



CITY OF DULUTH

DEPARTMENT OF FINANCE  
City Purchasing Division  
100 City Hall, 411 W. 1st Street  
Duluth, MN 55802-1189

218-730-5340 FAX: 218-730-5921

City of Duluth

Request for Proposals and Qualifications  
09-0493

Please provide the City of Duluth with **Public Awareness and Media Purchasing Services** qualifications and proposals per the information attached and in separate envelopes as described. All methods of evaluation are set forth in the information provided.

Please return your qualifications and proposals to: City of Duluth, Purchasing, RM 100, 411 W 1<sup>st</sup> Street, Duluth, MN 55802-1189 by Tuesday, September 29, 2009 at 2 PM. Please clearly mark one envelope "proposals" and one envelope "qualifications". Please include five (5) copies of each. Put both envelopes in one bigger envelope. Mark this envelope with #09-0493.

Thank You.

August 3, 2009

Name  
Agency  
Address  
City, State Zip

### Request for Qualifications and 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 qualifications and 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 to be considered strong candidates 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 Request for Qualifications 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 of your qualifications and five copies of your proposals in separate envelopes. Indicate what each package contains by labeling it "Qualifications" or "Proposals". Place them into a single package for delivery to the City Purchasing Department, Room 100, 411 W 1<sup>st</sup> Street, Duluth, MN 55802 by Tuesday, September 29, 2009. Please reference RFP number 09-0493 on the outside of all the envelopes.

Agency/collaborative team qualifications 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.

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](mailto:eschlacks@duluthmn.gov).

Sincerely,

Dennis Sears  
Purchasing Agent

RLJ:ES  
Enclosures (4)

G:/Ad Agency Search/2009/Search Letter 8-3-09

Public Works and Utilities  
Public Awareness and Communications Account Profile  
August 3, 2009

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. Its price advantage over electricity and steam has narrowed recently.

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.
  - Home Performance Program provides use of diagnostic tools during initial energy surveys to identify more comprehensive efficiency and conservation measures.
  - 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 will be high priority in 2010.

### **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 Qualifications  
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 \_\_\_\_\_

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## 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, 2009.
- (f) Would you give us your list of accounts as of July 1, 2006.
- (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 2008? Please provide a breakdown by the type of media purchased in 2008 (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 (2009 through 2012). 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	=	\$ _____



**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	\$	_____

**Interactive – Web site development – 31 Hours**

Creation and development of an expansive Internet visibility and Web presence; implementation of search engine placement; shaping the framework and layout of site, completing all production work–in-house to ensure it remains consistent with marketing strategy; ascertain that the ComfortSystem Web site performs smoothly over all formats, remains up-to-date and functions efficiently and effectively.

Type	Rate (\$/Hour)	X	Number of Hours	=	Cost
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
Sub-Total			31 Hrs	\$	_____

**Illustration – 9 Hours**

Illustration includes the creation of original artwork for use in collateral, Web site, etc., according to criteria pre-determined by agency design team and ComfortSystems, with the intent to coincide with and create an association between a symbol/object and ComfortSystems with the goal of building awareness and association.

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

**Media Commissions and Vendor Mark-ups earned by Agency**

Standard industry media commissions and vendor mark-ups are calculated at 15% of gross. Is this your agency policy? (Please use back of sheet if more space is needed.)

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 \$52,8000

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) \_\_\_\_\_