#### AGREEMENT FOR PROFESSIONAL ADVERTISING SERVICES BY AND BETWEEN

#### OUT THERE ADVERTISING, INC. AND CITY OF DULUTH

THIS AGREEMENT, effective as of the date of attestation by the City Clerk (the "Effective Date"), by and between the City of Duluth, hereinafter referred to as City, and Out There Advertising, Inc., located at 22 E 2<sup>nd</sup> St., Duluth, MN 55802, hereinafter referred to as Consultant for the purpose of rendering services to the City.

WHEREAS, the City has requested consulting services for public awareness advertising services for Public Works & Utilities, (the "Project"); and

WHEREAS, Consultant has represented itself as qualified and willing to perform the services required by the City; and

WHEREAS, Consultant submitted a proposal to provide services for the Project (the "Proposal"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the City desires to utilize Consultant's professional services for the Project;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the parties hereto agree as follows:

I. <u>Services</u>

Consultant will provide services related to the Project as described in Consultant's Proposal (the "Services"). Consultant agrees that it will provide its services at the direction of the Director, Public Works & Utilities Division ("Director"). In the event of a conflict between the Proposal and this Agreement, the terms and conditions of this Agreement shall be deemed controlling.

#### II. <u>Fees</u>

It is agreed between the parties that Consultant's maximum fee for the Project and Services shall not exceed the three-year cumulative sum of two hundred nine thousand, one hundred and 00/100 dollars (\$209,100.00) inclusive of all travel and other expenses associated with the Project, payable from Fund 520-500-1940-2430 5340; Resolution No. 17-0003R passed on January 9, 2017. All invoices for services rendered shall be submitted monthly to the attention of the Director. Payment of expenses is subject to the City's receipt of reasonable substantiation/back-up supporting such expenses.

#### III. <u>General Terms and Conditions</u> 1. Amendments

Any alterations, variations, modifications or waivers of terms of this Agreement shall be binding upon the City and Consultant only upon being reduced to writing and signed by a duly authorized representative of each party.

2. <u>Assignment</u>

Consultant represents that it will utilize only its own personnel in the performance of the services set forth herein; and further agrees that it will neither assign, transfer or subcontract any rights or obligations under this Agreement without prior written consent of the City. The Primary Consultant(s) assigned to this project will be Kimberly Keuning (the "Primary Consultant"). The Primary Consultant shall be responsible for the delivery of professional services required by this Agreement and, except as expressly agreed in writing by the City in its sole discretion, the City is not obligated to accept the services of any other employee or agent of Consultant in substitution of the Primary Consultant. The foregoing sentence shall not preclude other employees of Consultant from providing support to the Primary Consultant in connection with Consultant's obligations hereunder.

#### 3. Data and Confidentiality, Records and Inspection

- a. The City agrees that it will make available all pertinent information, data and records under its control for Consultant to use in the performance of this Agreement, or assist Consultant wherever possible to obtain such records, data and information.
- b. All reports, data, information, documentation and material given to or prepared by Consultant pursuant to this Agreement will be confidential and will not be released by Consultant without prior authorization from the City.
- c. Consultant agrees that all work created by Consultant for the City is a "work made for hire" and that the City shall own all right, title, and interest in and to the work, including the entire copyright in the work ("City Property"). Consultant further agrees that to the extent the work is not a "work made for hire" Consultant will assign to City ownership of all right, title and interest in and to the work, including ownership of the entire copyright in the work. Consultant agrees to execute, at no cost to City, all documents necessary for City to perfect its ownership of the entire copyright in the work. Consultant will assign the work created or prepared by Consultant will be original and will not infringe upon the rights of any third party, and Consultant further represents that the work will not have been previously assigned, licensed or otherwise encumbered.
- d. Records shall be maintained by Consultant in accordance with requirements

prescribed by the City and with respect to all matters covered by this Agreement. Such records shall be maintained for a period of six (6) years after receipt of final payment under this Agreement.

- e. Consultant will ensure that all costs shall be supported by properly executed payrolls, time records, invoices, contracts, vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to this Agreement shall be clearly identified and readily accessible.
- f. Consultant shall be responsible for furnishing to the City records, data and information as the City may require pertaining to matters covered by this Agreement.
- g. Consultant shall ensure that at any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination, all of its records with respect to all matters covered by this Agreement Consultant will also permit the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.

#### 4. <u>Consultant Representation and Warranties</u>

Consultant represents and warrants that:

- a. Consultant and all personnel to be provided by it hereunder has sufficient training and experience to perform the duties set forth herein and are in good standing with all applicable licensing requirements.
- b. Consultant and all personnel provided by it hereunder shall perform their respective duties in a professional and diligent manner in the best interests of the City and in accordance with the then current generally accepted standards of the profession for the provisions of services of this type.
- c. Consultant has complied or will comply with all legal requirements applicable to it with respect to this Agreement. Consultant will observe all applicable laws, regulations, ordinances and orders of the United States, State of Minnesota and agencies and political subdivisions thereof.
- d. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not and will not conflict with, or constitute a breach of or a default under, any agreement to which the Consultant is a party or by which it is bound, or result in the creation or imposition of any lien, charge

or encumbrance of any nature upon any of the property or assets of the Consultant contrary to the terms of any instrument or agreement.

- e. There is no litigation pending or to the best of the Consultant's knowledge threatened against the Consultant affecting its ability to carry out the terms of this Agreement or to carry out the terms and conditions of any other matter materially affecting the ability of the Consultant to perform its obligations hereunder.
- f. The Consultant will not, without the prior written consent of the City, enter into any agreement or other commitment the performance of which would constitute a breach of any of the terms, conditions, provisions, representations, warranties and/or covenants contained in this Agreement.
- 5. <u>Agreement Period</u>

The term of this Agreement shall commence on the Effective Date and performance shall be completed by December 31, 2019, unless terminated earlier as provided for herein.

