

State of California

California Exposition & State Fair  
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## MEMORANDUM

**Date:** September 16, 2019

**To:** Board of Directors  
California Exposition & State Fair

**Via:** Rick K. Pickering, Chief Executive Officer

**From:** Margaret Mohr, Deputy General Manager Business Development & Marketing

**Subject:** **Recommendation to Approve a 1-Year Extension for Advertising Services with Un/common, as Provided for in Agreement No. 21465**

### BACKGROUND – Bidding for Advertising Services

In recent years, Cal Expo has twice conducted a competitive bidding process for professional advertising services. In the Fall of 2013, three companies were considered as the top responders to the bidding process. Of these three, the Glass Agency (later changed its company name to Un/common) was selected and awarded a contract for the 2014 State Fair, with the possibility of two 1-year extensions. Based upon its good work, Un/common was granted each of the 1-year extensions for the 2015 and 2016 State Fair. In the Fall of 2016, Cal Expo conducted another competitive bid process for advertising services and Un/common was the sole bidder. Subsequently, Un/common was awarded a three-year contract with the possibility of two, 1-year extensions.

### PERFORMANCE

Un/common has energetically and professionally worked to showcase the California State Fair for the past 6 years. During that time, Un/common created the Blue Ribbon Campaign, which won the Best Overall Marketing Campaign award from the International Association of Fairs and Festivals an unprecedented 3 years in a row. The campaign was instrumental in helping the State Fair reach two of its single best days in attendance in recent years, coupled with a high-water mark for food and beverage sales in 2015. This year, Un/common helped create the State Fair Food Festival Campaign, which helped to reinvigorate attendance and food sales. Some 30-food vendors created new food items for State Fair patrons to enjoy as part of this unique program.

Beyond their campaign creativity, Un/common helped State Fair to increase its social media following by 300%, from 50,000 followers to more than 203,000 followers, and still growing. They also helped create a completely new and modern website and mobile APP for State Fair. Overall, Un/common's work has helped elevate the image of the California State Fair as a premiere Northern California event with something for everyone.

In addition to designing State Fair's annual advertising campaign, Un/common serves as a vital extension of Cal Expo's marketing department all year long, providing services that include: all

of our social media platforms, website development, year-round event billboards, creative direction on the annual campaign, ongoing media buying, campaign production elements, and so much more. As specified in the Agreement, Un/common is paid an Agency Fee of 14% annually, spread over 12 months. The 14% is calculated based upon the State Fair's annual advertising purchase. For example, the 2019 State Fair advertising purchase was roughly \$900,000 and at 14%, Un/common's resulting Agency Fee was roughly \$126,000 for the year. Due to budget reductions, the loss of an employee and the impacts of our current hiring freeze, Cal Expo's marketing department has been reduced to one dedicated full-time employee. Consequently, Cal Expo relies heavily upon the level of knowledge and experience that Un/common's staff brings to the table. Un/common's "can-do" creative attitude contributes significantly to the California State Fair and Cal Expo's advertising and marketing efforts.

Although Un/common receives its 14% Agency Fee for its services, the State's contract reporting system requires that the actual contract must include the amount of the Agency Fee and the amount of Cal Expo funds that are placed by Un/common when purchasing advertising. Consequently, the actual contract amount will be tied to the approved 2020 Budgeted amount for advertising purchases (Cal Expo's 2020 Budget is typically approved each November.) In recent years, the advertising purchase has fluctuated from \$1,200,000 to \$900,000, causing Un/common's 14% Agency Fee to drop from \$168,000 down to \$126,000.

(Note that Un/common places advertising funds only after it receives approval by Cal Expo for expenditures in each specific advertising categories. IE TV, radio, social media platforms, print, etc.)

#### **STAFF RECOMMENDATION**

While the initial three-year term of the Advertising Services agreement with Un/common is set to expire on September 30, 2019, the agreement includes the option by Cal Expo for two (2) additional one (1) - year extensions. It would be prudent to adjust the term to end on December 31<sup>st</sup> rather than September 30<sup>th</sup>, to allow more time to conduct a competitive bidding process in the future, following the conclusion of the annual State Fair.

Based on Un/common's positive performance, award winning expertise, and demonstrated passion for the California State Fair, Staff respectfully recommends:

***That the Board approve the first 1-year extension allowed in the current agreement, and that the term be extended through December 31, 2020.***