



RECOMMENDED ACTION

To authorize the President and CEO to extend the current contract with Commune Communication to include the reimbursement of social media expenses.

STAFF REPRESENTATIVE

Michael Gold, Executive Director/VP, Customer Relations and Communications

BACKGROUND

In October 2020, the LBT Board of Directors approved the award of an agreement to Commune Communications to provide ongoing creative, advertising, marketing, and other strategic outreach services. The amount of the three-year base contract term was a total of \$655,200. Also approved were two optional one-year extensions in the amount of \$243,360 each, and a ten percent contingency of \$114,192. The total approved amount including all five years and the contingency was \$1,256,112.

At the time of this award, LBT handled its digital and social media advertising separately. LBT contracted with two vendors, AdTaxi and Spectrum, to advertise on social media, the internet, and other digital platforms. The costs were as follows:

Fiscal Year	Vendor	Annual Amount
2020	AdTaxi	\$72,000
	Spectrum	\$38,000
	TOTAL	\$110,000
2021	AdTaxi	\$48,000
	Spectrum	\$60,000
	TOTAL	\$108,000

In April 2021, LBT entered into discussions with Commune regarding managing the social media services provided by AdTaxi and Spectrum at no additional cost to LBT. Commune agreed and were willing to provide this service as a direct reimbursable expense, with no administrative or overhead costs.

LBT decided to test the ad performance in a pilot project, comparing the performance of ads purchased through AdTaxi to the same ads purchased through Commune across multiple social media, web, and streaming audio platforms.

In all cases, the ads purchased directly by Commune performed better, with a higher number of click-throughs. Higher click-through rates mean the Commune ads provided higher engagement and indicate that ads are being seen by people interested in this content.



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As an example, in the period July to September 2021, Google digital ads purchased by Commune had “click-through” rates of 0.27% versus AdTaxi at 0.03%. The pilot showed that by purchasing the ads through Commune LBT would gain a higher return on investment at no additional cost to the organization. It would also be more administratively efficient for LBT to manage these ad purchases under one vendor than three.

Since Commune is providing advertising and strategic outreach services under its existing agreement, this additional service was not considered a change to their scope of work. There are also no changes to Commune’s existing fee structure. It was decided to move forward with purchasing these ads as a direct, reimbursable expense under Commune’s agreement, and a separate purchase order was issued to Commune for this work in FY22.

In order to operate more efficiently and reduce the burdensome administrative costs associated with these purchases, LBT moved these purchases under Commune’s agreement as additional reimbursable expenses. Under the purchasing authority of the President and CEO, two purchase orders totaling \$128,000 were awarded to Commune for these reimbursable expenses.

In its FY23 budget, LBT is increasing its digital and social media spend to \$12,000 per month. This will require the award of an additional purchase order to Commune in the amount of \$144,000 to cover these reimbursable expenses. Which now increase the total reimbursable cost above the purchasing authority of the President and CEO.

The updated costs of the social media of expense purchase order total for Commune is as follows:

Contract Year	New Social Media Expenses
2022	\$128,000
2023	\$144,000
TOTAL	\$292,000

These pass-through costs do not involve any work that is materially different from Commune’s original scope of work. The original base agreement expires on December 31, 2023, and there are two option years associated with the original Board action. Staff will revisit this arrangement prior to the agreement’s expiration to determine the best course of action for the two option years.



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STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to authorize the President and CEO to extend the current contract with Commune Communications to include the reimbursement of social media expenses in the amount of \$144,000 for FY23, this authorization plus the amount previously expended in FY22 total an authorization amount not to exceed \$292,000.

A handwritten signature in blue ink, reading "K. McDonald", is written over a horizontal line.

Kenneth A. McDonald
President and Chief Executive Officer