



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

3/13/2018 Board Meeting

8-2

**Subject**

Adopt CEQA determination and authorize entering into a three-year contract with Quigley-Simpson & Heppelwhite, Inc. for advertising and community outreach services related to water conservation not to exceed \$14.7 million.

**Executive Summary**

In November 2017, the Board appropriated funding for a three-year multi-media water conservation campaign with a budget not to exceed \$14.7 million. This action followed the end of an award-winning, quantifiably successful, multi-year outreach campaign that saw region-wide conservation savings and public awareness throughout Metropolitan's service area. Building on this momentum, the Board authorized staff to initiate a request for proposals for a consultant contract for this next water conservation campaign, supported by culturally-diverse outreach activities and advertising using digital, print, broadcast and social media mediums. Staff completed an open, competitive consultant selection process, preceded by an information session and dialogue with all interested parties. Following the interview and analysis of four finalist agencies, staff recommends the Board authorize the General Manager to enter into a three-year agreement with Quigley-Simpson & Heppelwhite, Inc. for an advertising and community outreach campaign not to exceed \$14.7 million.

**Details**

In recent years, Southern California has experienced dramatic swings in hydrologic conditions, from the driest to the wettest periods in California's recorded history. Recognizing the need for sustained and continued outreach activities to increase public awareness of water conditions, effectively market the water conservation programs of Metropolitan and its member agencies on an ongoing basis, and highlight the value of a permanent Southern California water-conserving lifestyle, Metropolitan invested in and implemented a multi-lingual, multi-media water conservation campaign using creative messaging to reach diverse audiences throughout the service area.

Over the past three years, those campaigns generated an estimated 2.2 billion media impressions and nearly \$5 million in negotiated value-added media and bonus spots at no additional costs. Post-campaign surveys, including one conducted in December 2017 and funded by Metropolitan, found that 72 percent of Southern Californians had recently seen advertisements encouraging water conservation. However, active conservation and self-reported conservation actions were found to have declined slightly, suggesting a need to sustain strong and positive reinforcement of these messages.

On November 13, 2017, the Board authorized staff to initiate a request for proposals for an advertising campaign not to exceed \$ 14.7 million. Following Board approval, staff issued RFP-WM-1171 for Water Awareness and Conservation Advertising Services. A pre-proposal conference was held on December 14, 2017.

**Water Conservation Advertising Campaign Budget**

Funding for the campaign will come from existing and future conservation program budgets since the advertising supports and helps facilitate the demand management program goals and objectives. More specifically, the budget will include a reallocation of \$700,000 remaining from the Board-authorized appropriation for FY 2017/18 for the current campaign. Funds not to exceed \$5.5 million are authorized for FY 2018/19, \$5.5 million for FY 2019/20, and \$3 million for FY 2020/21.

A portion of this funding may also be used for research activities to better inform creative direction. This may include focus groups and pre- and post-campaign assessments to determine and increase the effectiveness of the campaign and provide some quantifiable measures of success.

<b>Three-Year Contract Term:</b>	<b>March 2018 - Feb 2021</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>TOTAL</b>
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) 2. Research		\$5.5 million	\$5.5 million	\$3 million (July-Jan)		
<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>	

### **Evaluation Process**

Nine firms responded to RFP 1171. The proposals were evaluated by an internal selection committee consisting of seven staff members representing External Affairs and Water Resource Management. The evaluation criteria included qualifications and staffing, record of past performance, technical approach and methodology, draft campaign proposal, environmental sensitivity and small business representation. The four firms that received the highest cumulative scores from the committee were invited to interview on February 8, 2018. Quigley-Simpson & Heppelwhite, Inc. received the highest cumulative score by the selection committee in the review process and interview period allotted to all candidate firms. Based on the comprehensive review, the committee recommends Quigley-Simpson be awarded the contract.

### **Introduction to the Quigley-Simpson Team**

Quigley-Simpson & Heppelwhite, Inc. is a Los Angeles-based, full-service advertising firm. The firm has been the agency of record for Metropolitan's water conservation campaigns for the three previous years, however their subcontracting firms, brought on board with extensive expertise in multi-cultural outreach, represent new faces and agencies for Metropolitan. The creative direction—offered with four different, equally viable and unique approaches—were informed with a new sense of cultural sensitivity, focused on regional attitudes and differences. The new team composite brings the advantage of core account executives from the previous campaign, well versed in Metropolitan culture and objectives, and the expertise of new subcontractors that will provide specialized marketing and advertising experience to reach diverse cultural communities. A comprehensive market study, done in December 2017 at Quigley-Simpson's own expense, provided direction to their creative and outreach proposal. This blend of old and new team members armed with new research will help the agency to skip a learning curve period and begin producing campaign materials this spring. The team for the Metropolitan campaign includes the following subconsultants:

