



City of Ketchum

November 1, 2021

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Recommendation To Enter into Contract 22004 for Services with Sun Valley Marketing Alliance (Visit Sun Valley)

Recommendation and Summary

Staff is recommending the council approve the contract with Sun Valley Marketing Alliance (Visit Sun Valley) and adopt the following motion:

I move to authorize the Mayor to sign Contract 22004 with Sun Valley Marketing Alliance.

The reasons for the recommendation are as follows:

- The City is contracting with Sun Valley Marketing to provide marketing services to generate additional visitors.
- The funding was approved in the FY 21/22 adopted budget.

Introduction and History

As part of the FY 20/21 budget, the Council authorized funding for Visit Sun Valley for marketing and promotional services. The proposed contract provides the scope of work and method for payment of services. The term of the contract is October 1, 2021 – September 30, 2022.

Analysis

The amount of this contract is \$250,000 – an increase of \$140,000 from last year.

Financial Impact

The cost for services is \$250,000 – \$200,000 ongoing annual amount plus a \$50,000 request for one-time initiatives. The Fiscal Year 2021/2022 Budget includes funding for the proposed services from the Local Option Tax Fund.

Attachments:

Proposed Contract 22004 signed by Scott Fortner, Executive Director
2021/2022 Scope of Work
VSV Evolution document – DMO/DMMO

CONTRACT FOR SERVICES 22004

THIS AGREEMENT, made and entered into this 11th day of October, 2021, by and between the CITY OF KETCHUM, IDAHO, (hereinafter referred to as "the City") and the SUN VALLEY MARKETING ALLIANCE, an Idaho nonprofit corporation with an IRS 501 (c)(6) designation, (hereinafter referred to as "SVMA").

FINDINGS

1. Ketchum is a municipal corporation duly organized and existing under the laws of the State of Idaho § 50-101 et seq.
2. SVMA is an Idaho non-profit corporation with an IRS 501(c)(6) designation engaged in the business of domestically and internationally marketing the Sun Valley, Idaho resort area (including Ketchum) as a destination resort.
3. Ketchum is a destination resort city as defined by Idaho Code § 50-1044 as it derives a major portion of its economic wellbeing from businesses catering to the recreational needs and meeting the needs of people traveling to the Sun Valley area. As a resort city, Ketchum is eligible to and does collect a local option non-property tax.
4. Pursuant to Idaho Code § 50-301 and § 50-302, Ketchum is empowered to enter into contracts and take such steps as are reasonably necessary to maintain the peace, good government and welfare of the City and its trade, commerce and industry. Accordingly, Ketchum has the power as conferred by the State of Idaho, to provide directly for certain promotional activities to enhance the trade, commerce, industry, and economic well-being of the City.
5. City Municipal Code Chapter 3.12 provides for the imposition of a non-property tax on the sales price of certain goods sold or otherwise transferred in Ketchum. Pursuant to the language of the Chapter, which was approved by the voters of Ketchum, the municipal sales tax revenue derived shall be used for the following purposes: municipal transportation; open space acquisition and recreation; capital improvements (roads, water, sewer, parking, Ore Wagon Museum); emergency services (police, fire, ambulance); city promotion, visitor information and special events; property tax relief; and direct costs to collect and enforce the tax.
6. The primary reason for the City to enter this contract is to increase visitors in order to increase Local Option Tax revenues, generated by retail sales, ski tickets, lodging, and liquor by the drink in the City of Ketchum.
7. The Organizational Goals of SVMA are consistent with the purposes and findings of Municipal Code Chapter 3.12.
8. It is the intention of Ketchum to contract with SVMA to provide such services for consideration as hereinafter provided.
9. Ketchum has committed \$250,000 towards this contract for services in the FY22 budget.
10. SVMA desires to enter into an agreement with Ketchum to provide services identified in Attachment A.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between the City and the SVMA as follows:

1. **SERVICES RECEIVED.** SVMA agrees to provide those services identified in Attachment A as an independent contractor. SVMA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set forth in this Agreement.
2. **TERM.** The term of this Agreement shall commence October 1, 2021 and shall terminate on the 30th day of September 2022.
3. **CONSIDERATION.** In consideration for providing the services described in Attachment A, the City agrees to pay to SVMA the total sum of TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000) – \$200,000 ongoing annual amount plus a \$50,000 request for one-time initiatives – payable in agreed upon installments. SVMA will provide the City an invoice setting forth the amount of the installment due for the installment; the City shall pay SVMA the amount set forth in such invoice no later than thirty (30) days after the date of such invoice.
4. **REPORTING.** SVMA agrees to report to the Ketchum City Council biannually (May and November) via email on progress towards the specific scope of work objectives and measurements and include advertising campaign material (before the next seasons campaign is finalized). SVMA also agrees to provide the City with the information and reports Identified in Attachment A.

