



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 8/31/2021

To: Board of Supervisors

Department or Agency Name(s): Transportation and Public Works

Staff Name and Phone Number: Johannes J. Hoevertsz 707-565-2231

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Approval and Execution of Airport Advertising Purchase Agreement

Recommended Action:

- A) Approve and authorize the Chair to execute an Airport Advertising Purchase Agreement with Expedia Group Media Solutions for a term of September 1st, 2021 to August 30th, 2022, and an amount not to exceed \$120,000.
- B) Adopt a Resolution authorizing a budgetary adjustment to the FY 2021-22 Transportation and Public Works Final Budget in the amount of \$120,000 from available Airport Enterprise Fund Balance.

Executive Summary:

The Department of Transportation and Public Works - Airport Division (TPW) requests the Board of Supervisors approve and authorize the Chair to execute an Airport Advertising Purchase Agreement with Expedia Group Media Solutions for digital advertising, for a term of September 1st, 2021 to August 30th, 2022, and an amount not to exceed \$120,000. To support costs under this Agreement, a budget resolution is also being requested in the amount of \$120,000 from Airport Enterprise fund balance. The department anticipates costs for the proposed Agreement will be reimbursed through the FAA Airport Coronavirus Response Grant Program.

Discussion:

Background?

The Charles M. Schulz - Sonoma County Airport (Airport) is a non-hub, commercial airport, accommodating all phases of air transportation, including scheduled air service and general aviation. The Airport had experienced rapid growth in commercial air service prior to the novel coronavirus (COVID-19) pandemic and is in the process of a terminal improvement project scheduled to be completed in 2022. Prior to the COVID-19 pandemic, an average peak day at the Airport consisted of between 1,500 and 2,500 passengers moving through the terminal daily. Due to impacts from the pandemic, the Airport saw a decrease of over 70% in passenger flow. To offset the subsequent reduction in revenues the Airport received Federal Aviation Administration (FAA) relief funding including the Coronavirus Aid, Relief and Economic Security (CARES) Act

and other related grants, which facilitated maintenance of operations for a period of approximately four (4) years. The Airport is now experiencing a return to travel with the wide distribution of the vaccine and passenger counts are expected to return to pre-COVID-19 numbers by the end of summer.

Airport revenues are derived from passenger fees, leases, charges, and various FAA grants, and operations are maintained through an enterprise fund. Marketing plays a critical role in the Airport's success and financial sustainability. In an effort to boost passenger confidence for safety and cleanliness, professional organizations, including Airports Council International among others, are strongly recommending Airports increase their advertising efforts.

Expedia Group Media Solutions (Expedia) is an online travel shopping company for consumer and business travel. Expedia owns and operates other popular travel websites such as Travelocity, Orbitz, Vrbo, Hotels.com, and Hotwire. Expedia Group brands receive nearly 145 million unique monthly visitors per month. Travelers also make billions of annual searches across Expedia Group brands around the world - which means more than 165 million flight searches a day. The Airport is seeking a collaboration with Expedia in an effort to enhance current access to travelers intent on flying, and to leverage booking data that can help identify and target specific demographics.

Advertising

Over the course of the agreement term, it is estimated the Airport will be able to deliver 5.2 million impressions to travel ready customers in our demographic area. An impression, in marketing terms, is the number of times content is displayed, irrespective of whether it was clicked on or not, and will give the Airport the ability to monitor the health of an advertising campaign. If impressions being delivered have a low click-rate, it generally suggests that marketing content (or ad copy) needs to be refreshed. For this particular campaign, impressions will be delivered through Expedia.com, Orbitz.com, Travelocity.com, and Vrbo.com.

Expedia.com is the flagship website of the Expedia Group, Inc. Like most of its websites, it is a travel fare aggregator and travel metasearch engine. An aggregator is a website that searches for deals across multiple websites and displays the results in one location. Metasearch engines or websites act as a middle platform. They are available as separate websites that take queries from visitors. These queries are then used to produce search results that are based on data from another search engine.

Orbitz.com is a travel fare aggregator website and travel metasearch engine.

Travelocity.com is a travel fare aggregator website and travel metasearch engine. It has 12.4 million unique visitors and 91 million-page views, making it the third most popular website owned by Expedia.

Vrbo.com is a vacation rental online marketplace. Vacation rentals are on a steady rise due to the fact that some people prefer the safety and privacy of a vacation rental over that of a hotel. The Vrbo audience is largely upscale and family oriented, a key demographic for the Airport to target. Vrbo also only allows one ad unit per page and the Airport's ads can be linked to an Expedia landing page or directly to the Airport's website.

Reporting?

Expedia Media Solutions can offer the Airport transactional reporting tied to paid media. After launching the campaign with Expedia, the Airport will receive monthly reports that will provide an overview of campaign performance, which will include, but is not limited to: campaign delivery, creative performance analysis, conversion reporting, production by point of sale, and incrementality. A conversion, in marketing terms, refers to any site visitors who are paying customers. Production by point of sale simply refers to how much traffic and/or revenue is being produced by any single one of the Expedia platforms over the course of the campaign. Incrementality is a way to measure an event that wouldn't have occurred without a specific interaction, such as an ad view.

Expedia will have the ability to assess the effectiveness of the Airport's campaign in real-time and offer advice on how to best optimize efficiently. At any point during this campaign, if one or more of the aforementioned websites is underperforming, the Airport will have the flexibility of updating our creative design or shifting to another Expedia Group website altogether. At the conclusion of the proposed Agreement, a post-campaign report will be generated that can help summarize media and campaign conversion insights and learnings to help shape future marketing strategies.

Request?

The Airport is requesting authorization to enter into an Airport Advertising Purchase Agreement with Expedia Group Media Solutions, in an effort to improve return on advertising expenses during annual marketing campaigns. Information pertaining to click-through rates and view-through rates can better enable us to determine the most cost-effective strategies for reaching a tailored audience. Furthermore, the information

collected from this campaign will help inform companies interested in future digital advertising at the Airport what they can expect in terms of demographics for both inbound and outbound travelers.

The proposed Agreement will cover the period of September 1st, 2021 to August 30th, 2022. Costs under the proposed Agreement will be funded through Airport Enterprise Funds, and will be reimbursed through the FAA Airport Coronavirus Response Grant Program (ACRCP) which includes CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the most recent American Rescue Plan Act (ARPA). A budget adjustment is also requested, as costs were not included as part of the FY 2021-22 adopted budget.

Prior Board Actions:

None.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$0		
Additional Appropriation Requested	\$120,000		
Total Expenditures	\$120,000		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$120,000		
Contingencies			
Total Sources	\$120,000		

Narrative Explanation of Fiscal Impacts:

Anticipated costs for the proposed Agreement are \$120,000 and will be reimbursed through the FAA Airport Coronavirus Response Grant Program (ACRCP) which includes CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the most recent American Rescue Plan Act (ARPA). The Airport has been allocated \$19,661,086 in CARES Act funding, \$2,108,751 in CRRSA Act funding and has been announced to receive \$3,209,452 in ARPA funds. To access these funds the Airport must seek reimbursement request through the FAA after costs have been incurred.

A budget adjustment is being requested for \$120,000 to initially fund this request from the Airport's fund

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balance. The FY 2021-22 adopted Airport Operations marketing budget of \$284,000 has already been allocated for use in print and billboard advertisements.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Attachment A - Resolution

Related Items “On File” with the Clerk of the Board:

STS Airport Plan - Sept 21 to Aug 22