



**CITY OF DULUTH
PURCHASING DIVISION**

Room 100 City Hall
411 West First Street
Duluth, Minnesota 55802-1199
218/730-5340 218/730-5922 FAX

December 17, 2012

**REQUEST FOR PROPOSAL
13-0027
Public Awareness Media Services**

Please provide the City of Duluth with a proposal for **Public Awareness Media Services** per the attached description, requirements and goals.

Please mark your proposal with the above number and title on the outside of the envelope and return to: City of Duluth, Purchasing, Room 100, 411 West 1st Street, Duluth, MN 55802 by **2 PM., Tuesday, January 8, 2013.**

All proposals will be acknowledged aloud in room 106A of City Hall. Proposals will be reviewed by committee according to established criteria.

The City of Duluth reserves the right to reject all proposals, to select more than one to give presentations if so desired by the City of Duluth, or to select the best one and enter into further negotiations with the vendor.

Contact: Dennis Sears (218) 730-5003
Purchasing Agent
dsears@duluthmn.gov

Thank you.

Minimum Criteria for Candidate Agencies December 12, 2012

This criteria sets out the minimum characteristics that agencies or collaborative teams must have before their proposals can be considered as qualified for the account. If an organization has the minimum qualifications, it may be subject to further consideration, but if does not meet the minimum criteria, the proposal will be dropped from further consideration. Please address each qualification listed below and submit with your proposal.

- Agency/Team must be located within 25 miles of Duluth, MN.
- Agency/Team must be a full service agency. A full service agency provides services to include media strategy and buying, art and creative direction, design services, copy writing, web site promotions, illustration, budgeting and reporting with its staff.
- Agency/Team shall not handle any accounts for a competitor that directly competes for gas utility customers of Duluth Public Works and Utilities Department.
- Agency/Team must have strong capabilities in direct marketing, web site promotions, launching new services, design, media placement, and formulation of marketing strategies.
- Agency/Team must have worked together serving full service accounts for a minimum of 3 years.
- Agency/Team shall have a minimum of four staff or team members including owners and executives.

Public Works and Utilities
Public Awareness and Communications Account Profile
December 11, 2012

ComfortSystems
City of Duluth Public Works and Utilities Department
P.O. Box 169001
520 Garfield Ave
Duluth, MN 55802

Agency Search Coordinator: Eric Schlacks 730-4060

Public Communications Components

The Public Works and Utilities Department was formed in 1999 by combining two city departments: Public Works and Water and Gas. The department has selected a brand name, "ComfortSystems", to promote product safety, natural gas, and associated utility services. These communications needs consist of three key components:

- Publicizing safety and conservation messages,
- Promoting utility billing and credit services,
- Promoting utility services with special focus on natural gas services,
- Outreach to low income customers.

The Federal Energy Regulatory Commission and the Minnesota Office of Pipeline Safety mandate that certain public awareness communications be promoted to the public and certain stake holder groups such as emergency responders, and local government officials.

The Public Works and Utilities Department has provided natural gas service to Duluth for several decades through its predecessor the Water and Gas Department. It promotes 24 existing products and services to residents and businesses of Duluth. New products and services will be launched in the future.

Budgets

Agency budgets to develop and deliver public information to customers and residents are expected to remain steady at approximately \$85,000 per year. Most of the agency budget is spent on media for messages.

Product

Natural gas is a clean, efficient, convenient, worry free, and economical source of energy for heating homes and water, drying clothes, cooking food, fireplaces, etc. Prospective customers have some need for natural gas but it is not necessary because of readily available substitutes. Natural gas competes against firewood, fuel oil, propane, and electricity, and district steam as an energy source. It has a price advantage over electricity, fuel oil, propane, and steam.

We are the only organization offering natural gas service to residential customers in the City of Duluth. In the past we have had direct competition from COMO Natural Gas, Inc. and Texas El Paso Gas for commercial customers. Today we face direct competition from US Energy Services to purchase natural gas for commercial customers. We are the market leader selling natural gas in Duluth. Any increase in the size of the gas market in Duluth will benefit ComfortSystems and its customers.

Minnesota Power has a similar dominance in selling electric power to customers in our service territory. It is a much larger company than Public Works & Utilities. Electric appliances often have a lower first cost. Minnesota Power has programs in place to entice customers to go electric. There are many propane and fuel oil companies in the area which also offer incentives to customers to install propane and oil fueled appliances. Many residents have purchased appliances that operate on fuels other than natural gas.

Natural gas appliances are clean burning and convenient to use. Natural gas is the environmentally responsible choice. It produces the least amount of green house gases that scientists cite as causing global warming of any major energy source in use today.