SVMA shall provide to the City of Ketchum the operating budget to include revenues and detailed expenditures. And present semi-annual financial reports (YTD budget and current balance sheet) two times per year; and furnish to the City at SVMA's expense externally prepared financial reviews (actual P&L and year-end balance sheet) on an annual basis; make available to the City all SVMA financial information at any time for any reason; and furnish SVMA's bylaws to the City and immediately advise the City in writing of any changes to the bylaws or changes to the organizational structure.

SVMA shall maintain complete records of all written, electronic and oral complaints received by it from tourists regarding air and ground transportation and tourist facilities in the Sun Valley resort area.

5. **TERMINATION.** The City may terminate this Contract with 120 days written notice to SVMA with or without cause. The City recognizes that the SVMA has made significant financial commitments (e.g. vendor contracts, leases, employees, etc.) on behalf of the City and SVMA will need time to adjust its obligations. In the event of such termination, The City shall have no further responsibility to make any payment to SVMA under this Contract at the end of the 120-day period. The City reserves the right to request an independent audit under the provisions herein upon termination, and such audit obligation and cost on the part of SVMA shall survive any termination of this Contract.
6. **EQUAL EMPLOYMENT OPPORTUNITY.** SVMA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin.
7. **INDEPENDENT CONTRACTOR STATUS.** The parties acknowledge and agree that SVMA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the City. SVMA shall create, direct, and control its own means and methods of performing this Agreement. SVMA and its agents, members, employees, and volunteers, shall not accrue leave,

retirement, insurance, bonding, or any other benefit afforded to employees of the City. The sole interest and responsibility of the City under this Agreement is to assure itself that the services covered by this Agreement shall be performed and rendered by SVMA in a competent, efficient and satisfactory manner.

8. HOLD HARMLESS AGREEMENT. Any contractual obligation entered into or assumed by SVMA, or any liability incurred by reason of personal injury and/or property damage in connection with or arising out of SVMA's obligations pursuant to this Agreement shall be the sole responsibility of SVMA, and SVMA covenants and agrees to indemnify and hold the City harmless from any and all claims or causes of action arising out of SVMA's activities and obligations as set forth hereinabove, including, but not limited to, personal injury, property damage, and employee complaints.

9. NON-ASSIGNMENT. This Agreement may not be assigned by or transferred by SVMA, in whole or in part, without the prior written consent of the City.

10. DISPUTES: In the event that a dispute arises between the City and SVMA regarding application or interpretation of any provision of this Agreement, the aggrieved party shall promptly notify the other party to this Agreement of the dispute within ten (10) days after such dispute arises. If the parties shall have failed to resolve the dispute within thirty (30) days after delivery of such notice, the parties agree to first endeavor to settle the dispute in an amicable manner by non-binding mediation before resorting to litigation. Should the parties be unable to resolve the dispute to their mutual satisfaction within thirty (30) days after such completion of mediation, each party shall have the right to pursue any rights or remedies it may have at law or in equity.

11. MISCELLANEOUS PROVISIONS.

- a. Paragraph Headings. The headings in this Agreement are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any of the provisions of the Agreement.
- b. Provisions Severable. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Agreement.
- c. Rights and Remedies are Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Agreement are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.
- d. Successor and Assigns. This Agreement and the terms and provision hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.
- e. Entire Agreement. This Agreement contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.
- f. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Idaho.