Either party may, by giving written notice, specifying the effective date thereof, terminate this Agreement in whole or in part without cause. In the event of termination, all property and finished or unfinished documents and other writings prepared by Consultant under this Agreement shall become the property of the City and Consultant shall promptly deliver the same to the City. Consultant shall be entitled to compensation for services properly performed by it to the date of termination of this Agreement. In the event of termination due to breach by Consultant, the City shall retain all other remedies available to it, and the City shall be relieved from payment of any fees in respect of the services of Consultant which gave rise to such breach.

- 6. <u>Independent Contractor</u>
  - a. It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of copartners between the parties hereto or as constituting Consultant as an agent, representative or employee of the City for any purpose or in any manner whatsoever. The parties do not intend to create any third party beneficiary of this Agreement. Consultant and its employees shall not be considered employees of the City, and any and all claims that may or might arise under the Worker's Compensation Act of the State of Minnesota on behalf of Consultant's employees while so engaged, and any and all claims whatsoever on behalf of Consultant's employees arising out of employment shall in no way be the

responsibility of City. Except for compensation provided in Section II of this Agreement, Consultant's employees shall not be entitled to any compensation or rights or benefits of any kind whatsoever from City, including without limitation, tenure rights, medical and hospital care, sick and vacation leave, Worker's Compensation, Unemployment Insurance, disability or severance pay and P.E.R.A. Further, City shall in no way be responsible to defend, indemnify or save harmless Consultant from liability or judgments arising out of Consultant's intentional or negligent acts or omissions of Consultant or its employees while performing the work specified by this Agreement.

- b. The parties do not intend by this Agreement to create a joint venture or joint enterprise, and expressly waive any right to claim such status in any dispute arising out of this Agreement.
- c. Consultant expressly waives any right to claim any immunity provided for in Minnesota Statutes Chapter 466 or pursuant to the official immunity doctrine.

#### 7. <u>Indemnity</u>

To the extent allowed by law, Consultant shall defend, indemnify and hold City and its employees, officers, and agents harmless from and against any and all cost or expenses, claims or liabilities, including but not limited to, reasonable attorneys' fees and expenses in connection with any claims resulting from the Consultant's a) breach of this agreement or b) its negligence or misconduct or that of its agents or contractors in performing the Services hereunder or c) any claims arising in connection with Consultant's employees or contractors, or d) the use of any materials supplied by the Consultant to the City unless such material was modified by City and such modification is the cause of such claim. This Section shall survive the termination of this Agreement for any reason.

#### 8. <u>Insurance</u>

Consultant shall obtain and maintain for the Term of this Agreement the following minimum amounts of insurance from insurance companies authorized to do business in the State of Minnesota.

a. Public Liability and Automobile Liability Insurance with limits not less than \$1,500,000 Single Limit, shall be in a company approved by the city of Duluth; and shall provide for the following: Liability for Premises, Operations, Completed Operations, and Contractual Liability. City of Duluth shall be named as Additional Insured by endorsement under the Public Liability and Automobile Liability, or as an alternate, Consultant may provide Owners-Contractors Protective policy, naming himself and City of Duluth. Upon

**execution of this Agreement**, Consultant shall provide Certificate of Insurance evidencing such coverage with 30-days' notice of cancellation, non-renewal or material change provisions included.

- b. Professional Liability Insurance in an amount not less than \$1,500,000 Single Limit; provided further that in the event the professional malpractice insurance is in the form of "claims made," insurance, 60 days' notice prior to any cancellation or modification shall be required; and in such event, Consultant agrees to provide the City with either evidence of new insurance coverage conforming to the provisions of this paragraph which will provide unbroken protection to the City, or, in the alternative, to purchase at its cost, extended coverage under the old policy for the period the state of repose runs; the protection to be provided by said "claims made" insurance shall remain in place until the running of the statute of repose for claims related to this Agreement.
- c. Consultant shall also provide evidence of Statutory Minnesota Workers' Compensation Insurance.
- d. A certificate showing continued maintenance of such insurance shall be on file with the City during the term of this Agreement.
- e. The City of Duluth does not represent or guarantee that these types or limits of coverage are adequate to protect the Consultant's interests and liabilities.
- 9. <u>Notices</u>

Unless otherwise expressly provided herein, any notice or other communication required or given shall be in writing and shall be effective for any purpose if served, with delivery or postage costs prepaid, by nationally recognized commercial overnight delivery service or by registered or certified mail, return receipt requested, to the following addresses:

City:	City of Duluth 411 W First Street
	City Hall Room 211
	Duluth MN 55802
	Attn: Jim Benning
<b>Consultant:</b>	Out There Advertising, Inc.
	22 E. 2 <sup>nd</sup> St.
	Duluth, MN 55802
	Attn: Kimberly Keuning

#### 10. <u>Civil Rights Assurances</u>

Consultant, as part of the consideration under this Agreement, does hereby covenant and agree that:

- a. No person on the grounds of race, color, creed, religion, national origin, ancestry, age, sex, marital status, status with respect to public assistance, sexual orientation, and/or disability shall be excluded from any participation in, denied any benefits of, or otherwise subjected to discrimination with regard to the work to be done pursuant to this Agreement.
- b. That all activities to be conducted pursuant to this Agreement shall be conducted in accordance with the Minnesota Human Rights Act of 1974, as amended (Chapter 363), Title 7 of the U.S. Code, and any regulations and executive orders which may be affected with regard thereto.
- 11. Laws, Rules and Regulations

Consultant agrees to observe and comply with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota and the City with respect to their respective agencies which are applicable to its activities under this Agreement.