Since there is no storage needed with natural gas customers can get rid of storage tanks. Natural gas gives customers peace of mind because they do not worry about running out of fuel before the next delivery. Natural gas has a good reputation in Duluth.

Services

The Department provides:

- credit and billing services which are promoted to make customers aware and enroll. These services are similar to what other businesses offer customers.
 - budget billing
 - direct pay
 - pay stations
 - pay boxes
 - service applications/changes
 - credit card transactions
- appliance services are distinguished by low prices, quality work, and a high credibility level with the customer
 - furnace cleaning
 - furnace repair & service
 - hot water heater repair & service
- Safety is critical to our customers, employees and the general public. These services are generally unique to natural gas suppliers
 - natural gas leak detection and repair service
 - water leak detection and repair service
 - carbon monoxide testing

- regulator & meter snow removal
- pipeline safety
- 24 hour emergency service
- construction zone driving
- Residential
 - New customers converting to natural gas
 - Home Energy Loan Program provides low interest loans. It is very popular with customers wanting to improve the energy efficiency of their homes.
 - Advanced Home Energy Program provides use of diagnostic tools during initial energy surveys to identify more comprehensive efficiency and conservation measures. It is provided in partnership with Minnesota Power.
 - Home Energy Check-up is a free home energy survey for energy conscious customers. This program is provided in partnership with Minnesota Power.
 - Low Income New Construction program provides grants to builders and developers to make new construction low income housing more efficient from the start.
 - Heat Share helps needy customers pay heating bills during the winter. The Salvation Army administers this program. ComfortSystems solicits donations and refers clients.
 - Application for Service & Rates makes customers aware of choices available to them and how to make changes.
 - Pocket Conversion program extends main into areas where no mains exist and promotes benefits of natural gas to potential customers.
- Commercial & industrial
 - Gas transport gives customers choice about who supplies their natural gas
 - Application for service and rates make customers aware of choices available to them and how to make changes.
 - Promotion of Commercial & Industrial conservation programs.

List of Agency Services Desired

Account Administration
 Media/Vendor Strategy and Supervision
 Purchasing Media and Materials
 Client Consultation
 Project Coordination
 Art Direction/Creative Direction
 Design Services and Layout
 Copywriting
 Web Site Promotion
 Illustration

Typical Media Program

Messages are placed in various media year around, but some services are limited to the construction season (May-October). Message placement for this account will primarily be in the Twin Ports region of Minnesota. The agency will be expected to participate in the development and launch of new products and services. Some advertising will be produced jointly with other companies which will require ad agencies to work together to complete the assignment.

City of Duluth
Public Works and Utilities Department
Request
For Background Information
Public Awareness Agency

Please answer all questions briefly and concisely on separate sheets. Provide attachments, addendum or examples as needed. Speculative creative or any specific recommendations for Public Works and Utilities/ComfortSystems will not be accepted at this time.

Agency _____

Address _____

Telephone _____

Fax _____

E-mail Address _____

Name and Title of Agency Contact _____

A Organization Ownership and Key Employees

- (a) When was your agency founded?
- (b) Who owns your agency?
- (c) Who controls the management of your agency?
- (d) Please identify the most important executives in your agency, and provide a short one-paragraph description of each of their careers. What do they do now in your agency?
- (e) Is there anything else you would like to tell us about the ownership of your agency or its key employees?

B Agency Organization and Service

- (a) Provide a functional organization chart for your agency. (It is not necessary to indicate names)
- (b) How many staff including owners and executives does your agency have?
- (c) Please describe how your agency provides service to a typical client. Is it possible to provide a functional account organization chart indicating contact points between agency and client?
- (d) Is your organization a full service agency? What services does your agency provide? What services does your agency rely on individuals or firms outside of it to perform?
- (e) Please describe the function of your account management. How does it interact with a typical client? What are its specific responsibilities within the agency?
- (f) Please describe your creative department. How would you characterize its strengths? To what extent and under what circumstances are representatives of the creative department in direct contact with your clients?
- (g) Please describe your media department. How would you characterize its strengths? To what extent and under what circumstances are representatives of your media department in direct contact with your clients?
- (h) Please describe your research department. How would you characterize its strengths? To what extent and under what circumstances are

representatives of your research department in direct contact with your clients?

- (i) What capabilities does your agency have in direct marketing, web site development and promotion, launching new services, media placement, and the formulation of marketing strategies?
- (j) When your agency is awarded a new account, does it typically staff it from within, or do you also augment internal staffing with professional people newly hired from outside the agency?
- (k) Which staff members would handle our accounts?
- (l) Would any tasks or activities for Public Works and Utilities be subcontracted to individuals or companies outside the agency? If so which ones, and who would do the work?
- (m) Is there anything else you would like to tell us about your agency's organization and how it serves its clients?