- g. Preparation of Agreement. No presumption shall exist in favor of or against any party to this Agreement as a result of the drafting and preparation of the document.
- h. No Waiver. No waiver of any breach by either party of the terms of this Agreement shall be deemed a waiver of any subsequent breach of the agreement.
- i. Amendment. No amendment of this Agreement shall be effective unless the amendment is in writing, signed by each of the parties.
- j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:

a. City: City Administrator
City of Ketchum
P.O. Box 2315
Ketchum, ID 83340

b. Consultant: Sun Valley Marketing Alliance, Inc.
PO Box 4934
Ketchum, ID 83340

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

CITY OF KETCHUM, IDAHO

By: _____
Neil Bradshaw
Mayor

SUN VALLEY MARKETING ALLIANCE

By: 

Scott Fortner
Executive Director

ATTEST:

Tara Fenwick
City Clerk

Attachment A

Sun Valley Marketing Alliance Scope of Work FY 2021/2022

Goal: As a Destination Marketing and Management Organization (DMO), Visit Sun Valley seeks to create awareness of the Sun Valley brand, develop loyalty, and build retention with our visitors. We do this by promoting our community as an attractive travel destination and enhancing its public image as a dynamic place to live, work and visit with a net positive effect on our community and quality of life.

Scope of Work Objectives:

- Implement a strategic plan for cultivating a new generation of visitors Quality over Quantity
- Position Ketchum as a world-class basecamp for outdoors, culture, food, wellness, and the area's bountiful nearby experiences
- Present our strategic plan to the City Council for the year.

Marketing and Promotions: delivering the destination's strategic & cohesive messages

- *Public Relations*- create media coverage opportunities, reputation management, and influencer programs
- *Research*- Guest Net Promoter Score (NPS) domestic travel research trends and patterns Lodging/Accommodation Occupancy, Average Daily Rates, length of stay, and occupancy forecasting.

Destination Management

Guide, Educate, Protect, instill a sense of stewardship of our Valley, and provide a variety of tools that model representatives of our home, modeling and reinforcing the culture and lifestyle that makes Sun Valley special."

- *Visitor Services*: information distribution via website, online search marketing & promotion Visitor Center operations and fulfillment of guest information via digital platforms Crafting stories (blogs) to direct guests to the suitable activities, at the right time, in the right directions. Communicate their responsibilities and etiquette as they navigate our towns.
- *Manage Online Virtual Presence* – for the Valley informing on stewardship, outdoor rec., travel advisory's, current tourism business operations point visitors in the right direction
- *Community Relations & Business Services*: collaboration with businesses, community stakeholders, and residence distributed via newsletter, calendar of events, various website content COVI-19 updates, collaboration with community organizations. Business services –research, customer service training, business operations assistance
- *Research*- stakeholder and resident sentiment report. Mobility Data & visitation Management

Measurements:

- Monitoring a variety of touchpoints and metrics to paint a broad picture of tourism impacts.
 - Lodging: Room Nights occupied (raw) and sold
 - Trends in customer journey and flow

- Traffic flow, Enplanements (raw)
 - Visitor Interest and intent -Website and Internet search analytics
 - Building KPIs on Businesses Yields and Profitability.
- Reputation - consumer, stakeholder, resident
- Lifetime Value (LTV) of the: Visitor, Part-time resident, Full-time resident.
(Dependent/Independent of the local financial contribution to local economy)
- Quality of Life and NPS scores
- Social contribution
- We will email our progress on the specific scope of work objectives. To will include:
 - Annually measure success by reviewing and presenting information to the council via email submission of our completed Annual Report. In-person discussion of said Report granted upon the City's request.
 - Bi-annually provide information on visitor trends and upcoming campaigns in May and November.

Visit Sun Valley Current Model as Destination Marketing Organization - DMO

A destination marketing organization is similar to a destination management organization, and the two terms are sometimes used interchangeably. However, in the case of a destination marketing organization, the focus is on promoting a destination in order to make it more attractive to tourists, businesses, and other potential travelers.

A DMO may use a wide range of marketing techniques, including display advertising, content marketing, social media promotion, offline advertising, and experiential marketing.

Core Functions:

- Marketing/Promotion of the Destination
- Guest Research
- Public Relations and influencer Programs
- Visitor Center/fulfillment of guest information
- Association Membership (non-LOT collections) dues; Free membership (for those paying LOT)
- Community Relations (newsletter, calendar of events and website content)

Metrics:

- Sales Tax collections
 - Room Nights sold
 - Air Passenger counts that drive visitation volume
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Basic Destination Marketing and Management - DMMO

Destination management refers to a holistic approach, where many aspects of a destination are managed via a coordinated process. It can include managing marketing, local accommodation, tours, events, activities, attractions and transportation, and is often the responsibility of a dedicated destination management organization.

