



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

11/14/2017 Board Meeting

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**8-3**

**Subject**

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Adopt CEQA determination, appropriate funding for a three-year, multi-media water conservation campaign for a not-to-exceed amount of \$14.7 million, and authorize staff to initiate request for proposals for a consultant contract for this campaign.

**Executive Summary**

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Because of the need for sustained and continued outreach activities to: (1) increase public awareness of water conditions, (2) effectively market the water conservation programs of Metropolitan and its member agencies on an ongoing basis, and (3) highlight the value of a permanent Southern California water-conserving lifestyle, staff recommends that the Board appropriate funds for a not-to-exceed amount of \$14.7 million for a three-year water awareness and conservation advertising campaign and authorize staff to initiate request for proposals for a consultant contract for this campaign. The contract would begin in February 2018 (FY 2017/18) and continue for three years through January 2021 (FY 2020/21).

With Board authorization, staff will initiate a request for proposals for advertising consulting services and media buys for a new multi-media, multi-lingual campaign and the associated research activities. Additionally, staff will initiate a pilot research project to collect empirical data on the campaign's impact on conservation activities. There will be no expenditure of these funds until the Board awards a contract and authorizes a campaign following completion of the request for proposal (RFP) process.

**Details**

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**Current Media Campaign**

In March 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. The award-winning regional water conservation advertising and outreach campaign "Let's All Take a Turn" was aimed at increasing water conservation and heightening water awareness during a historic drought. A post-campaign survey found that awareness of drought and water conditions was high and 78 percent of those surveyed had seen Metropolitan's campaign.

In February 2016, the Board authorized a \$2.2 million extension to the multilingual advertising campaign. This campaign continued the "Let's All Take a Turn" messages with additional messaging around a new trademarked logo of "H2Love" and the tagline "Love Water, Save Water" which emphasized the value of permanent water conservation not just during the drought but every day. Working with Metropolitan's 26 member agencies, the research-based campaign included media coverage and outreach through radio, advertising in community newspapers, digital and online advertising, social media, customized materials for member agencies, a sponsorship with the LA Galaxy Major League Soccer team, and community outreach events. The campaign was produced in five languages: English, Spanish, Mandarin, Korean, and Vietnamese and print advertising also included Tagalog language materials. The media strategy continued to focus resources to reach the diverse communities, age groups, socioeconomic factors, and languages spoken in the region. These elements helped promote the ongoing need for conservation in Southern California, describing long-term investments in the water

storage, 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, Metropolitan's advertising consultant negotiated approximately \$182,200 in added value, bonus media spots and under-market rate advertising, adding approximately 10 percent more advertising spots and placements to the campaign at no additional cost to Metropolitan.

In January 2017, the Board authorized a second one-year extension of the advertising contract to March 2018. The approved \$2.2 million budgeted for advertising in both FY 2016/17 and FY 2017/18 in the External Affairs budget was augmented with an additional \$1.3 million each fiscal year, bringing the total advertising budget for each fiscal year to \$3.5 million.

The contract extension and additional funding was used for two major media buys in 2017 that presented updated H2Love messages in English, Spanish, Chinese, Korean, Vietnamese and Tagalog on billboards, radio, digital, social media, transit signs and bus wraps and outreach and informational messaging on water conservation using social media components to provide useful tips for changing behaviors. These tools have proven to be extremely cost-effective for water conservation campaigns and resulted in high-visibility to large audiences. New outreach activities included an H2Love light show on the Pacific Pier Ferris wheel in Santa Monica, expanded social media elements including Facebook carousel advertising, optimized digital advertising, Asian language print ads in community newspapers, and a new H2Love Letters-themed video promoting water conservation.

Added value bonus advertising in the spring 2017 campaign totaled approximately \$1.1 million and \$950,000 for the summer and fall media buy. This effectively increased the media budget by approximately 50 percent for the year-long campaign at no additional cost to Metropolitan. The total estimated media impressions for the 2017 campaign are 771 million. Added to the previous year, the total media impressions for the three year campaign exceeded 2.2 billion.

#### Three Year Budget:

	Total Board-Authorized Advertising Contract
2015 Campaign	\$5.5 million
2016 Campaign	\$2.2 million
	\$1.3 million added
2017 Spring, Summer Campaigns	\$3.5 * million
Total	\$12.5 million

\*20% of FY 2017/18 campaign (\$700,000) reserved for future messaging needs

#### Results of Current Campaign

All three years of the current water conservation outreach campaign have been developed, produced and carefully managed to deliver positive results in a cost-effective manner. As one measurement of efficiency, negotiations with media services have resulted in added-value, bonus media placements of just over \$4.9 million at no additional cost to Metropolitan for a total value of media of \$13.7 million.

