

August 5, 2025

TO: Oregon State Aviation Board

FROM: Salem Area Chamber of Commerce

Re: ROAR Grant termination and withholding of reimbursement

Dear Board Members:

On April 4, 2019, The Board approved a ROAR Grant to the Salem Area Chamber of Commerce (SACC) with the purpose to fund recruitment and marketing new commercial air service to Salem Airport, now known as Salem-Willamette Valley Airport (SLE). We were successful in getting two new routes which began in October 2023. This project, after one amendment, is scheduled for completion at the end of August.

On July 31<sup>st</sup> we received a letter from ODA staff stating they are terminating the grant funding due to our successfully-recruited carrier Avelo announcing they will discontinue service to SLE. The letter states the ODA will not reimburse any expenditures, nor refund the retainage dollars that are due to us at the project completion date.

We were astonished that the agency would decide to terminate one month prior to the end of the nearly 6-year project. In good stewardship of our partnership, as soon as the air carrier Avelo announced they would be discontinuing service to SLE, we took steps to prevent any further expenditures. We understand a denial for reimbursement for any expenses incurred after termination of airline service, but any denial for expenses prior to termination of airline services appears callous and possibly contrary to our contracted legal terms.

Chamber believes that qualifying invoices that occurred prior to the announcement, and the entirety of the retainage should be reimbursed by the allocated and available grant funds already dedicated in previous state funding.

Our case:

- 1) The retainage of 5% of project invoices are all from expenses the ODA determined were eligible for reimbursement. These invoices date back to the beginning of the project in April 2019, and should not be connected or disqualified by recent events.
- 2) The only language in the Grant that refers to Retainage is:

***9c. Retainage.*** ODA will withhold five percent (5%) from each disbursement for the duration of the Project schedule (the "Retainage"). ODA will release the cumulative Retainage to Recipient only after ODA certifies the Project as complete.

There is no provision for this retainage to be withheld upon completion. The project is scheduled to be completed on September 1, 2025, and with ODA's July 29<sup>th</sup> termination of funding, the project is now complete.

- 3) The SACC and our non-profit partners Travel Salem have expended funds from our budgets, carrying the 5% until reimbursement at the end of the project. The reimbursement has been budgeted for and is expected by both the two non-profits' boards. Both entities have acted in good faith and in Grant compliance. They should not be punished due to an unexpected airline departure, an event outside anyone's control.
- 4) Due to high passenger loads, we had every expectation that service would be continuing and were aggressively marketing the Avelo routes. Again- acting in good faith and within grant compliance. We, and the City of Salem, had no advance notice of the service ending. The expenses incurred in furtherance to the project should be eligible for reimbursement just as they were the month prior. Our only expenses were from marketing vendors that had been contracted to execute the campaign. We're unable to stop already-purchased media buys.

We ask that the Board direct ODA Staff to release the retainage as called for in the Grant, and to make eligible for reimbursement of all expenses contracted for prior to the Avelo announcement.

We sought the Grant because we did not have the resources to mount the recruitment or marketing campaigns. That is still true, and we urge you to not force our other community programs to bear the burden of the remaining campaign costs. Although the ROAR program is no longer active, these grant funds have already been allocated for our project. Not all of the total authorized grant funds of \$500,000 will be expended, and the remaining funds could be allocated to other ODA programs after our retainage disbursement.

Thank you for your consideration.

Brent DeHart

Fly SLE Chair  
Past President, Salem Area Chamber of Commerce