12. <u>Applicable Law</u>

This Agreement, together with all of its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

13. Force Majeure

Neither party shall be liable for any failure of or delay in performance of its obligations under his Agreement to the extent such failure or delay is due to circumstances beyond its reasonable control, including, without limitation, acts of God, acts of a public enemy, fires, floods, wars, civil disturbances, sabotage, accidents, insurrections, blockades, embargoes, storms, explosions, labor disputes, acts of any governmental body (whether civil or military, foreign or domestic), failure or delay of third parties or governmental bodies from whom a party is obtaining or must obtain approvals, franchises or permits, or inability to obtain labor, materials, equipment, or transportation. Any such delays shall not be a breach of or failure to perform this Agreement or any part thereof and the date on which the party's obligations hereunder are due to be fulfilled shall be extended for a period equal to the time lost as a result of such delays.

14. <u>Severability</u>

In the event any provision herein shall be deemed invalid or unenforceable, the

remaining provision shall continue in full force and effect and shall be binding upon the parties to this Agreement.

15. <u>Entire Agreement</u>

It is understood and agreed that the entire agreement of the parties including all exhibits is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

#### 16. <u>Counterparts</u>

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument. Signatures to this Agreement transmitted by facsimile, by electronic mail in "portable document format" (".pdf"), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature. IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date of attestation shown below.

CITY OF DULUTH		OUT THERE ADVERTISING, INC.
By:		By:
Mayor		Company Representative
Attest:		Its:
City Clerk		Title of Representative
Date Attested:		Date:
Countersigned:		
City Auditor	Date	
Approved as to form:		
Assistant City Attorney	Date	



Exhibit A



CITY OF DULUTH DEPARTMENT OF PUBLIC WORKS AND UTILITIES COMFORTSYSTEMS

RFP NUMBER 17-0030

December 8, 2016



## People build brands. Knowing what makes them tick is where we start.

#### **BRAND DISCOVERY**

We employ a Planning Cycle and Creative Work Plan process with each client. Focusing on the five informational areas as illustrated on this page is the foundation of our marketing recommendations. It forces us to think as a consumer would think. It keeps us on track as we develop the umbrella message and specific creative pieces—ensuring that the advertising and marketing strategies are consistent in all executions and that they speak in a distinctive voice that motivates the target audience to the desired response.



#### IDENTIFY MARKET DEFINE NEED IMAGE / AWARENESS COMPETITION

ARE WE THERE

REVIEW MARKET TRENDS INDUSTRY CHANGES TECHNOLOGY WHY ARE WE THERE

STRENGTH / WEAKNESS EXTERNAL / INTERNAL PERCEPTION VS. REALITY INDUSTRY CHANGES RESEARCH PATH

HEDIA OCHEATIVE / DESIGN TOUCH-POINTS DIGITAL SOCIAL MEDIA DIRECT ENVIRONMENTAL EXPERIENTIAL TIMING PRODUCTION

WHERE ARE W

SPENDING

WHY WE EXIST PASSION POINTS CATEGORY / MARKET SHARE EMOTIONAL VALUE BRAND VOICE

## AGENCY OWNERSHIP AND KEY EMPLOYEES

Agency: Out There Advertising, Inc. Address: 22 East Second Street Duluth, MN 55802 Telephone: 218-720-6002 Fax: 218-720-5828 E-mail: kkeuning@outthereadvertising.com Contact: Kimberly C. Keuning, President

#### (a) When was your agency founded?

March, 1997.

#### (b) Who owns your agency?

Kimberly Carlson Keuning

Out There Advertising, Inc. is an S-Corporation owned by the agency's president.

#### (c) Who controls the management of your agency?

The president and creative director collaborate on management decisions.

(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?

#### Upon 22 EAST as it in Lo

President/Director of Account Services Upon graduating from Vassar College in Poughkeepsie, NY, Kim set out for a

summer of fun in sunny Southern California. That summer lasted 18 years. And, as it turned out, it was all work—in some of the largest agencies and companies in Los Angeles.

Kim quickly found herself in the middle of the Western Airlines account at BBDO as an Account Coordinator. Rising through the ranks to Account Supervisor, Kim was asked by the client to follow the account when it went over to McCann-Erickson.

At McCann-Erickson, Kim also directed the marketing efforts for Winchell's Donuts and Century 21. Kim's "attention to detail" experience proved invaluable for these clients. Since both were multi-location accounts, it was important for Kim and her group to not only strategize the overall brand image, but also motivate franchisees and dealers to sell the product.

After nearly 10 years at McCann, Kim was recruited to J. Walter Thompson to help brand two other multi-location accounts, Pavilions Grocery Stores and Baskin Robbins 31 Flavors. National food accounts, however, were not to be long in Kim's future. In fact, hammers and screwdrivers are where Kim sought to build her career. She jumped over to the client side as Director of Advertising for HomeBase — a national home improvement chain. There, Kim directed an \$18 million television budget and orchestrated the services of four advertising agencies.

Eventually, Kim and her family moved back to where she grew up, so that her children could have the same experience she had as a child. After a stay at KDLH TV 3 as Marketing Director, Kim started Out There Advertising. Now, she puts her vast experience to work for a variety of local, regional and national accounts that desire what has become quite common with the clients she serves—growth.

John Pieter Keuning Creative Director



After a few years knocking around in jobs that required nametags, John decided to leave the glamour of the grocery business and follow his passion. He could always draw, and so, was accepted into the prestigious Art Center College of Design in Pasadena, CA. After graduating with a BFA, John joined McCann-Erickson and was responsible for the art direction on a number of accounts, including Lockheed, Coca-Cola and Hilton Hotels.

Some years later, when J. Walter Thompson offered John a shot at being a boss, he took it. During his tenure as Vice-President/Associate Creative Director, John's high-profile work for diverse clients such as Bally's Health Clubs, Mexicana Airlines, Baskin-Robbins 31 Flavors and Allied Signal turned heads – earning him a Cleo Award in a broadcast category (to keep previously earned Belding Awards company).

After five years at JWT, John headed to Thompson Specialized Advertising to become Senior VP/National Creative Director. Supervising a staff of 70+ creative and production personnel, John was responsible for all of the creative work produced by the agency for clients such as US Sprint, General Motors Corp, IBM and Federal Express.