Media Buy and Added Value Secured:

	Paid Media	Negotiated Added Value Media and Bonus Spots
2015 Campaign	\$4.0 million	\$2,398,729
2016 Campaign	\$1.7 million	
	\$894,000	\$201,473
2017 Spring, Summer Campaigns	\$2.2 million	\$1,219,260 (Spring) \$1,087,517 (Summer/Fall)
Total	\$8.8 million	\$4.9 million

Post-campaign surveys, including one conducted in December 2016 and funded by Metropolitan, found that 72 percent of Southern Californians had recently seen advertisements encouraging people to conserve water, most commonly on billboards or TV commercials, but concern for conservation and self-reported conservation action has declined slightly, suggesting a need to continue to reinforce these messages. Additionally, Metropolitan has seen a reduction in requests for rebates and incentives through its regional conservation program.

**Proposed FY 2017/18 to FY 2020-21 Campaign**

Because of the need for continued conservation and to effectively increase public awareness about Metropolitan and member agency conservation activities, programs and rebates using sustained messaging and successful media and outreach campaigns, staff recommends the Board authorize the initiation of a request for proposals for a three-year water awareness and conservation advertising campaign based on a budget not to exceed \$14.7 million.

To fund this appropriation, staff proposes reallocation of \$700,000 remaining from the Board-authorized appropriation for FY 2017/18 for the current campaign, use of funds not to exceed \$5.5 million for FY 2018/19, \$5.5 million for FY 2019/20, and \$3 million in FY 2020/21 for the final seven months of the campaign from the water conservation program budget to execute an advertising campaign, ending in January 2021.

A portion of this funding will also be used for research activities including focus groups and pre- and post-campaign assessments to determine and increase the effectiveness of the campaign.

**Proposed Water Conservation Advertising Campaign Budget**

Staff proposes funding for the campaign come from the existing and future conservation program budget since the advertising supports and helps facilitate its goals and objectives.

Three Year Contract Term:



	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	TOTAL
Initial creative strategy, focus groups, production of materials	\$700,000 (authorized for current contract, reallocated to new contract to initiate research, development )				
1. Ad Campaign (media, production services, strategic advice)		\$5.5 million	\$5.5 million	\$3 million (July- Jan)	
2. Research					
<b>TOTAL</b>	<b>\$700,000</b>	<b>\$5.5 million</b>	<b>\$5.5 million</b>	<b>\$3 million</b>	<b>\$14.7 million</b>

There will be no expenditure of these funds until the Board awards a contract, and authorizes a campaign following the RFP process.

### **Next Steps**

With Board authorization, staff will initiate a request for proposals for campaign consulting services, media buy and related research activities, for an amount not to exceed \$14.7 million. Staff will return to the Board in early 2018 with a consultant recommendation and request authorization to enter into an agreement for a three-year water awareness and conservation advertising campaign.

### **Policy**

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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.

By Minute Item 50707, dated January 10, 2017, the Board authorized the General Manager to extend the contract with Quigley-Simpson & Heppelwhite, Inc. to March 15, 2018 and increase the maximum payable on the contract by \$1.3 million in FY 2016/17 and \$3.5 million in FY 2017/18.

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves other 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). Finally, where it can be seen with certainty that there is no possibility that the proposed action 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 for Option #1 is: Determine that the proposed action is not defined as a project pursuant to Public Resources Code Section 21065 and Sections 15378(b)(2), 15378(b)(4) of the State CEQA Guidelines and is not subject to CEQA pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

#### **CEQA determination for Option #2:**

None required.

## Board Options

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### Option #1

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

- a. Authorize staff to initiate a request for proposals for a three year water conservation advertising and outreach campaign; and
- b. Appropriate funding for a campaign and research activities not to exceed \$14.7 million as detailed in the Fiscal Impact for this Option 1.

**Fiscal Impact:** \$14.7 million total to be funded as part of the water conservation program budget, with \$700,000 in FY 2017/18 (previously authorized), \$5.5 million in FY 2018/19, \$5.5 million in FY 2019/20, and \$3 million in FY 2020/21 for the final seven months of the campaign, ending in January 2021.

**Business Analysis:** Increased awareness and conservation will help the region reduce per-capita water use and make conservation a California way of life. This communications campaign and associated research project would provide effective broad-based public messaging consistent with the needs and requirements of member agencies and the state of California to use water efficiently. Eleven million dollars of the proposed biennial budget for FY 2018/19 and FY 2019/20 will be designated to provide funding for this program, and \$3 million will be requested for the FY 2020-21 biennial budget.

### Option #2

Do not authorize staff to initiate a request for proposals and do not authorize funding for three year water conservation advertising and outreach campaign.

**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

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### Option #1

  
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 Dee Zinke  
 Assistant General Manager/Chief External  
 Affairs Officer

11/9/2017

Date

  
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 Jeffrey Kightlinger  
 General Manager

11/9/2017

Date