

- **Board of Directors**  
**Communications and Legislation Committee**

July 11, 2006 Board Meeting

---

7-5

---

**Subject**

---

Authorize exercise of option for second year of potential three-year agreement for up to \$1.4 million annually with Johnson/Ukropina for regional advertising services to promote water conservation through the California Friendly™ program

---

**Description**

---

Water conservation is an important component of Metropolitan's Integrated Resources Plan. In order to meet the conservation goals established for 2025, Metropolitan must continue to educate Southern Californians on new ways to use water more efficiently, thus sending signals to private market forces such as appliance manufacturers, the green industry, the landscape industry and new home builders and developers that a transformation is underway.

In 2006/07, the California Friendly™ program will increase consumer knowledge about how to save water through new devices and better landscape practices; and increase business participation in water conservation programs. This will be accomplished through a regional advertising and outreach campaign coordinated with existing Water Resource Management programs and targeted to homeowners with automatic sprinkler systems and to small business owners.

Measurable outcomes will include successful partnerships with at least 30 retailers and wholesalers to promote a list of 300 California Friendly™ plants in retail stores; an increase in homeowners who participate in online California Friendly™ gardening tutorials; and an increase in inquiries from small businesses regarding rebates through the regional SAV-A-BUCK program.

An advertising and outreach campaign managed at a regional level takes advantage of economies of scale in media buying, retailer enlistment and materials production and dissemination, making it an efficient and effective means to promote water use efficiency to a broad audience. The campaign will be supplemented by local efforts undertaken by member agencies. The budgeted amount represents the minimum threshold needed to effectively reach the target audiences in one of the most expensive media markets in the world.

Specialized advertising and media buying firms offer an expertise and expanded buying power. The contract with Johnson/Ukropina allows 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 streamlines and enhances the creative development and production process.

Metropolitan entered into a contract with Johnson/Ukropina, based in Irvine, in September 2005, after the agency was selected through Request for Proposal 755 conducted in May 2005. Their current contract with Metropolitan can be renewed annually for a maximum of three years. At the Board's direction in July 2005, each annual renewal will be brought to the Board for approval.

Of the \$1.4 million, 80 percent will be spent on the purchase of media time and placement and the remainder on creative development, photography, printing and other production costs.

## 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.

By Minute Item 45828, dated July 2004, the Board adopted the Integrated Water Resources Plan Update.

By Minute Item 46554, dated February 14, 2006, the Board adopted the California Friendly™ logo and theme as a brand name for promoting water use efficiency among Southern Californians.

## 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, and 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 (Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) 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), 15378(b)(4), and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Options #2 and #3:

None required

## Board Options

---

### Option #1

Adopt the CEQA determination and authorize the General Manager to exercise the second-year option under an existing three-year contract with a maximum amount payable of \$1.4 million annually with Johnson/Ukropina for regional advertising and media buying services.

**Fiscal Impact:** \$1.4 million in budgeted Operations & Maintenance Funds

**Business Impact:** The California Friendly™ advertising and outreach program supports conservation goals established in the Integrated Resources Plan for educating Southern Californians on water use efficiency through new technologies and better water use practices. A regional advertising and outreach campaign implemented in conjunction with an advertising agency is a cost-effective way to increase consumer knowledge and business participation in new and existing water conservation programs. Regional outreach allows us to take advantage of economies of scale rather than targeting many small communities. An advertising agency can obtain better rates for a media buy than we can.

### Option #2

Do not authorize the General Manager to exercise the second-year option in this contract and have Metropolitan staff conduct the campaign without outside services.

**Fiscal Impact:** None

**Business Impact:** Specialized advertising and media buying firms offer an expertise and expanded buying power. This contract allows 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. In addition to the additional cost that would be incurred for advertising time and space, External Affairs and Graphic Services staff would also have to be taken from other duties to work on this campaign.

### Option #3

Do not authorize the General Manager to exercise the second-year option in this contract and direct staff to conduct another Request for Proposals.

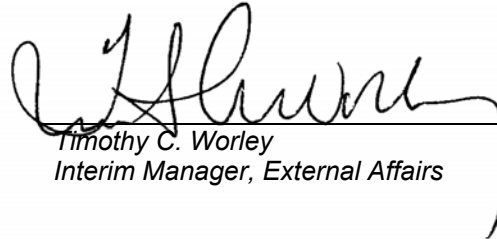
**Fiscal Impact:** Unknown, as bids could come in higher or lower than existing contract.

**Business Impact:** Conducting another Request for Proposals will take approximately six months and will delay the campaign from its planned September 2006 start date. This will impact retail and wholesale nursery partners who are increasing inventory for our planned promotion.

**Staff Recommendation**

---

Option #1



Timothy C. Worley  
Interim Manager, External Affairs

6/19/2006  
Date



Jeffrey Kightlinger  
General Manager

6/22/2006  
Date

BLA #4608