



City Council Report

Date: August 28, 2017
To: City Council
Through: John Pombier, Assistant City Manager
From: Scott Bouchie, Director
Environmental Management & Sustainability Department
Laura Hyneman, Deputy Director, Environmental & Sustainability (E&S)
Donna DiFrancesco, Conservation Coordinator, E&S
Subject: Water – Use It Wisely™ IGA with Phoenix
Citywide project

Purpose and Recommendation

Request to authorize the City Manager or his designee to enter into an Intergovernmental Agreement (IGA) through a Resolution with the City of Phoenix for the purpose of administering the activities of the Water – Use It Wisely™ regional campaign, a regional water conservation messaging effort.

In accordance with the IGA, Phoenix will provide Mesa with funds on an annual basis to be applied toward the regional advertising campaign for a five-year period.

In 2008 and again in 2013 a five year IGA was approved by Council for this purpose. This request is asking to approve an additional five year IGA. The agreement also states that by mutual written consent of the Parties, the IGA's may be extended for one term of five years.

We recommend the approval of the IGA renewal with the City of Phoenix.

Background

The City of Mesa is required by the 1980 Groundwater Management Act to maintain a specific per-capita water use level in its water service area. Mesa encourages water conservation through ordinances, waterwise education programs, technical assistance, tiered water rates, and incentives such as rebates. One of the most important aspects of encouraging voluntary conservation programs is continued reinforcement and reminders of the importance and methods of using water efficiently.

If asked, most people will take steps to save water, and that is why in 1998 the City hired Park&Co, an advertising, branding and public relations agency to conduct an initial comprehensive branding exercise for water conservation messaging. This exercise resulted in Water – Use It Wisely™, a colorful, fun and empowering campaign that emphasizes water conservation as a beneficial ethic for consumers.

Realizing the potential of the campaign, the City of Mesa engaged in a contract with Park&Co that granted Mesa the rights to the campaign and campaign materials as well as the rights to authorize other entities in Arizona to use the campaign materials. This provision was key as it has enabled Mesa (and other partners) to position and market the campaign as a regional and/or statewide effort. Phoenix and Scottsdale quickly joined Mesa and participated with the creation of an Arizona regional campaign partnership. At this time, nineteen partners make up this regional campaign coalition who all contribute funds for the effort. This year's total contribution will be \$317,500 (including Phoenix's \$142,500 if the IGA is approved). The City of Tempe has also entered into an IGA with Mesa in an agreement that will end in 2022 (they chose to renew their 5-year extension on the 2012 agreement while Phoenix did not). All other partners make direct payments of their contributions to the agency, Park&Co.

Discussion

Mesa, Phoenix, and all of the other regional partners benefit significantly from cooperative oversight of the campaign bolstering the campaign's effectiveness. Benefits include reduced administrative costs through consolidated billing, increased leverage with electronic and print media providers, improved efficiency, and increased outreach of the campaign. In addition, the campaign supports the partnership's desire to provide a clear and consistent (and Arizona-specific) message for water conservation. By acting regionally, the partnership further provides greater marketing possibilities for sponsorship. Through the years, sponsors have included the Arizona Diamondbacks, the Arizona Coyotes, Home Depot, the Bureau of Reclamation, SRP, Maracay Homes, Wells Fargo and more.

As the campaign and partnership has evolved, the partners continue to look at ways that the regional campaign can become more efficient and effective. A steering committee has been formed to streamline decision-making and to manage the budget (it will always include a Mesa representative). A focus of this committee is to improve the administrative process and better manage campaign dollars.

Because each partner in the regional campaign has distinct procurement standards, administration of invoices can become complex and time consuming. This is why the IGA was developed initially in 2008 - to improve efficiency allowing more dollars to go toward regional media purchases instead of administration of invoices. Under this arrangement, the partner city sends a check to Mesa at the beginning of the fiscal year. Park&Co can then consolidate invoices and bill Mesa for the portion of the work that would otherwise have been divided up to the partner cities.

The Phoenix IGA is designed to effectuate this type of arrangement for a new five-year period with an option to renew. The IGA directs Phoenix to annually provide up to \$142,500 to Mesa to be allocated and administered to the regional Water – Use It Wisely campaign media purchases for the period from FY 17/18 to FY 22/23.

Besides the Mesa and Phoenix, seventeen additional partners (Arizona Department of Water Resources, Arizona Municipal Water Users Association, Avondale, Buckeye, Central Arizona Project, Chandler, EPCOR Water, Flagstaff, Fountain Hills, Glendale, Global Water, Peoria, Queen Creek, Scottsdale, Surprise, Salt River Project, Tempe) will contribute \$135,000 towards the campaign and Mesa will contribute \$40,000. Adding those amounts to the Phoenix contribution of \$142,500 (described in the IGA) will total \$317,500 for the Water – Use It Wisely campaign for this fiscal year.

The 2017/2018 Scope of Work from Park&Co shows expenditures of \$197,500 that will be managed by Mesa. This includes the \$142,500 from Phoenix, \$15,000 from the (currently active) Tempe IGA, plus the \$40,000 contribution (budget approved) from Mesa. With the approval of the IGA, the Scope of Work provides direction of how the funds will be spent and locks in contract pricing for the remainder of this fiscal year.

Alternatives

Taking no action would require Phoenix to renegotiate procurement of services directly through Park&Co and would increase administrative costs of the campaign and reduce dollars allocated to media purchases. It would delay the media plan for the regional campaign partnership.

Fiscal Impact

The IGA will require the City of Mesa to invoice Phoenix just once a year to receive a full reimbursement of the budgeted funds. Additionally, Mesa will oversee payments to the advertising agency. These tasks will cause little significant increase in City administrative costs. Discussions with accounting indicate that the City can also potentially gain interest on the IGA monies that accrue between the time the City of Mesa receives the money from the IGA partners until expenditures occur. Mesa's proposed contribution is part of the Department's annual budget that goes through budget approval.

Coordinated With

Mesa staff has been negotiating with City of Phoenix staff regarding the terms of the intergovernmental agreement in coordination with Mesa's City Attorney's Office and the Business Services Department. They are all in support of this recommendation.