Eventually, John took the leap and began a thriving creative partnership and named it BW&K. Central to the partner's philosophy of producing distinctive, effective creative was to develop a "voice" for every client, and maintain that personality driven voice to build the brand. This philosophy continues to help the clients of Out There Advertising, where John currently serves as Creative Director and master of the coffee machine.



Darlene Olby Media Director

Gaining invaluable, on-the-job training in the media and advertising world since 1978, Darlene has consistently built her career on past employment opportunities and frontline experience.

Starting out as a media department secretary at a large ad agency in Minneapolis, Darlene enjoyed her position but wanted a challenge. So, she moved up to the company's TV buying service and found her calling. This led to a communications specialist position at Piper Jaffray. After a successful career in the Twin Cities, an eventual move to Duluth brought her to Out There Advertising.

Her experience at Campbell-Mithun-Esty, Cash Plus and US Bancorp Piper Jaffray has made her the perfect person to represent OTA as our Media Director for more than fifteen years.

Andy Schwantes Account Executive



From coaching pre-school soccer and t-ball teams to creating great customer experiences and growing social audiences, in each position Andy has landed he has picked up valuable skills, which he now puts to work helping grow his clients' brands.

As account executive, Andy is the main point-of-contact for a variety of the agency's clients. He is responsible for overseeing projects to ensure they are completed on time and to each client's specifications, as well as yearly marketing and advertising planning.

Andy is also the point person on all things digital and social media. From developing strategies and content calendars to creating, targeting and distributing content for many of the agency's clients – Andy has his finger on the pulse of the digital realm.



Tyler Johnson Art Director

Tyler's artistic skills began to emerge as a young tike sketching comic books on his drawing table. In his free time, he also used to create sports logos and became quite popular after winning a Trampled by Turtles t-shirt contest.

Hired right out of college as Director of Graphic Design & Operations at the Duluth Art Institute, Tyler's talent was soon recognized in the creative industry. Showing up on our radar, he was shamelessly plucked from his old job into a full-time position at Out There Advertising where he is now responsible for the development of a wide range of visual creative concepts including brand identity, advertising and digital strategies.



Dan Litman Art Director

Building on his affinity for design, natural ability and passion for drawing, Dan attended Mesabi Range Technical College where he graduated with a degree in Graphic Design and Print Communications.

After freelancing for a spell, Dan's hard work, keen knowledge of visual concepts and superb skill for creating graphics quickly landed him a full-time position with Out There Advertising, where he is now an invaluable asset to the agency's creative department. Kelsey Roseth Copywriter



Wordsmith, dreamer and positive peach, Kelsey is our copywriter, a master word manipulator who'll use the power of copy to create a brand voice unique to your business.

After earning a B.A. in English and B.S. in Mass Communications from Minnesota State University Moorhead, Kelsey kicked off her career as an award-winning news anchor and multimedia journalist. She then transitioned to the private sector, serving as corporate communications specialist for a national IT services firm for a few years, before eventually landing at Out There Advertising – where she is responsible for developing creative concepts, creating compelling content and writing copy that supports client brand identity.

## (e) Is there anything else you would like to tell us about the ownership of your agency or its key employees?

We all love what we do. We take the extra steps needed to push ourselves individually and to work as a cohesive team to set the highest standard for the level of service the agency provides its clients. We strive to stay on top of current trends in marketing, including digital and social media, to make sure our clients' communications are reaching their target audience(s) effectively and efficiently.

#### AGENCY ORGANIZATION AND SERVICE

(a) Provide a functional organization chart for your agency.

See Attachment A.

## (b) How many staff including owners and executives does your agency have?

The agency employs nine full-time staff members.

#### (c) Please describe how your agency provides service to a typical client. If possible, provide a functional account organization chart indicating contact points between agency and client.

We believe client involvement and input into the advertising development process is important in ensuring the end product is strategically sound and ontarget. For that reason, we garner the input of our clients throughout the entire marketing and creative development process.

The primary point of contact is the President/Director of Account Services along with the Account Executive assigned to that business. However, our clients regularly meet with the creative or media people working on their accounts to ensure open communication.

# (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?

Out There Advertising is a full-service agency. In-house services include Marketing Strategy, Account Administration (including planning, budget management, and reporting), Media/Vendor Strategy and Supervision, Media Buying, Project Management, Client Consultation, Art and Creative Direction, Design and Layout, Copywriting, Public Relations, Digital and Social Media, and Website Design/Development.

The agency also provides Illustration and Photography in many instances. And, through our relationship with DataCom/OTA, a separate company with some ownership crossover, we offer Video/Commercial Production Services and Website Development. Depending on client needs, we also contract with outside sources for Illustration and Photography.

We contract with outside sources for printing and larger research projects.

# (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?

Each account functions a little differently, depending upon the requirements of that particular business' needs. However, the primary role of account management remains the same across all accounts — it is the responsibility of account management to first and foremost, listen to the client's needs, then to formulate effective marketing and advertising objectives, and communicate those objectives to the creative and media departments to execute the strategies.

Additionally, account management has responsibility for clients' budgets, for obtaining client approvals on all work produced by the agency, and for establishing and meeting all project deadlines.

We schedule regular meetings with our clients to review status reports, present work and get input into new projects. The frequency of these meetings depends upon the workflow of the client, but is generally weekly or monthly. In addition, account management has frequent contact with the clients regarding the day-to-day workflow and approvals.

# (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?

Our creative product is based on understanding the unique brand position of our clients and what that means to their target audiences. We put ourselves in the shoes of the consumer and ask ourselves, "What does it mean to me?" That helps us to identify the response we want, and the creative is the stimulus designed to garner that particular response.

Additionally, we are careful in how we manage the overall look and feel of creative campaigns. The more creative product is similar across a client's various product lines, the more easily recognizable it is, resulting in more effective and more efficient campaigns.

