

MOTION NO. M2015-15

Amend Contract for Advertising and Media Buying Services

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	02/05/2015	Recommend to Board	Craig Davison, Executive Director of Communications & External Affairs
Board	02/26/2015	Final Action	Tim E. Healy, Marketing & Creative Services Director

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with Green Rubino Inc. to provide advertising and media buying services in the amount of \$6,000,000, for a new total authorized contract amount not to exceed \$7,656,000.

KEY FEATURES SUMMARY

- The current contract with Green Rubino was authorized by the Board in 2013 in the amount of \$1,656,000 to analyze potential markets for Sound Transit services, develop and implement advertising campaigns, and place advertising media.
- Under the current contract, Green Rubino orders for Sound Transit the space, time or other means to be used for advertising and secure the most advantageous rates available. Invoices for advertising and media buys from numerous vendors are reviewed by Green Rubino and submitted to Sound Transit for invoice processing throughout the year.
- The current invoice and payment process for advertising and media buys lacks efficiency both to the consultant and Sound Transit.
- This contract amendment would transfer the cost of advertising (approximately \$1,500,000 per year) from multiple annual advertising purchase orders to this contract. This will allow Green Rubino to pay for advertising directly rather than having it billed to Sound Transit. This will streamline the purchase process and payment of advertising invoices and reduce staff time spent processing approximately thirty purchase orders annually. It will also improve the efficiency of collecting 15 percent commissions on the paid media from the monthly advertising agency fees as allowed under the contract.
- The contract amendment does not increase the monthly fee nor the estimated hours of services per month that Sound Transit pays Green Rubino for advertising services. The proposed amendment will increase the contract amount to cover the cost of advertising and media buys through the end of the contract term in 2018.

BACKGROUND

Since 1999, Sound Transit has contracted for advertising and media buying services to build awareness of the agency and its services, promote the new services, and help build ridership. During that time, Sound Transit has experienced double-digit growth in ridership, grown its brand awareness to approximately 88% and established a favorable opinion of the agency by 69% of the region's population.

The Operations and Administration Committee authorized a contract for \$1,656,000 with Green Rubino on September 5, 2013 and the first year of that contract began on September 6, 2013. The services provided under this contract include developing and producing print, broadcast, billboard and transit exterior, online, and direct mail advertising to support Sound Transit's marketing

objectives of building ridership and agency/mode awareness. In particular, Green Rubino will continue to provide the following services:

- Supplying media buying services as required to place advertising for Sound Transit (media buying services include developing a paid advertising strategy, purchasing advertising space, auditing media invoices for accuracy and paying the invoices in a timely manner).
- Creating and preparing advertising ideas and programs
- Preparing estimates of costs for producing the recommended programs
- Checking and verifying insertions, displays, broadcasts or other means used
- Evaluating and reporting on advertising results

Green Rubino orders Sound Transit the space, time or other means to be used for advertising and secures the most advantageous rates available. Upon obtaining Sound Transit's approval for these advertising services, Green Rubino places the advertisements and conducts a full review of all advertising invoices for accuracy prior to submitting to Sound Transit for final approval. Invoices for advertising and media buys from numerous vendors are submitted to Sound Transit for processing throughout the year.

Sound Transit pays Green Rubino a monthly fee of \$24,000 for advertising services based on providing an estimated 150 hours of services per month, or 1,800 hours per contract year. Sound Transit also reimburses the consultant for all pre-approved, reasonable out-of-pocket expenses, delivery charges and travel expenses when applicable. To offset a portion of the fee paid by Sound Transit for advertising services, Green Rubino discounts the contract commission fee of 15 percent for placing media from the monthly fee. Sound Transit received discounts in the amount of \$108,468 for the first year of the Green Rubino contract due to commission rebates.

This contract amendment transfers the cost of paid media (approximately \$1,500,000 per year) to the contract, which will allow Green Rubino to purchase and pay for media directly rather than having it billed to Sound Transit. Amending the contract to allow Green Rubino to purchase and pay for media directly will streamline the invoicing process and collect the commissions that are in turn credited to Sound Transit to offset a portion of the advertising services fees.

