

- **Board of Directors**
Education and Outreach Committee

July 12, 2005 Board Meeting

8-2

Subject

Authorize entering into a three-year agreement for up to \$2.5 million annually with Johnson/Ukropina for regional advertising services and media buys related to planned outdoor water conservation efforts as well as emergencies or unanticipated urgent needs

Description

Conservation is a key component of Metropolitan's integrated resource planning. Given recent water supply uncertainties--such as regional hydrologic conditions, the threat of Delta levee breaks, water quality issues and regulatory concerns--reductions in water use in Metropolitan's service area over the long-term can have a real and significant impact.

Heightened public awareness and incentive programs, such as Metropolitan's ongoing California Friendly conservation campaign, have proven to be effective tools for reducing water use, both nationally and within Metropolitan's service area. Success measures for the 2003 and 2004 campaigns conducted by Metropolitan include up to a 5 percent reduction in projected retail water use in the city of Los Angeles during the campaign period. Other gauges of the campaign's effectiveness are a 14 percent increase in homeowner awareness of the need to not over-water plants (based on a survey of 500 homeowners conducted before and after the 2003/04 campaign); an average of 1,000 unique visitors per day to the bewaterwise.com Web site; partnerships with retailers, including Armstrong Garden Centers and Home Depot to promote water-wise plants; and member agency participation in ad placement and material distribution.

The most visible aspect of the conservation campaign is the regional advertising campaign, targeted to Southern California homeowners during the fall to encourage them to reduce outdoor water use through efficient irrigation and use of California Friendly plants.

This three-year contract would be used for regional advertising services and media buys promoting water conservation. Of the \$2.5 million allocated each year, \$1.5 million will be spent on water conservation advertising during the fall months, with \$1 million held in contingency for urgent conservation messaging or responding to other emergency situations, as needed. Of the \$1.5 million, 80 percent will go directly toward the purchase of advertising space and airtime, with the remainder to creative development, production costs and agency commissions.

Specialized advertising and media buying firms offer an expertise and expanded buying power. The contract with Johnson/Ukropina would allow Metropolitan to obtain the lowest possible prices for advertising time and space as well as negotiate for the maximum amount of added value items, such as public service announcements, interviews, event sponsorships and on-air promotions. Coupled with Metropolitan's in-house capabilities, their specialization also streamlines and enhances the creative development and production process.

For the past two years, Metropolitan has worked with Fraser Communications of Santa Monica to execute a regional advertising campaign encouraging Southern Californians to use low-water-using plants, efficiently operate sprinkler systems, and properly set automatic controllers. Advertising educates residents about the need for conservation despite a wet winter and provides easy tips to save. It also promotes existing financial incentive and educational programs, while supporting a growing cultural shift that embraces Mediterranean-style gardens rather than thirsty landscapes. Fraser Communications' contract expires in December 2005.

An RFP was issued for advertising services in May 2005 and received a total of eight respondents. A panel comprised of member agency and Metropolitan staff evaluated each proposal according to criteria set out in the RFP. Johnson/Ukropina was deemed to be the most qualified respondent.

During the next three years, Metropolitan seeks to encourage Southern Californians to make water-wise choices at work and at home, and to create more consumer demand for and access to water-wise devices, services and practices. Metropolitan's consistent support of these initiatives has encouraged private and public entities to develop and establish their own programs, and with continued outreach efforts and the development of the California Friendly brand, we believe we can effect a market transformation by 2008. Staff will also continue to make preparations for urgent water conservation messages if needed.

Policy

Pursuant to Metropolitan Water District's Administrative Code, Section 4210, it shall be the policy of the District to undertake and support water conservation programs. To that end, the District may develop and implement such programs and enter into agreements with member public agencies and other organizations to make more efficient use of water resources through water conservation programs so long as such agreements serve a beneficial purpose of the District.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the CEO/General Manager to enter into a three-year contract with a maximum amount payable of \$2.5 million annually with Johnson/Ukropina for advertising and media buying services.

Fiscal Impact: Up to \$2.5 million in operations and maintenance funds annually for three years

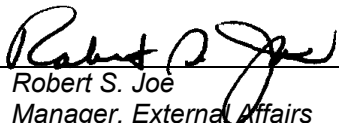
Option #2

Do not authorize the CEO/General Manager to enter into this contract.

Fiscal Impact: None

Staff Recommendation

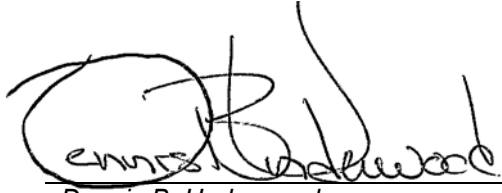
Option #1



Robert S. Joe
Manager, External Affairs

6/17/2005

Date



Dennis B. Underwood
CEO/General Manager

6/21/2005

Date

BLA #3552