

Agenda Report

DATE: November 16, 1998

TO: City Council
Through Deregulation Committee

FROM: City Manager

SUBJECT: Contract with Anderson MarCom for Communications Assistance
Related to Electric Utility Deregulation

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to enter into a contract not to exceed \$120,000 with Anderson MarCom for communications assistance related to electric utility deregulation through June 30, 1999.

BACKGROUND:

Pasadena Water and Power (PWP), working with the city's Public Affairs Office, began its public education and outreach program related to electric deregulation in 1995. An advertising agency, Jim Cox Advertising, was hired in 1997 to perform preliminary research and provide a direct-mail booklet, two billstuffers and ongoing advice and consultation on deregulation communications. The same advertising agency was hired again in 1998 to perform additional research and provide a second direct-mail booklet, a billstuffer, a series of newspaper ads and ongoing advice and consultation. Since 1995, the primary target audience, at the request of the City Council, has been residential customers.

Several important events and decisions have driven PWP's customer education campaign: (1) City Council approval in November 1997 of five items to help position PWP for competition in a deregulated marketplace, including a temporary surcharge; (2) in early spring 1998 investor-owned utilities began the deregulation process and rolled out aggressive advertising campaigns; and

(3) focus groups conducted this year with PWP customers resulted in a decision to place more emphasis on commercial customers as we proceed with the deregulation communications plan.

A PWP communications strategy has been developed. Themes in the PWP communications plan include customer choice, PWP is a community-owned utility, and PWP's products and services. The purpose of hiring an advertising agency is to assist PWP in developing messages based on these themes that can be delivered to every customer via a variety of communications tools (see scope of services on page 2).

A Request for Proposals was sent to five advertising agencies in early October. Three agencies responded – Anderson MarCom, Jim Cox Advertising and AL&Z.

Evaluation results of competitive selection criteria are as follows:

	<u>Anderson MarCom</u>	<u>Jim Cox Advertising</u>	<u>AL&Z</u>
Prior Experience in Providing Similar Services	55%	60%	60%
Price	20%	10%	10%
Commitment to Affirmative Action/Equal Opportunity Employment Principals	15%	13%	14%
Local Pasadena Business	5%	5%	0
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	95%	88%	84%

Anderson MarCom received the highest overall score and is therefore recommended for award of this contract.

The scope of services included in the Request for Proposals are as follows:

1. **Sales Support Materials for Medium and Large Commercial Customers**
 - A. 9" x 12" booklet: eight pages plus cover; inside pocket; four-color, saddlestitched; includes 12 photographs; copywriting. Highlights general information about PWP.

B. 8.5" x 11" brochure: four pages, four-color, includes six photographs; copywriting. Can stand alone as well as be included in the pocket of the booklet.

2. Educational Support Materials for Small Commercial Customers

8.5" x 11" direct mail piece: six panels; four-color, includes eight photographs; copywriting.

3. Educational Newspaper Columns for Residential Customers

Series of six "PowerLine" columns in Pasadena Star-News: two-column by 12", no spot color; each runs three times; design already exists, but new copy will have to be written.

4. Educational Support Materials for All Three Customer Groups

Series of six billstuffers: 2.5" x 5.5"; six panels, three-color, new graphics, copywriting.

5. Strategic Planning and Campaign Development

Two-hour strategic planning sessions at beginning of contract period and prior to each specific project.

6. Contingencies

Minimum of two revisions to copy and two revisions to design for each project.

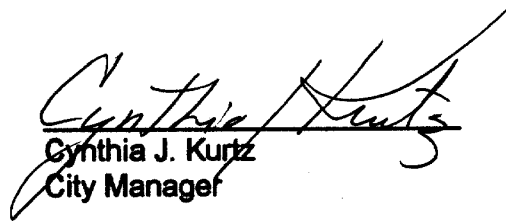
COMPLIANCE:

Anderson MarCom is in compliance with the city's Living Wage Ordinance and Affirmative Action Ordinance.


FISCAL IMPACT:

Funds for the Anderson MarCom advertising contract are available from PWP account number 8114-401-831000-0930-20385.


Respectfully submitted,


Cynthia J. Kurtz
City Manager

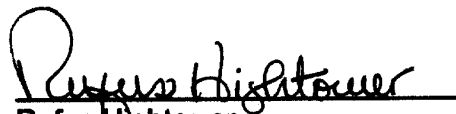
Prepared by:


Ann Erdman
Public Information Officer

Reviewed by:


Donald M. Pappe
Business Unit Director, Customer Care

Approved by:


Rufus Hightower
General Manager, Water and Power Department