



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

1/10/2017 Board Meeting

8-5

Subject

Adopt CEQA determination and authorize extension of the termination date of the current contract for a water conservation awareness advertising campaign with Quigley-Simpson & Heppelwhite, Inc. to March 15, 2018 and increase the maximum payable by \$1.3 million in FY 2016/17 and \$3.5 million in FY 2017/18 to a total amount not to exceed \$12.5 million.

Executive Summary

In March 2015, the Metropolitan Board authorized the General Manager to enter into a one-year contract with Quigley-Simpson & Heppelwhite, Inc. for an advertising and community outreach campaign not to exceed \$5.5 million. The regional water conservation advertising and outreach campaign was aimed at increasing water conservation, heightening public awareness of the drought and water issues, and highlighting the value of a permanent Southern California water-conserving lifestyle.

In February 2016, the Metropolitan Board authorized the General Manager to extend the current contract with Quigley-Simpson & Heppelwhite, Inc. to March 2017 and to increase the maximum amount payable by \$2.2 million.

Staff recommends that the Board authorize the General Manager to extend the current contract with Quigley-Simpson & Heppelwhite, Inc. to March 2018 and to increase the contract value by \$1.3 million for the FY 2016/17 campaign and by \$3.5 million for FY 2017/18 to an amount not to exceed \$12.5 million.

Details

In January 2015, the Board authorized a 2015 water awareness and conservation advertising campaign with a budget not-to-exceed \$5.5 million. The Board also authorized staff to initiate a request for proposal for consulting and creative services supported by digital, print, broadcast and social media and outreach activities for a culturally diverse advertising campaign. Following board approval, staff issued Request for Proposal PL-1089 for Water Awareness and Conservation Advertising Services. Twelve firms responded to RFP 1089. The proposals were evaluated by an internal selection committee consisting of nine staff members representing External Affairs, and staff from Water Resource Management and Business Outreach. Quigley-Simpson & Heppelwhite, Inc. received the highest cumulative score by the selection committee.

In March 2015, the Metropolitan Board authorized the General Manager to enter into a one-year contract with Quigley-Simpson & Heppelwhite, Inc. for an advertising and community outreach campaign not-to-exceed \$5.5 million. The regional water conservation advertising and outreach campaign "Let's All Take a Turn" was aimed at increasing water conservation, heightening water awareness, and highlighting the value of a permanent Southern California water-conserving lifestyle.

In February 2016, Metropolitan's Board of Directors authorized a \$2.2 million extension to the multilingual communications, outreach and advertising campaign that was launched on July 1, 2015. This campaign continued the "Let's All Take a Turn" messages but added additional messaging around a new trademarked logo of "H2Love" and the tagline "Love Water, Save Water" which emphasizes the value of water conservation not just during the drought but every day. Working with Metropolitan's 26 member agencies, the research-based

advertising campaign included several months of media coverage through radio live reads, paid advertising in 53 community newspapers, digital and online advertising, social media postings, other customized materials, and community outreach events throughout Southern California. The entire \$2.2 million campaign was produced in five languages: English, Spanish, Mandarin, Korean, and Vietnamese and print advertising also included Tagalog language materials. The media strategy was developed to effectively target the diverse communities, age groups, socioeconomic factors, and languages spoken in the region.

A new component of the campaign was an official sponsorship with the Major League Soccer team, LA Galaxy. This partnership provided digital signage at the StubHub Center, exhibit booths staffed by Metropolitan at four home games, a public service announcement and other social media videos featuring LA Galaxy goalie Brian Rowe, cross-promotion of water saving messages on Metropolitan and LA Galaxy social media platforms, Facebook Live events and joint outreach activities with the LA Galaxy community foundation organization.

As part of the campaign, Metropolitan conducted media interviews and placed several “advertorial” news stories in the online editions of the Los Angeles Times, Los Angeles Magazine, and Nativo for added value. Metropolitan provided water saving tips and related articles on digital media focusing on the drought, what people can do to save water, and offering landscape and gardening advice including a Facebook Live broadcast by Sunset Magazine, which was viewed by more than 7,000 people. In addition, Metropolitan expanded its use of social and digital media, including creating new water-themed playlists on Pandora and its Spanish-language equivalent Uforia that promotes shorter showers by listening to five-minute-long songs about water. These elements promoted the ongoing need for conservation in Southern California, describing long-term investments in the water storage and development of local water resources, and the availability of rebates and incentives for water-saving devices and appliances.