C Top Management Participation

- (a) How does the owner or chief executive officer maintain contact with your clients?
- (b) Does the owner or chief executive officer participate directly in the professional conduct of any client advertising programs? Would you mind telling us which ones these are?
- (c) Who (by title) is the senior agency executive responsible for the professional conduct of other agency accounts?
- (d) Is there anything else you would like to tell us about the participation of your top management in account service?

D Account Gain and Loss History

- (a) What accounts has your agency lost in the past two years?
- (b) If you have lost accounts within the past two years, would you care to comment on why they were lost?
- (c) What accounts has your agency gained in the past two years?

- (d) If you have gained accounts within the past two years, would you care to comment on why your agency was chosen to service these new accounts?
- (e) Please provide a list of your accounts as of July 1, 2012.
- (f) Would you give us your list of accounts as of July 1, 2009
- (g) Does your agency handle any accounts for a competitor that directly competes for energy customers of Duluth Public Works and Utilities Department? If so please provide a list of those clients. What is the nature of those accounts and what services do you provide?
- (h) Is there anything else you would like to tell us about your account gain and loss history?

E Agency Financial Standing and Policies

- (a) How would you characterize your balance sheet?
- (b) How do you usually charge your clients for your services? Please include an explanation of your compensation philosophy, a schedule of hourly rates, your mark-up structure and fee/commission structures.
- (c) Do you have an internal time-cost accounting system? If you do what has been your experience with the system?
- (d) If you would like to tell us, we would like to know approximately what proportion of agency internal time is charged against client accounts and what proportion is charged against general management, general overhead, and/or unallocated direct salary expense.
- (e) We would be interested in any comments that you wish to make about your credit rating, your media payment policies, whether you consistently earn cash discounts, etc.
- (f) About how many days on average do client media bills remain outstanding after the media invoice is issued? 30 days, 60 days, 90 days, over 90 days?
- (g) What was the approximate value of all media purchased for clients in 2011? Please provide a breakdown by the type of media purchased in 2011 (e.g. TV 20%, Print 30%, Radio 30%, Bill Boards 10%, Special Events 10%, etc.).

- (h) Is there anything else you would like to tell us about your agency's financial standing and policies?

F Agency Views about Effective Advertising

- (a) How would you describe effective advertising?
- (b) Does your agency have any specific philosophy or practices that you believe consistently produce effective advertising?
- (c) Does your agency follow any procedures to maintain the effectiveness of the advertising you produce on an account-by-account basis?
- (d) Is there anything else you would like to tell us about your agency's views about effective public information communications and how it might best be obtained?

G Agency Experience

- (a) In general, how would you characterize the experience of your agency? With what kinds of accounts do you believe yourself to have special strength?
- (b) What agency experience, if any, is directly related to the products or services which we are now searching for an agency?
- (c) What other agency experience, although not directly relevant, do you believe might provide useful background if you were to be awarded the public awareness agency account for ComfortSystems?
- (d) What advantage would your firm provide to Public Works and Utilities versus other firms?
- (e) Does your agency or individuals in it have any experience in developing public awareness strategy and tactics for firms in recently deregulated industries such as trucking, banking, airline, telephone, or energy? If so please describe the nature of that experience.
- (f) Is there anything else about your agency experience that you believe would be helpful for us to know?

H References

- (a) If you would not object to us talking with some of your current clients about the effectiveness of your creative product and the excellence of your

account service, please list three or four of your current clients whom we might contact.

- (b) If you would not object to us talking with some of the media organizations you buy media from to publicize client's messages about their experience scheduling messages and your payment history, please list whom we might contact.

Public Awareness Agency Request for Proposal

- 1) Please provide a detailed proposal to provide service for this account. Speculative or creative materials will not be accepted at this time.
- 2) Please provide a separate list of your agency's rates, fees, and commissions to provide the services listed in section 3 of this document for the next three years (2013 through 2015). Break out hourly rates by type of service provided and position of staff providing service.
- 3) Please complete the Cost Projections for a Hypothetical Year of Agency Service worksheet.

Cost Projections for a Hypothetical Year of Agency Service

The billable hours for a hypothetical year of services from an agency for the Public Works and Utilities Department's public awareness work have been projected. The hours listed represent the amount of billable hours and production time an agency might hypothetically spend providing various services in a year. These hours have been projected to **provide a cost comparison between agencies making proposals** for this account. The costs submitted by agencies for this hypothetical year of service **are not the contract amount**.

Please add any fees or rates you charge customers that are not included in the list below.

