

**MEETING DATE:** January 21, 2002

**SUBJECT:** Procurement Authorization - Production And Development Of Customer Information Materials

### **RECOMMENDATION**

It is recommended that the Commission approve the issuance of purchase orders in the total upset limit amount of \$1,509,000 to The Wolf Group as the primary service provider and to Campbell, Michener and Lee in the upset limit amount of \$495,000 as the secondary service provider, both for a two year term from February 1, 2002 to January 31, 2004.

### **FUNDING**

Funding for these services provided in 2002 has been included in the 2002 TTC Operating Budget. Funding for 2003 and 2004 will be included in future Operating Budgets as required.

### **BACKGROUND**

To deliver on the Commission's requirement for the production and development of customer information materials, the upset purchase order limit for each service supplier consists of funds for production costs as well as the company fee. Typically, production costs account for approximately 75% - 85% of total expenditures while the balance covers the company service fee.

The scope of work covered by the company fee covers the development of promotion and information programs directed at TTC customers, including creative development from initial concept and design, layout, copy writing and art direction through to production co-ordination of all materials, including sourcing the best production price. Examples of various TTC customer communication information messages produced throughout the year include:

- sources of TTC information, e.g., TTC INFO telephone line, website and Yellow Pages
- various fare media, e.g., Metropass Discount Plan applications and Day Pass promotions
- customer hints and tips about using the system
- ongoing system-safety related features and initiatives
- five What's On brochures annually, including the best routes to events and transit maps
- Metropass Validation, explaining how to properly complete and use TTC passes
- Transit Funding poster campaign

Customer benefits derived from customer information materials include improved communications and increased awareness of TTC products and services. Benefits to the TTC include increased customer satisfaction and the potential for increased ridership and revenue.

The large quantities of materials required for system-wide coverage within sixty-six subway stations and all subway and surface vehicles drives the production costs for each program. Approximately 6,000 – 8,000 posters may be produced in different sizes (i.e., 20" x 28" subway posters, 4' x 6' platform posters, 11" x 35" car cards) and/or versions for a typical transit poster campaign. Annually, over 1 million copies of the "What's On" brochure are produced and made available to customers on all vehicles.

Although selected functions have been moved in-house, the need for production and development services remains. The technical and creative qualifications for the above tasks are beyond the available resources of TTC staff. Having these projects completed in-house would require the addition of a large staff component possessing these specialized skills and would not be cost effective.

The Commission currently has a three year contract for production and development of customer information materials with John Street (formerly known as The Communique Group) which expires on January 31, 2002.

## **DISCUSSION**

In October 2001 twenty-one companies were invited to submit proposals, and in addition, the Request for Proposals was publicly advertised in the Globe and Mail and Marketing Magazine. The Commission's intent was to retain two companies (a primary and a secondary) for greater flexibility in executing and developing customer information materials. The primary firm will carry out the Commission's month to month core work, while the secondary firm will be assigned work on a project by project basis, as required. Twenty-three proposals were received, of which five were deemed non-complaint.

Proponents were evaluated on a combination of predetermined evaluation criteria, which considered the companies' corporate qualifications, relevant experience, corporate history, project team qualifications, case studies and the proposed approach to assignments as well as their fee submissions, based on a percentage of estimated media and production costs. (See Appendix A). The initial review of the proposals resulted in a short list of eight proponents, which were subsequently interviewed by staff. Following initial interviews, the eight short-listed firms were further short-listed to three proponents for a second interview and a site visit of their facilities.

The Wolf Group and Campbell, Michener and Lee were considered the best-qualified firms to act as the Commission's primary and secondary suppliers, respectively. The Wolf Group ranked first and Campbell, Michener and Lee ranked second, based on their proposed work methodology, extensive experience in dealing with the public "social" sector (i.e., Ministry of Health, Ontario Power Generation and the Toronto Parking

Authority), the relevant experience and qualifications of their project teams as well as their competitive fee structures.

Purchase Orders will be issued to The Wolf Group and Campbell, Michener and Lee in the upset limit amounts of \$1,509,000 and \$495,000 respectively, covering both production costs and company fees for a two-year period. The total purchase order value has decreased from \$1.3 million annually in the previous contract to approximately \$1 million annually in the new contract, resulting in savings of approximately \$300,000 per year. On an annual basis, the value of the Wolf Group contract is approximately \$755,000 and the value for Campbell, Michener and Lee is approximately \$248,000. The majority of the expenditures are for poster and brochure production costs (approximately 75% - 85%), which are only spent if justified, and the remainder covers the company fee. The fee for each company will be based on a percentage of actual production expenditures. The fee percentages proposed by The Wolf Group (19% average) and Campbell, Michener and Lee (22% average) are considered fair and reasonable for work of this nature.

### **JUSTIFICATION**

The Commission requires production and development of various customer information materials. The Wolf Group and Campbell, Michener and Lee ranked highest overall in the procurement process and are considered the best qualified firms to meet the Commission's customer information requirements at competitive rates over the next two years.

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January 3, 2002

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Attachment

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### **APPENDIX A**

### **PROPOSAL RESPONDENTS**

## PROPONENTS

Anderson

Art & Soul

\*\* Bates Canada

\*\* Bluespark

Brainstorm Group

\* Brandworks

\*\*\* Campbell, Michener and Lee

\* Cundari

\*\* Gee Jeffrey

\* Ground Zero

\* Interkom

\*\*\* MHZ

Myriad

\* One Company

Paradi

RESQ

Segal

\*\*\* The Wolf Group

True North

\*\* Vickers and Benson

\*\* Yield Integrated

Young and Rubicam

Zoggen Corp.

### Legend:

\* Short Listed Proponents

\*\* Non Compliant Proponents

\*\*\* Second Interview Proponents

Evaluation Criteria:

- Corporate Qualifications
- Corporate Experience
- Corporate History
- Case Studies
- Proposed Approach to Assignments
- Percentage of Fees