In addition to the \$1.8 million media buy for FY 2016/17, the consultant negotiated approximately \$182,200 in added value, bonus media spots and under-market rate advertising, effectively adding approximately 10 percent more advertising spots and placements to the campaign at no additional cost to Metropolitan.

With more than 380 million impressions, the smaller paid media campaign still successfully reached audiences throughout Southern California. Metropolitan strengthened its outreach and voice across all demographics by providing information, helpful tips, how-to videos and web-based materials to increase water awareness, inspire conservation actions and affect behavior change.

- The campaign was very effective in driving the public to Metropolitan’s bewaterwise.com website. The 2016 digital campaign ran even more efficiently than the previous year, collecting 3 percent more clicks with 12 percent less impressions, resulting in a 15 percent increase in our overall click-through rate. In its peak months, August and September, over 200,000 unique users visited bewaterwise.com for conservation information.
- Using social media and an aggressive online strategy, Metropolitan reached a growing audience of digitally-savvy millennials and culturally-diverse audiences with unique approaches resulting in significant growth on Twitter, Facebook and Instagram, and tens of thousands of views of English and Spanish-language videos posted on social media channels.
- The LA Galaxy sponsorship delivered nearly 4 million impressions.

Due to funding limitations, Metropolitan was unable to purchase television or outdoor billboard and other advertising for the summer and fall 2016 campaigns. This limited the exposure of the highly visual new H2Love outreach campaign to Southern California audiences compared to the previous years when funding for paid advertising campaign was significantly higher and allowed for television and outdoor media.

Proposed Winter/Spring 2017 Campaign Elements

To help maintain and sustain high public awareness and support for water conservation, staff recommends a \$1.3 million increase to the FY 2016/17 contract with Quigley-Simpson & Heppelwhite Inc. to continue the successful paid advertising and outreach campaign during the winter and spring months. This additional funding will be used for a major media buy to present updated H2Love messages in English, Spanish, Chinese, Korean, and Vietnamese on billboards, transit signs and bus wraps for a period of five months throughout the six-county service area, and to continue outreach and informational messaging on water conservation using social media components that can successfully make personal connections and provide useful tips for changing behaviors. These tools have proven to be extremely cost-effective for water conservation campaigns and have high-visibility for a large audience, as well as in more transit-oriented disadvantaged communities. Initial estimates are that this media would generate more than 400 million impressions. The campaign plans to consider a proposal to continue and expand its partnership with the LA Galaxy Major League Soccer franchise, which resulted in a high degree of public and media attention during the 2016 season.

In addition, staff proposes to fund qualitative research to guide campaign development for FY 2017/18. This will include focus groups throughout the region with English and Spanish-speaking residents to understand current attitudes about conservation and the drought, and provide direction on how current messaging should evolve to deliver the most relevant messages.

Proposed Summer/Fall 2017 Campaign

Because of the demonstrated effectiveness of the 2015 and 2016 advertising and outreach campaigns, and the need for continued conservation activities and public awareness in 2017, staff recommends the Board authorize a one-year extension of the current contract with Quigley-Simpson & Heppelwhite, Inc. and to increase the maximum amount payable on the contract by \$3.5 million for FY 2017/18. The campaign will build on the success of the 2015 and 2016 campaigns, utilizing existing creative components including H2Love and the tagline, Love Water, Save Water to promote messages that respond to the need for ongoing conservation. Using existing materials will increase the cost-effectiveness of the campaign by reducing creative and production fees. The campaign will continue to implement new strategies to broaden the audience for Metropolitan's conservation messages through additional targeted outreach efforts and funding to regionally and culturally diverse audiences.

External Affairs staff proposes to negotiate for a cost-effective, high-value paid advertising and outreach campaign that will be supplemented with in-house activities. It is anticipated the campaign would focus on outdoor, digital and social media, and sponsorship opportunities using creative resources and production components similar to those developed for the 2016 campaign that can be adapted, as needed, with updated messaging to address current conditions. The campaign would once again be conducted in multiple languages, with outreach to community-based organizations, continued collaboration with member agencies on advertising campaign-related resources and materials, and high-visibility outreach activities. By extending the current contract for one year, a 2017 campaign with these elements could be quickly developed, produced and carefully managed throughout the contract term to deliver effective outreach activities with significant and positive results.

