

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

August 19, 2008 Board Meeting

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**8-4**

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**Subject**

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Award a three-year contract to Fraser Communications for services for conservation advertising and payment for the placement of the advertising for up to \$5 million per year

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**Description**

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In June 2008, the Metropolitan Board adopted the Water Supply Alert Resolution, which specifies that Metropolitan will support the member agencies' efforts to achieve conservation savings by significantly accelerating Metropolitan's current media and outreach campaigns to communicate the conservation need for extraordinary conservation. In conjunction with the member agencies, Metropolitan would develop and deliver regional messages through expanded media outlets and channels.

The Board authorized significantly increasing water conservation advertising in June 2007, to urge consumers and business owners to save water voluntarily because of record dry conditions and reduced imported supplies. The outreach campaign complemented conservation program enhancements recommended by the Water Resources Management Group and approved by the Board during the year.

In order to continue outreach at this expanded level, the Board approved the 2008/09 budget with advertising funding at the same level as 2007/08.

Metropolitan's current agreement for advertising consultant services expires on September 30, 2008, after a three-year term. Metropolitan issued a new Request for Proposal for advertising services on May 12, 2008. A number of proposals were received and evaluated by a panel consisting of five member agency staff members and two Metropolitan staff members. The evaluation panel selected Fraser Communications as the highest scoring firm under the RFP.

Staff recommends that the Board authorize the General Manager to enter into a three-year contract with Fraser Communications for up to \$5 million annually, with a maximum amount payable of \$15 million. Continuance of the contract in second and third years is dependent upon board approval of each fiscal year budget.

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**Policy**

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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.

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**California Environmental Quality Act (CEQA)**

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CEQA determination for Options #1 and #2:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (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 CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #3:

None required

**Board Options**

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**Option #1**

Adopt the CEQA determination and award a three-year contract to Fraser Communications for services for conservation advertising and payment for the placement of the advertising for up to \$5 million per year, with a maximum amount payable of \$15 million.

**Fiscal Impact:** \$5 million in 2008/09 budgeted Operations & Maintenance funds (continuance of contract in second and third years is dependent upon board approval of each year’s fiscal budget).

**Business Analysis:** A highly visible yearlong advertising campaign using budgeted funds will be implemented regionally to heighten awareness of the need for water conservation and promote rebates and incentives.

**Option #2**

Adopt the CEQA determination and award a three-year contract to Fraser Communications for services for conservation advertising and payment for the placement of the advertising for up to \$2.5 million per year, with a maximum amount payable of \$7.5 million.

**Fiscal Impact:** \$2.5 million in 2008/09 budgeted Operations & Maintenance funds annually (continuance of contract in second and third years is dependent upon board approval of each year’s fiscal budget).

**Business Analysis:** This option uses budgeted funds to promote water conservation at \$2.5 million annually.

**Option #3**

Do not authorize the General Manager to award a three-year contract to Fraser Communications for services for conservation advertising and payment for the placement of the advertising.


**Fiscal Impact:** None

**Business Analysis:** Staff would look to the Board for direction to either re-bid for advertising services, use existing staff and resources to conduct the campaign, or not do a campaign. Re-bidding will take six to eight months to bring a new firm under contract. Using existing staff to conduct the campaign will make it very difficult to access the lowest prices for media time, which can be attained through the increased buying power of the advertising agency, and also pull an estimated six External Affairs staff members from other projects for the duration of the campaign. Not doing an advertising campaign would mean low awareness of the need for conservation and a reliance on free media for messaging.

**Staff Recommendation**

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Option #1

  
Linda Waade  
Deputy General Manager, External Affairs

8/5/2008  
Date

  
Jeffrey Kightlinger  
General Manager

8/5/2008  
Date