

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-88

Contract for Advertising and Media Buying Services

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	9/4/08	Discussion/Possible Action	Kathy Albert, Acting Chief Corporate Communications Officer Tim E. Healy, Marketing Manager	(206) 398-5456 (206) 398-5062

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement	✓	Execute New Contract/Agreement	✓
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	

PROPOSED ACTION

Authorizes the chief executive officer to execute a one-year contract with four one-year options with Hadley Green Creates to provide advertising and media buying services for a total authorized contract amount not to exceed \$2,000,000.

KEY FEATURES of PROPOSED ACTION

- The purpose of this action is to develop and implement advertising programs that:
 - Promote Sound Transit ridership.
 - Promote launching of new services and openings of new facilities.
 - Boost awareness of Sound Transit and all of its services within Pierce, Snohomish and King counties.

- This action is needed because Sound Transit's existing contract to provide advertising and media buying services expires September 8, 2008. In addition to developing annual advertising programs and route promotions, an advertising agency is needed to help promote the launch of the new ORCA smart card in spring 2009 and the launch of Link light rail in July 2009.

- The contract defines a scope of work, including providing general business counsel related to placing advertising media; analyzing present and potential markets for Sound Transit services; and developing plans and implementing advertising programs. The contract will be utilized on an as-needed basis.

- The contract provides for a one-year term with four additional one-year options to extend. The requested contract amount covers all five years of the contract.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

The previous three contracts for advertising and media buying services were budgeted in the Office of Corporate Communications staff budget and projects for the Transportation Services and Link Light Rail Departments. This contract is expected to follow that same charge internal direct process. The proposed action calls for a one-year contract with four one-year options to extend and will be utilized on an as-needed basis.

It is anticipated that approximately \$1.225 million of the total \$2,000,000 funds will be expended on the staff side. Of this amount, about \$40,000 will be used in 2008. Current spending levels, together with remaining forecasted amounts, are below the total Adopted annual staff budgets. The remaining contract spending would be charged against future staff budgets, when adopted.

Budget for this request is located within the Corporate Service Staff Operating Budget on page 202 in the Adopted 2008 Budget book. The consultant would be compensated based on a pre-agreed fee schedule. These costs would be paid out of Corporate Services annual budget for all consulting services with the remaining portion from future budget proposals. Details are provided in the following section.

BUDGET TABLE

Summary for Board Action (X \$1,000)

Action Item: On-call Advertising and Media Buying Services

	Adopted 2008 Budget	Spent to date in 2008	Contract Expenditures 2008	Remaining 2008 Budget
Current Year Budget				
Corporate Services - Consultant Mgmt	412	11	40	360
Corporate Services - Advertising	196	-	-	
Corporate Services - Other Services	823	477		346
Total Account Category	1,431	488	40	706

Budget Shortfall

Level	Shortfall	Resources	Funding Source
N/A	-	-	N/A

Contract Spending Plan	Prior Year(s) Spending	2008 Spending	Future Expenditures	Total
Hadley Green Creates	-	40	1,960	2,000

	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Contract Budget				
Hadley Green Creates	-	-	2,000	2,000
Marketing Services - Agency	-	-	346	346
Graphic Design Services	-	-	346	346
Printing and Binding	-	-	346	346
Photography Services	-	-	346	346
Transportation Services Department	-	-	575	575
other	-	-	40	40
Total	-	-	2,000	2,000
Percent Contingency	-	-		

Notes:

Budget for this item is included in the Sound Transit Staff Operating Budget of the Adopted 2008 Budget. On page 202, Corporate Service section, see Consultant/Management line item. The 2009 portion of the contract amount will be requested in the Proposed 2009 Budget.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

- Hadley Green Creates is the prime consultant for this contract. Hadley Green Creates committed to a 10-15% Small Business goal.

Utilization Breakdown Table

Subconsultant/Subcontractor	Business Type	% of Work	Dollar Value
Epiphany Research	WBE	5%	TBD
Appeal Studios	Small Business	5%	TBD
Jerry Davis	Small Business	5%	TBD
Total		15%	TBD

Equal Employment Workforce Profile (%Women/People of Color).

- Hadley Green Creates' workforce demographics are 30% women and 15% minorities.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

A primary goal of Sound Transit's marketing program is to build awareness of the agency and its services, and, as new services are launched, promote new services and help build ridership.

On June 24, 2008, Sound Transit advertised a request for proposals from qualified firms interested in providing advertising and media buying services for Sound Transit. Hadley Green Creates was selected out of four proposals that were submitted and reviewed.

The services provided under this contract include developing and producing print, broadcast, out of home (billboard and transit exterior advertising), online, and direct mail advertising, to support Sound Transit's marketing objectives of building ridership and agency awareness. In particular, Hadley Green Creates will provide the following services:

- Provide media buying services as required for placing advertisements for Sound Transit.
- Create and prepare advertising ideas and programs.
- Prepare estimates of costs for producing the recommended programs.
- Incorporate the message in mechanical or other form and forward it with proper instruction to fulfill advertising orders.
- Check and verify insertions, displays, broadcasts or other means used, to such degree as is usually performed by agencies.
- Evaluate and report on advertising results as required.
- Submit invoices for advertising production to Sound Transit for payment in a format that meets Sound Transit's reporting requirements.
- Establish and maintain a system for client review and approval of all activities at appropriate stages of development.

All work will be performed on an "as-needed" basis. Each project will require a scope of work and work order before any work is authorized by Sound Transit's Marketing Manager.

Analysis of Performing In-House vs. Contracting Out

Due to the specialized nature and broad range of skills required to provide advertising and media buying services, outsourcing these services at this time is a cost-effective alternative to hiring additional staff. A typical advertising project can require at a minimum a creative director, copy writer, electronic production person, media buyer and production manager. By only using those specialized services on a contract basis for specific projects, Sound Transit is not required to maintain a minimum of five additional FTEs (a potential cost of \$422,500 with an average annual cost of \$65,000 plus benefits per FTE).

Contracting advertising services also allows a rapid response to advertising needs without impacting the agency's in-house resources for developing public information and outreach materials.

In addition, an advertising/media buying agency can provide cost savings by taking advantage of discounts offered for volume media purchases when combined with the agency's other media buys.

Prior Board/Committee Actions

None.

CONSEQUENCES of DELAY

This action is needed because Sound Transit's existing contract to provide advertising and media buying services expires September 8, 2008. Long-term delays in executing this contract could affect implementation of advertising to support launch of the ORCA smart card and development of advertising to support the launch of Link light rail. It could also affect planning for the year 2009 advertising program.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 8/26/08

LEGAL REVIEW

JW 8/27/08

SOUND TRANSIT

MOTION NO. M2008-88

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a one-year contract with four one-year options with Hadley Green Creates to provide advertising and media buying services for a total authorized contract amount not to exceed \$2,000,000.

Background:

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On June 24, 2008, Sound Transit advertised a request for proposals from qualified firms interested in providing advertising and media buying services for Sound Transit. Hadley Green Creates was selected out of four proposals that were submitted and reviewed.

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Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a one-year contract with four one-year options with Hadley Green Creates to provide advertising and media buying services for a total authorized contract amount not to exceed \$2,000,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 4, 2008.



Fred Butler
Finance Committee Vice-Chair

ATTEST:



Marcia Walker
Board Administrator