The creative team that works on a particular account, as well as the creative director, is available to any client at any time.

#### (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?

Our media department is responsible for strategic media planning and buying. A particular strength of our media department is its combination of national experience and exceptional local media relations. We approach the media planning and buying process as if we are investing, not just spending, our clients' budgets. And, we follow up to determine what the return on that investment has been.

Media planning, placement and reconciliation are key parts of an overall advertising plan, and media placement is generally the largest portion of any advertising budget. As such, we take our clients' media investments very seriously.

Out There Advertising develops an annual media plan/budget for client review and approval. As subscribers of Rentrak and Nielsen, we are able to provide our broadcast clients with accurate and current television and radio station ratings and rankings. Our media department works to obtain the best possible rates, coordinates the timely delivery of the appropriate advertising materials, follows up to make sure that all advertising ran as ordered, and reconciles media billing against the orders. We secure make-goods, refunds or no-charge ads for any ads not reproduced correctly or run by the media as scheduled.

The media department is available as needed to meet with clients. We have one account that has quarterly planning meetings and one annual meeting that our media director attends. We have another where the contact is infrequent at only twice a year. The amount of contact is determined by the needs/wishes of each client.

#### (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?

We do not have an internal research department. However, we regularly field simple research via e-mail and online resources for our clients. These surveys can generally be fielded quickly, at low cost with a shorter time to completion and published results. For larger research projects, our general practice is to obtain project bids from independent research companies. We maintain a lengthy list of research suppliers with which we have worked throughout our careers.

#### (i) What capabilities does your agency have in direct marketing, web site development and promotion, digital ads, launching new services, media placement, and the formulation of marketing strategies?

As a full-service agency, Out There Advertising has extensive experience in direct marketing (direct mail, mass e-mail and e-newsletters, point-of-purchase, etc.), website development, launching new services (including the launch of a new concept in casual dining), media placement (see question g) and the formulation of marketing strategies. Our Account Executives have taken on specialist roles in public relations and digital/social media and regularly collaborate with all the agency's clients. Regarding the formulation of marketing strategies, the agency employs a Planning Cycle and Creative Work Plan process for each client, comprised of the most effective strategic planning elements gleaned from the principals' backgrounds with large, national agencies and 20+ years working in our local markets.

# (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?

Because Out There Advertising, Inc. is a growing company, we do not have a "typical" scenario regarding staffing requirements for new accounts. It is our desire to staff from within; however the requirements of new clients do not always allow us to do so. We consider the needs of each of our clients and then determine a staffing strategy.

Because Out There Advertising has been working with ComfortSystems since 2010, the account, media and creative staff would remain in place.

#### (k) Which staff members would handle our accounts?

Andy Schwantes will continue to be the main point-of-contact and responsible for account service and project management for ComfortSystems – a role that he has performed for the past three years.

John Keuning, as creative director, will work with a creative team (art director/copywriter) to develop the overall voice and creative platform for ComfortSystems. The creative team assigned to your business will remain the same and they will execute the day-to-day creative work.

Darlene Olby will continue as the Media Planner and Buyer.

#### (I) 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?

Depending upon the scope of various projects, the agency may contract with outside research firms, photographers, printers, illustrators, web programmers, or broadcast production houses. The agency maintains contacts and working relationships with a variety of reputable, quality vendors. For outside services such as printing, the agency regularly requests competing bids from vendors whom we have researched and trust to complete the work to our and our clients' satisfaction. In all cases, Out There Advertising closely supervises any services for which we may contract on behalf of our clients.

## (m) Please provide any additional information you wish to include regarding your agency's organization and how it serves its clients.

The agency's president has been in key management positions on both the agency and client sides and is able to bring both perspectives to the table in terms of account service. Our creative director has been a partner in a successful three-person creative boutique as well as a national creative director overseeing 70 people. You will continue to benefit directly from this experience because our philosophy ensures their direct input into marketing plans and creative product.

It is also important for you to know that we conduct internal status meetings on a weekly basis in which we review all the work in progress for our clients.

## TOP MANAGEMENT PARTICIPATION

## (a) How does the owner or chief executive officer maintain contact with your clients?

The owner is also the president and director of account services. She regularly attends strategic planning meetings and also has previous experience working as the main point-of-contact on the ComfortSystems account.

## (b) Does the owner or chief executive officer participate directly in the professional conduct of any client advertising programs? Which clients?

All accounts receive the participation of the agency's president. Specific accounts that the president is responsible for overseeing as the main point-of-contact include Orthopaedic Associates of Duluth, Northland Foundation, Healthy Northland, Lakewalk Surgery Center, The College of St. Scholastica, Vision Pro Optical, Woodland Hills, Western Lake Superior Sanitary District, and United Piping, Inc.

## (c) Who (by title) is the senior agency executive responsible for the professional conduct of other agency accounts?

See above.

## (d) Please provide any additional information you wish to include regarding the participation of your top management in account services.

Our agency structure and commitment to account service dictates hands-on involvement by the creative director and the president.

#### (a) What accounts has your agency lost in the past two years?

- (1) Big Sandy Lodge & Resort
- (2) Empire Roofing

#### (b) If you have lost accounts within the past two years, why were they lost?

- (1) Change of ownership new ownership had a previously established relationship with a provider of marketing/advertising services.
- (2) Client failed to pay their bills, therefore the relationship was terminated.

#### (c) What accounts has your agency gained in the past two years?

Cliffs Natural Resources Compudyne Healthy Northland Lark O' the Lake Café Max Gray Construction Thorstad Companies Superior Choice Credit Union

## ACCOUNT GAIN AND LOSS HISTORY

## (d) If you have gained accounts within the past two years, why do you believe your agency was chosen to service these new accounts?

Most all of our new business has come to us as referrals from our other clients or from media representatives, or from our clients themselves. The reason most often cited is the quality and caliber of our creative product.