Funding Source

Funding for the additional advertising services described above in excess of the External Affairs' FY 2016/17 and 2017/18 biennial budget for advertising, will be offset with savings in other budgeted projects and programs. Specifically, staff will augment the approved \$2.2 million budgeted for advertising in both FY 2016/17 and FY 2017/18 with an additional \$1.3 million each fiscal year such that the total advertising budget for each fiscal year will be \$3.5 million.

Summary of Agreements with Quigley-Simpson & Heppelwhite, Inc.

Contract Term	Campaign Theme	Amount
March 2015 – March 2016	“Let’s All Take a Turn”	\$5.5 million
March 2016 – March 2017	“H2Love”	\$2.2 million
<i>Proposed</i> Winter/Spring 2017	“H2Love” augmented	\$1.3 million
<i>Proposed</i> Summer/Fall 2017	New Campaign using H2Love	\$3.5 million*
	<i>Proposed Three-Year Total:</i>	\$12.5 million

*\$2.2 million of the \$3.5 million is included in the approved External Affairs FY2017/18 advertising budget.

Next Steps

With board authorization, staff will enter into a contract amendment with Quigley-Simpson & Heppelwhite, Inc. and immediately begin preparing plans to augment Metropolitan’s FY 2016/17 advertising and outreach with a Winter/Spring 2017 campaign and initiate research for and develop the Summer/Fall 2017 campaign.

Future Conservation Outreach and Advertising

Extension of the Quigley-Simpson & Heppelwhite, Inc. term to March 2018 would conclude a three-year agreement between Metropolitan and the firm. Staff proposes to conduct a competitive bid process in fall 2017 for advertising and outreach services that would begin in 2018 and plans to bring this item to the Board for approval later this year.

Recommendation

Staff recommends that the Board adopt the CEQA determination and authorize the General Manager to extend the termination date of the current contract for a water conservation awareness advertising campaign with Quigley-Simpson & Heppelwhite, Inc. to March 15, 2018 and increase the maximum payable by \$1.3 million in FY 2016/17 and \$3.5 million in FY 2017/18 to a total amount not to exceed \$12.5 million.

Policy

Pursuant to Metropolitan Water District’s Administrative Code Section 4210, it shall be the policy of Metropolitan to undertake and support water conservation programs. To that end, Metropolitan 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 Metropolitan.

By Minute Item 50012, dated January 13, 2015, the Board authorized staff to initiate a request for proposals for a summer water awareness and conservation advertising campaign; and authorized funding for a 2016 campaign, not to exceed \$5.5 million.

By Minute Item 50067, dated March 10, 2015 (amended April 14, 2015), the Board authorized the General Manager to enter into a one-year contract with Quigley-Simpson & Heppelwhite, Inc. for an advertising and community outreach campaign not to exceed \$5.5 million.

By Minute Item 50387, dated February 9, 2016, the Board authorized the General Manager to extend contract with Quigley-Simpson & Heppelwhite, Inc. to March 2017, and increase the maximum amount payable on the contract by \$2.2 million.

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, 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 defined as a project and is not subject to 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

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

Authorize extension of the termination date of the current contract for a water conservation awareness advertising campaign with Quigley-Simpson & Heppelwhite, Inc. to March 15, 2018 and increase the maximum payable by \$1.3 million in FY 2016/17 and \$3.5 million in FY 2017/18 to a total amount not to exceed \$12.5 million.

Fiscal Impact: \$1.3 million in External Affairs' FY 2016/17 budget and a \$1.3 million increase to External Affairs' budget in FY 2017/18.

Business Analysis: Increased awareness and conservation will help the region improve its water supply reliability through reduced demands and potentially reduce the magnitude of any shortages in 2017 and beyond. This communications campaign would provide public messaging consistent with Metropolitan's programs and strategic goals.

Option #2

Do not authorize the extension or increase to the current contract with Quigley-Simpson & Heppelwhite, Inc. **Fiscal Impact:** Metropolitan and its member agencies may incur increased operational costs related to water supply demand if the region does not take action to reduce demands.

Business Analysis: Demands for imported water may exceed supply and make it more difficult to manage storage reserves and meet water conservation requirements in future years if the region does take other actions to increase conservation.

Staff Recommendation

Option #1



 Dee Zinke
 Assistant General Manager/
 Chief External Affairs Officer

1/4/2017

Date



 Jeffrey Lightfinger
 General Manager

1/4/2017

Date