Account Administration – 103 Hours

All aspects of responsive client servicing, including: budget preparation, budget tracking and budget planning, documentation and facilitation, assembling monthly reports to ensure budget is on-target at end of each month; City and Inter-office reports; invoice and contract reviews; daily account supervision; budget forecasting; determining ways to make the most of PR opportunities and coordinating attendance at community/cultural events thereby helping to strengthen ComfortSystems public profile.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
Sub-Total			103 Hrs	\$	_____

Media/Vendor Strategy and Supervision – 22 Hours

Strategizing, determining media tactics and message placement, developing and maintaining a detailed marketing/media plan as per a predetermined annual budget; researching opportunities to maximize most effective use of media placement by pinpointing specific messages to demographic audience; contact with media representatives; planning media schedules, and coordinating project traffic; purchasing media of all types, following up on billing discrepancies and makegoods; maintaining internal media spreadsheets; preparation of materials for City officials to substantiate marketing strategies.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
Sub-Total			22 Hrs	\$	_____

Client Consultation and Contact– 40 Hours

All discussions, meetings, and phone conversations between agency staff and ComfortSystems personnel, including: formulation of strategy and tactics, campaign planning, media and design recommendations; following up on client’s questions and concerns; deliberation and conception of ideas with client, meeting with client project development teams, meet with marketing manager at least monthly, summarize and issue meeting minutes.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
Sub-Total			40 Hrs	\$	_____

Project Coordination – 35 Hours

Supervision and management of specific approved projects, including: brochures, inserts, direct mail, handouts, apparel, radio scripts, television, newspaper and magazine advertisements, outdoor advertising, special events, etc.; securing estimates and comparing costs; researching vendor capabilities and fair market price in regard to specific projects; preparing specs; all press checks; monitoring vendor invoices, supervision of production, printing and outside vendors in regard to a specific project to ensure price, quality control and timely delivery.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
	Sub-Total		35 Hrs	\$	_____

Art Direction/Creative Direction – 9 Hours

Management and supervision on a per-project basis, which includes: guidance of the conceptual direction of fresh, effective, consistent, on-message creative; supervising photography sessions, editing sessions, selecting sound effects for TV and radio, coordinating voice talent, music, etc.; as well as ensuring all production is both on-time and on-budget, and to client's specifications.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
	Sub-Total		9 Hrs	\$	_____

Design Services – 34 Hours

All design and layout of collateral materials; brainstorming and conceptual strategy; development of innovative, effective, strategically sound design solutions; creation of print ads, brochures, direct mail pieces, outdoor advertising, Powerpoint presentations; scanning of photographs and/or artwork; photo retouching, etc.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
	Sub-Total		34 Hrs	\$	_____

Copywriting – 20 Hours

All copy writing, proofing, editing, research and revisions for print, Web site and broadcast media.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
	Sub-Total		20 Hrs	\$	_____

If \$52,800 is spent by agency on media and materials on behalf of Public Works and Utilities please calculate the amount of vendor commissions and vendor mark-ups agency would receive. (For example, if media and vendor mark-ups were 15% then the agency would receive \$7,920.)

- | | |
|---|----------|
| 1) Hypothetical cost of media and materials | \$52,800 |
| 2) Hypothetical costs for billable hours by agency | _____ |
| 3) Hypothetical costs for media commissions/vendor mark-ups | _____ |
| Total Hypothetical costs for agency services (1+2+3) | _____ |

December 12, 2012

Name
Agency
Address
City, State Zip

12-0027
Request for Proposals

The Public Works & Utilities Department is searching for an agency/collaborative team to provide public awareness information and media purchasing services for its account. The nature of that account is described in detail in the attached Public Awareness Account Profile. This request for proposals has been sent to a number of other agencies.

In addition to the Public Awareness Account Profile, there is a list of minimum criteria that organizations must meet in order for their proposals to be considered as a candidate for this account. If after reviewing the criteria, you want your agency to be considered to render services to Public Works and Utilities, please complete the complete the rest of the request and submit a proposal to provide the services desired for the account. Your proposal should include:

- A detailed proposal to provide services for the account.
- A rate schedule and procedure for project expensing.
- Complete the worksheet to project the costs for a hypothetical year of services.

Please put five copies and a CD of your proposals in a sealed package and identify the number, proposal title and due date on the outside.

Agency/collaborative team proposals will be evaluated. Qualified organizations may be contacted to arrange for an informal visit by utility staff to learn about their capabilities, past work and personnel. The City reserves the right to refuse all proposal, select more than one for interviews or just make an award to one vendor with the highest score.

If you have any questions, please contact our Gas and Energy Coordinator, Eric Schlacks, at 730-4060, or e-mail him at eschlacks@duluthmn.gov.

Sincerely,

Dennis Sears
Purchasing Agent

ES
Enclosures (4)

G:/Ad Agency Search/2013/Search Letter 12-11-12