## (e) Please provide a list of your accounts as of November 1, 2011 and as of November 1, 2015.

#### Accounts as of November 1, 2011 Arrowhead Chorale Ascential Wealth Advisors Belanger, Inc. Clyde Iron Works Restaurant & Bar The College of St. Scholastica ComfortSystems Duluth Downtown Waterfront District Mount Royal Pines III Assisted Living Escape Enterprises (Steak Escape and Johnny Buccelli's) Hanson House Company Johnson Insurance Consultants LaCourse & Envall Lake View Hospital Lakewalk Surgery Center Lindquist & Company Marine Tech Northland Foundation Northland Village Assisted Living Orthopaedic Associates of Duluth St. Luke's Foundation Sammy's Pizza Taco John's Twin Ports Paper & Supply Company Ventera Energy Vision Pro Optical Western Lake Superior Sanitary District Woodland Hills

Arrowhead Chorale Ascential Wealth Advisors Beaver Air Tours Belanger, Inc. Big Sandy Lodge & Resort/ Minnesota National Golf Course Carstenson Energy Chocolate Moose Restaurant Company Clyde Iron Works Restaurant and Bar The College of St. Scholastica ComfortSystems Duluth Downtown Waterfront District/ Greater Downtown Council **Escape Enterprises** (Steak Escape, Johnny Buccelli's) Johnson Insurance Consultants Johnson Supply Company LaCourse & Envall Lakewalk Surgery Center Lindquist & Company Marine Tech Miller Hill Dental Mount Royal Pines III Assisted Living Northland Foundation Northland Village Assisted Living Orthopaedic Associates of Duluth Sammy's Pizza Taco John's Twin Ports Paper & Supply Company United Piping, Inc. Vision Pro Optical Western Lake Superior Sanitary District Woodland Hills

Accounts as of November 1, 2015

(f) Does your agency handle any accounts for companies that directly compete for energy customers of the 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?

The agency does not handle any competitor accounts.

## (g) Please provide and additional information you wish to include regarding your account gain and loss history.

While some degree of account turnover is inherent to our industry, the agency has experienced consistent, controlled growth over the years. We are proud of the long-standing nature of many of our client relationships.

#### (a) How would you characterize your balance sheet?

We consistently have a modest net profit, and our billings reflect a healthy increase each year, allowing the agency to grow its staff and add resources to benefit our clients.

# (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.

We prepare an advertising budget for each client specifying how their budget will be spent. Within that budget, the agency charges for management time and creative/production hours provided. We do not charge our clients for media planning and placement hours — we consider the earned media commissions as payment for those services.

We charge between \$75 and \$115 per hour for all professional time (photography and illustration are \$150), depending on the task. Out There Advertising will extend the same hourly fees to ComfortSystems as we have since 2010 with no increases.

## (c) Do you have an internal time-cost accounting system? If so, what has been your experience with the system?

We have used a cost accounting system since January, 2000. We employ a computerized time accounting program that tracks employees' time by client, project and task, as well as offers the ability to compare actual hours to-date against project estimates. Detailed reports of employee time can be provided to clients should it be necessary.

#### (d) 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?

The split is approximately 80/20.

## AGENCY FINANCIAL STANDING AND POLICIES

#### (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.

Out There Advertising believes strongly in paying all our bills. We have a policy of paying for any media or services purchased on behalf of our clients before anything else.

We earn cash discounts rarely because cash discounts are rarely offered.

#### (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?

30 days. Client invoice terms are net 15 days so that the agency can, in turn, pay clients' media bills in a timely manner.

#### (g) What was the approximate value of all media purchased for clients in 2015? Please provide a breakdown by the type of media purchased in 2015 (e.g. TV 20%, Print 15%, Digital 15%, Radio 30%, Bill Boards 10%, Special Events 10%, etc.).

Media billings in 2015 were just under \$1 million. Newspaper and magazine – 26%, television – 55%, outdoor – 7%, radio – 6%, digital - 6%.

## (h) Please provide any additional information you wish to include regarding your agency's financial standing and policies.

Out There Advertising owns its own office building, has little debt, shows consistent growth and utilizes the services and advice of a CPA with a prominent accounting firm in Duluth to make sure that we continue to do so.

## AGENCY VIEWS ABOUT EFFECTIVE ADVERTISING

#### (a) How would you describe effective advertising?

Effective advertising first and foremost builds clients' brand personalities. It must also help clients' businesses meet their stated objectives.

## (b) Does your agency have any specific philosophy or practices that you believe consistently produce effective advertising?

Out There Advertising approaches each client's marketing situation with a proven methodology designed to create advertising that speaks to the consumer in a voice to which they can relate. And, we believe that all communications much be presented in that voice. It will instill in the target's mind the belief that what you have to offer is right for them, so when it is time for them to make their purchase decision, your advertising will have placed you at the top of their "short list."

We utilize a brand planning cycle that requires answers in five informational areas. Generally speaking, we run through the cycle before proceeding with the marketing/advertising plans because, when complete, it offers us a blueprint to follow:

- Where Are We?
- Why Are We There?
- Where Could We Be?
- How Do We Get There?
- Are We Getting There?

The Planning Cycle is the foundation of all our marketing recommendations, because not only does it paint a picture of where an advertiser is within the realm of competition, but it provides a profile of the consumer and forces us to think as that consumer would think. Additionally, the Planning Cycle is exactly that – a cycle that is never ending, requiring continuous analysis of the market, the competition, the consumer, the marketing, the advertising and the media plans.

It is always most beneficial that the agency and client sit down together to initially complete the Planning Cycle, and to determine the measurements for answering the final, "Are We Getting There?" section.

Once the Planning Cycle has been completed, the information learned is utilized to help us create a "road map" for the creative product. The creative work plan is the process that keeps us on track as we develop the umbrella message and specific creative pieces: It ensures that the advertising is consistent in all executions and that it speaks in a distinctive voice that motivates the target audience to the desired response.

