Office - Payment #6	(Jan)	$10,000.00	$0.00
Tempe Tourism Office - Payment #8	(Feb)	$10,000.00	$0.00
City of Chandler - Payment #1	(Aug)	$35,500.00	$0.00
City of Chandler - Payment #2	(Nov)	$24,500.00	$0.00
Partner participation fee for Chicago Tradeshow	(Jan)	$400.00	$0.00
Partner participation fee for LA Tradeshow	(Jan)	$400.00	$0.00
Fam Attendee Participation Fee - $50.00 participation fee x 6 attendees	(Dec)	$300.00	$0.00
SUBTOTAL INCOME		$135,813.47	$0.00