- Quigley-Simpson & Heppelwhite – Agency for general market, African-American outreach, strategic media planning and buying, creative and production
- Casanova//McCann – Agency for Hispanic marketing, media and outreach
- interTrend Communications – Agency for Asian-American marketing and outreach
- Rezonate – Agency for Asian-American media planning and buying, a sister agency of interTrend
- Opinion Dynamics – Market research firm, to handle education and outreach initiatives for behavioral change

The full team demonstrated a strong track record working together on strategic planning, brand building, creative development, production and multi-cultural advertising. Past experience and clients represent a broad range of outreach, public awareness, behavior change, and social marketing campaigns to effectively reach diverse demographic groups and leverage communication opportunities in cost-effective ways. Past clients, including Metropolitan, are other public utilities, non-profits and healthcare agencies with recognizable and successful campaigns. Quigley-Simpson & Heppelwhite, Inc. also demonstrated a level of cost-consciousness not as clearly evident in other candidate proposals. This was discussed in their move to bring the media-buying function in-house (as opposed to contracting out), which will allow them to reduce hourly rates by 5 percent and their commission by a full percentage point as well as provide other cost efficiencies. Quigley-Simpson & Heppelwhite, Inc.'s standing in their respective communities, both the primary agency and its subcontractors, will provide significant value-added benefits due to their high volume of advertising and familiarity in the regional marketplace.

External Affairs staff proposes to negotiate for a cost-effective, high-value multi-cultural paid advertising and outreach campaign that will be supplemented with in-house activities. It is anticipated the campaign would focus on television and digital media, outdoor advertising and social media, and sponsorship opportunities using creative resources and production components that can be adapted, as needed, with updated messaging. The campaign will 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 like the takeover of Randy's Donuts and the Santa Monica Pier Ferris Wheel. It is anticipated that a campaign with these elements can be quickly developed, produced and carefully managed throughout the contract term to deliver effective outreach activities with significant and positive results. Staff will present the creative and media campaigns to the Board, and provide regular updates and progress reports on the campaign, including any adjustments as needed to ensure it is achieving the desired results.

### **Next Steps**

With Board authorization, staff will finalize the agreement with Quigley-Simpson & Heppelwhite, Inc. and immediately begin preparing Metropolitan's campaign. Staff has established an aggressive development schedule so that the messaging and outreach activities can be implemented by summer.

### **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 51015, dated November 14, 2017, the Board appropriated funding for a three-year, multi-media water conservation campaign for a not-to-exceed amount of \$14.7 million and authorized staff to initiate request for proposals for a consultant contract for this campaign.

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

#### **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 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****Option #1**

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

Authorize the General Manager to enter into a three-year agreement with Quigley-Simpson & Heppelwhite, Inc. for advertising and community outreach services related to water awareness and conservation, not to exceed \$14.7 million.

**Fiscal Impact:** Reallocation of \$700,000 remaining from the Board-authorized appropriation for FY 2017/18 for the current campaign. Funds not to exceed \$5.5 million are authorized for FY 2018/19, \$5.5 million for FY 2019/20, and \$3 million for FY 2020/21.

**Business Analysis:** Increased awareness and conservation will help the region improve its water supply reliability, increase awareness of member agency conservation and rebate programs, and highlight the value of a permanent Southern California water-conserving lifestyle. This communications campaign would provide public messaging consistent with Metropolitan's programs and strategic goals and effectively market the water conservation programs of Metropolitan and its member agencies.

**Option #2**

Do not authorize the General Manager to enter into a three-year agreement with Quigley-Simpson & Heppelwhite, Inc.

**Fiscal Impact:** With a reduced commitment to conservation, Metropolitan and member agencies may incur increased operational costs to withdraw more water from storage and may need to purchase additional transfer water to protect regional storage reserves if dry conditions persist and the region does not take increased actions to reduce demands.

**Business Analysis:** Demands for imported water may exceed supply and make it more difficult to manage storage reserves in future dry years if the region does not take other actions to reduce demands. Staff would seek direction from the Board on whether to re-bid for advertising services. Re-bidding services would take two to four months and would delay a summer public awareness and education campaign, when water demands peak, aimed at increasing public awareness of water conditions, and marketing the water conservation programs of Metropolitan and its member agencies.

**Staff Recommendation****Option #1**

  
Dee Zipke  
Assistant General Manager/  
Chief External Affairs Officer  
3/2/2018 Date

  
Jeffrey Rightlidge  
General Manager  
3/7/2018 Date