## (c) Does your agency follow any procedures to maintain the effectiveness of the advertising you produce on an account-by-account basis?

We begin with the Planning Cycle. The frequency with which the Planning Cycle should be completed is dependent on the business – for clients with short purchase cycles, reviews are much more frequent than for those whose buying cycles extend over years.

#### (d) Please provide and additional information you wish to include regarding your agency's views about effective public information communications and how it might best be obtained.

We have developed a public relations planning document, based on principles of the Public Relations Society of America, to aid in guiding our public and media information efforts.

#### AGENCY EXPERIENCE

# (a) In general, how would you characterize the experience of your agency? With what kinds of accounts do you believe your agency has special expertise?

Out There Advertising has the unique ability to combine experience on large national and international accounts with the experience gained working on accounts with more modest budgets. We believe strongly that advertising must be both distinctive and effective – in fact, that those attributes work hand-in-hand to strengthen one another.

We are most successful with clients who are looking to build their brand with sound strategies and smart executions. And, we focus on being detail-oriented in order to execute even the most complicated projects smoothly, on time and within budget.

## (b) What agency experience, if any, is directly related to the products or services which we are now searching for an agency?

We have been providing the marketing and advertising services for ComfortSystems for the last seven years. Additionally, our creative director has worked on the Southern California Gas Co. and the Minnesota Power/Allete accounts.

# (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?

We have several current and former clients who market different services and products simultaneously to different target groups.

We regularly help clients operating in highly competitive industries – such as the restaurant business – successfully distinguishing them in a crowded marketplace and growing market share.

## (d) What advantage would your firm provide to Public Works and Utilities versus other firms?

ComfortSystems will benefit from:

- Continuity of experience and understanding of the needs of ComfortSystems in terms of marketing and advertising. As we have been providing the advertising services for several years, we are up-to-speed on what needs to be done, the deadlines and the budget. We are able to provide an outstanding creative product with no additional "start-up" costs.
- A creative product with a distinctive look and feel that would be executed in an effective, strategically based manner within your budget parameters. Work for our clients has won a disproportionate share of creative awards, even when competing against bigger agencies whose work was afforded larger budgets.
- Vast experience with successfully utilizing both traditional and new media. We do it all: digital advertising, social media, e-mail marketing, direct mail, websites, public relations, point-of-purchase, specialties, promotions planning, broadcast, collateral, print, trade show displays, etc.
- Big-agency, national-account experience coupled with small-town responsiveness.
- A disciplined approach to annual planning and monitoring budgets.

(e) Does your agency as a whole, or any of the individual staff, 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.

The director of account services was closely involved with Western Airlines during the days of deregulation and is very familiar with the flexibility required as new ways of doing business become available to clients.

## (f) Please provide any additional information you wish to include regarding your agency experience.

In a time where the advertising industry has seen a dramatic shift in advertising budget allocations with the emergence of digital media, it's important to know that our team has the experience and know-how to successfully navigate the digital realm – developing and executing effective digital and social media campaigns.

We work with our clients to identify specific target audiences for the various content they have to offer, then, in turn use advanced digital and social targeting including demographic (age, gender, income, etc.), geographic, and behavioral characteristics in order to reach the right people with the right message at the right time.

We take an integrated approach to digital strategies, making sure that messaging and media is cohesive, on brand, and works effectively in conjunction with other forms of media being used in the annual plan.

# Creativity has the power to transform human behavior.

#### REFERENCES

\_\_\_\_\_

Please provide the names of at least three (3) of your current clients with whom we may speak regarding the effectiveness of your creative product and the excellence of your account service. Also, please provide names and the contact information for at least two (2) of the media organizations that you purchase media from with whom we may speak regarding their experience scheduling messages and your payment history.

#### **Client References**

Ken Smith, CEO Escape Enterprises, Inc. ksmith@steakescape.com 614-224-0300

#### Alex Guiliani

Pier B Resort and Clyde Iron Works Restaurant & Bar alessandrog@clydeparkduluth.com 218-723-4040

#### Jeanine Dahl

Northland Foundation Jeanine@northlandfdn.org 218-723-4040

#### Media References

**Deb Messer, Sales Manager** WDIO/WIRT 10 Observation Road Duluth, MN 55811 218-279-7720

#### Matt Harrold, Sales Manager

Lamar Advertising Company – Duluth P.O. Box 16030 Duluth, MN 55816 218-628-2301

Marty Meldahl, Sales Manager Redrock Radio 501 S Lake Ave #200 Duluth, MN 55802 218-728-9500

SERVICES/RATE
SCHEDULE

Client Consultation/Contact \$115/hr. Project Coordination \$75/hr. Creative/Design Services \$100/hr. Copywriting \$100/hr. Proofing/Editing \$75/hr. Web Development \$60/hr. Illustration \$150/hr.

Media Planning/Buying 15% commission on buys placed

#### **PROJECT EXPENSING**

ComfortSystems will have both an annual media plan and an annual creative/ production budget that will break out spending by category including media, advertising materials creative, brochures and billing inserts creative and printing, public affairs sponsorships and display materials.

Along with the media plan, ComfortSystems will receive a monthly billing breakout that indicates in which month each media insertion will be billed. That allows you, as well as Out There Advertising, to easily track the media billing for accuracy.

Media invoices will be sent to ComfortSystems on approximately the 10th of the month following the media placement. Example: All media that would run in January 2017 would be billed on approximately February 10, with a 15 day due date. This allows us to receive and review the invoices from the media to insure their accuracy, and then to bill you and still have time to pay the media by the due date. We scan and send all vendor media invoices to you for your records.

Creative and printing invoices are also billed on the 10th of the month, and will include all agency hours allocated against ComfortSystems in the prior month. Example: If we design a billing insert in the month of January, and it is shipped out at the end of January for insertion in February ComfortSystems bills, we will bill those hours against that specific job on approximately February 10. If the invoice from the printer is not received in time to be included on that invoice, we will bill it the following month.