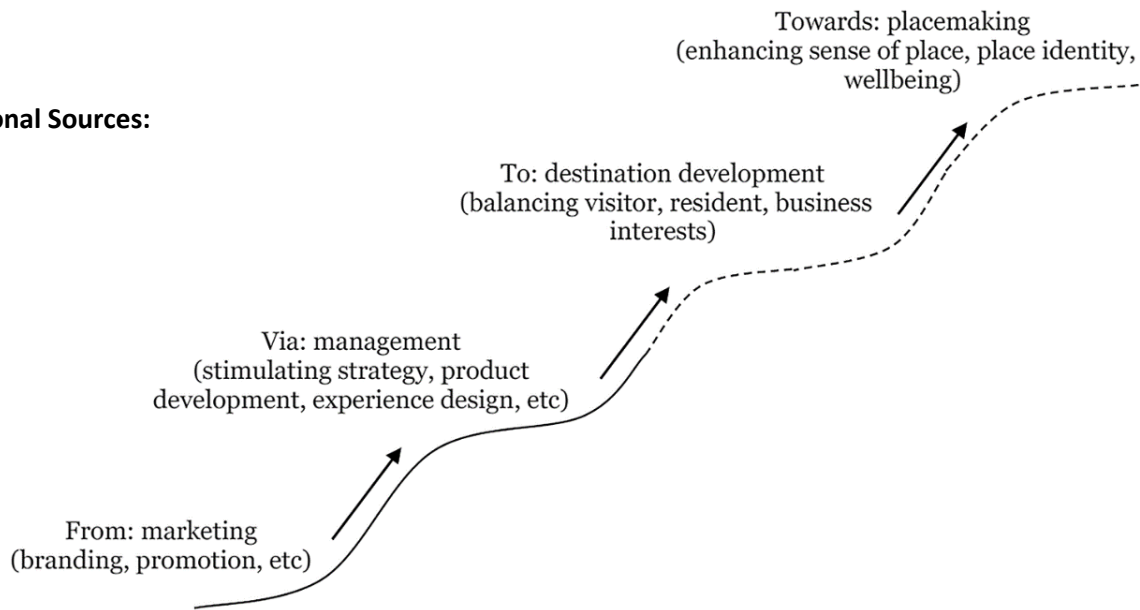
The aim is to ensure tourism has a net positive effect on the destination, and this means maximizing the benefits through optimization of both supply and demand.

DMMO-will typically consider aspects like the overall travel experience, as well as specifics like accommodation options, attractions, and local facilities. As well as the outside forces or circumstances that have a positive or negative impacts.

Core Functions – Same as above, plus:

- Fulfillment website visitor guide/ group guide, etc.
- Sales (groups/weddings/conferences) - Online Reservations
- Event Production and Management
- Community Affairs & Destination Management – housing, transportation, recreation, non-profits, etc. that are part of the tourism economy.
- Business Services – research, customer service training, business operations assistance.

Additional Sources:



Source: Authors

- [Stewards of the Destination](#)-“DMOs need to expand their roles within cities or destinations, and position themselves as the stewards and managers of the city’s brand — not only for tourism but for talent attraction and investment as well,” he writes on the Resonance blog. “No other organization in a destination has the funding or expertise to do it, and by assuming that role, a DMO can expand its value proposition to the community it serves.”
- [Metrics that measure overall economic, social, quality of life goals & objectives to achieve balance in a sustainable manner](#)
- <https://destinationsinternational.org/if-they-value-you-they-will-fund-you>
- https://destinationsinternational.org/sites/default/master/files/FindingOurCornerstone_PolicyBrief.pdf

Executive Summary:

We are an evolving destination – we should adapt to the changes, allowing us to provide benefits and expand our value proposition to the community while remaining relevant/sustainable.

We may end up with some hybrid of the above, but expanded services and duties as trends and economic opportunities present themselves will need to change. I don’t think our overall purpose statement changes, but rather the ‘hows’ in achieving our goals. We can leverage the craft of promotional tactics to help communicate and better manage the visitor and local experience within our community.

In the near term, I would expect that we would continue with a strong PR & Brand/marketing focus – though, we may need to be more involved in the entire short-term visitor/2nd homeowner/extended-stay ecosystem. Not just a few pieces, but all elements – from managing the visitor/2nd homeowner experience to product/experience development – considering the whole life cycle of the guest, as well as driving the lifetime value that they provide to the community...financially, philanthropically, and intellectually.