FISCAL INFORMATION

This action is funded from the Adopted 2015 Communication & External Affairs Department – Marketing Services and Advertising Budgets and the Adopted 2015 Service Delivery – Marketing & Rider Information Budget. The contract amendment will dedicate the advertising budget previously charged to multiple vendors to a sole vendor Green Rubino for advertising expenses. This action is within the Adopted 2015 Budget, with approximately \$895K remaining in the 2015 budget. The remaining contract spending would be charged against future department and service delivery budgets when adopted.

Advertising & Media Buying Services Budget Table

Current Year Budget	Adopted 2015 Budget	2015 Spent to date	2015 Contract Expenditures	Remaining 2015 Budget
Communications & External Affairs - Marketing Services	567	-	176	391
Communications & External Affairs -Advertising/Promotion	900	-	875	25
Service Delivery Budget - Marketing & Rider Information	1,064	-	585	479
Total	2,531	-	1,636	895

Contract Spending Plan	Prior Year(s) Spending	2015 Spending	Future Expenditures	Total
Green Rubino	446	1,636	5,574	7,656

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Green Rubino	1,656	446	6,000	7,656
Contingency	-	-	-	-
Total Contract	1,656	446	6,000	7,656
Percent Contingency	0%	-	-	0%

Notes:

Amounts are expressed in \$000s.

PO expenses to date are thru 12/29/2014.

There are no 2015 expenses to date.

The Proposed 2015 Budget was adopted by the Sound Transit Board on 12/18/14.

Communications & External Affairs Marketing Services & Advertising budgets are located on page 81 of the Proposed 2015 Budget book.

Service Delivery - Marketing & Rider Information budget is located on page 31 of the Proposed 2015 Budget book.

Budget for future years will be requested in future budgets.

SMALL BUSINESS/DBE PARTICIPATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Consistent with Sound Transit Policies and Federal Regulations, Sound Transit has established Small Business/DBE goals for this contract. These goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

Green Rubino has been verified as a Small Business and will perform 90% of this contract which exceeds their Small Business Commitment of 10%. The individuals Green Rubino proposes to use as subcontractors (10%) are independent contractors but cannot be corroborated as Small Businesses.

Small Business Goals

Sound Transit Goal: 10%

Commitment: 10%

TIME CONSTRAINTS

Long-term delays in executing this contract amendment could delay purchasing and placing advertising media as part of the 2015 advertising program.

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2013-69: Authorized the chief executive officer to execute a one-year contract with four additional one-year options to extend with Green Rubino to provide Advertising and Media Buying services for a total authorized contract amount not to exceed \$1,656,000.

ENVIRONMENTAL REVIEW

JI 12/19/2014

LEGAL REVIEW

LA 30 Jan 2015

MOTION NO. M2015-15

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with Green Rubino Inc. to provide advertising and media buying services in the amount of \$6,000,000, for a new total authorized contract amount not to exceed \$7,656,000.

BACKGROUND:

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The Operations and Administration Committee authorized a contract for \$1,656,000 with Green Rubino on September 5, 2013 and the first year of that contract began on September 6, 2013. The services provided under this contract include developing and producing print, broadcast, billboard and transit exterior, online, and direct mail advertising to support Sound Transit's marketing objectives of building ridership and agency/mode awareness. In particular, Green Rubino provides the following services:

- Supplying media buying services as required to place advertising for Sound Transit (media buying services include developing a paid advertising strategy, purchasing advertising space, auditing media invoices for accuracy and paying the invoices in a timely manner).
- Creating and preparing advertising ideas and programs
- Preparing estimates of costs for producing the recommended programs
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- Evaluating and reporting on advertising results

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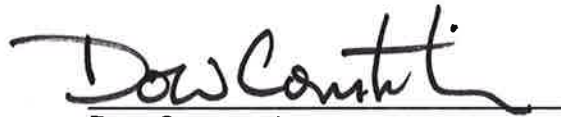
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The contract amendment does not increase the monthly fee nor the estimated hours of services per month that Sound Transit pays Green Rubino for advertising services. The proposed amendment will increase the contract amount to cover the cost of advertising and media buys through the end of the contract term in 2018.

MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract amendment with Green Rubino Inc. to provide advertising and media buying services in the amount of \$6,000,000, for a new total authorized contract amount not to exceed \$7,656,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 26, 2015.



Dow Constantine
Board Chair

ATTEST:



Kathryn Flores
Acting Board Administrator