Finally, you will receive a Budget/Billing Summary Comparison each month once invoices are generated and sent.

#### **APPENDIX D**

Cost Projection for a Hypothetical Year of Agency Service

The billable hours for a hypothetical year of public awareness media services are projected below. The hours listed represent the estimated amount of billable hours and production time an agency might spend providing various services in a year. Please complete the following sections, listing the type of services provided and the rates where indicated. This information will be used to compare agencies during the evaluation process. The estimates provided by the City and the costs submitted by the proposing agencies are not the final contract amount.

If your agency charges additional fees or rates other than those listed below, please list them in section 10.

#### 1. ACCOUNT ADMINISTRATION - 103 hours total

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 OF SERVICE	RATE (\$/HOUR)	X	# OF HOURS	COST
Administrative (Billing, Budgets, Etc.)	\$0	X	51	0
Account Supervision	\$100	X	12	1200
PR Efforts	\$100	X	40	4000
		X		0
		SUBTOTAL	103	5200

#### 2. MEDIA/VENDOR STRATEGY & SUPERVISION - 22 hours total

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 OF	SERVICE		RATE (\$	HOUR)	X	# OF H	IOURS	CC	DST
**We do no	ot charge for	this service	,		\$0	X	2	2		0
as we retain	i media com	misions to				X				0
compensate	e the agency					X				
						X				0
						SUBTOTAL	2	2		0

#### 3. CLIENT CONSULTATION & CONTACT - 40 hours total

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 OF SERVICE		RATE (\$/HOUR)		X	# OF HOURS		COST		
All		100		Х	40			4000	
					X				0
					Х				0
					Х				0
					SUBTOTAL	4	0		4000

APPENDIX D CONTINUED

Supervision and management of specific approved projects, including: brochures, inserts, direct mail, handouts, apparel, radio scripts, digital ads, 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 OF SERVICE	RATE (\$/HOUR)	X	# OF HOURS	COST
Project Coordination	75	Х	35	2625
		х		C
		х		C
		Х		C
		SUBTOTAL	35	2625
5. ART DIRECTION/CREATIVE DIRECTION -	hours total			

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

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 OF SERVICE	RATE (\$/HOUR)	X	# OF HOURS	COST	
All Creative		100	X	9	900
			Х		0
			X		0
			Х		0
			SUBTOTAL	9	900

#### 6. DESIGN SERVICES - 34 hours total

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

Design 100 X 34   X X X	
	3400
X	0
	0
	0
SUBTOTAL 34	3400

#### 7. COPYWRITING - 20 hours total

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

TYPE OF SERVICE	RATE (\$/HOUR)	X	# OF HOURS	COST
Copywriting	100	Х	15	1500
Proofing	75	Х	2	150
Research	0	Х	3	0
		Х		0
		SUBTOTAL	20	1650



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 ComfortSystems' digital ads and web site performs smoothly over all formats, remains up-to-date and functions efficiently and effectively.

TYPE OF SERVICE	RATE (\$/HOUR)	x	# OF HOURS	COST
Web Development	60	Х	31	1860
		Х		C
		х		C
		Х		C
		SUBTOTAL	31	1860

#### 9. ILLUSTRATION - 9 hours total

APPENDIX D CONTINUED

Illustration includes the creation of original artwork for use in collateral, digital ads, web site, etc., according to criteria predetermined 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 OF SERVICE			RATE (\$	RATE (\$/HOUR)		# OF HOURS		COST		
Illustration					150	X	9	9		1350
						X				0
						X				0
				X				0		
						SUBTOTAL	9	9		1350

#### **10. ADDITIONAL SERVICES/RATES/FEES NOT LISTED ABOVE**

Please list any services that you would expect to bill for in a typical year of servicing our account, the applicable rate(s), and estimated number of hours for each.

TYPE OF SERVICE	RATE (\$/HOUR)	X	# OF HOURS	COST
		X		0
		X		0
		X		0
		X		0
		SUBTOTAL	0	0



#### 11. MEDIA COMMISSIONS & VENDOR MARKUPS EARNED BY AGENCY

Standard industry media commissions and vendor mark-ups are calculated at 15% of gross. If this is not your agency policy, please explain below. (Please use back of sheet or additional page if more space is needed.)

We retain the 15% commission — or \$7,920 — in lieu of hourly charges.

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

13/0 then th	ie agency would	I I CCCIVC	<i>Ş1,520.</i> ]					
1	Cost of media 8	als				\$52,800.00		
2	2 Cost for billable agency hours					\$20,985		
3	Cost for media commissions/vendor markups					\$7,920		
							\$81,705.00	
Summary of	f Costs							
	Subtotals for It	ems 1 th	rough 10					
1. ACCOUNT ADMINISTRATION - 103 hours total							5200	
2. MEDIA/VENDOR STRATEGY & SUPERVISION - 22 hours total							0	
3. CLIENT CONSULTATION & CONTACT - 40 hours total							4000	
4. PROJECT COORDINATION - 35 hours total							2625	
5. ART DIRECTION/CREATIVE DIRECTION - 9 hours total							900	
6. DESIGN SERVICES - 34 hours total							3400	
7. COPYWRITING - 20 hours total							1650	
8. INTERACTIVE - DIGITAL AND WEBSITE DEVELOPMENT - 31 hours total							1860	
9. ILLUSTRATION - 9 hours total							1350	
10. ADDITIONAL SERVICES/RATES/FEES NOT LISTED ABOVE						0		
						Total	20985	

THANK YOU

\_\_\_\_\_

\_\_\_\_\_

Thank you very much for the opportunity to provide you with this proposal. Please do not hesitate to call us with any questions or comments.



### ATTACHMENT A

\_\_\_\_\_



OUT THERE ADVERTISING ORGANIZATIONAL CHART

