

Paul Barnum <barnum@ofri.org>



## Reply all

Fri 4/28/2017 12:31 PM

To:

Adam Andrzejewski

Cc:

Kathy Storm <storm@ofri.org>;

Inka Bajandas <Bajandas@ofri.org>;

Bruce Cappelli <bcappelli@cappellimiles.com>;

mhass@cappellimiles.com

Hi Adam,

Your email to Inka Bajandas was forwarded to myself and Kathy Storm, OFRI's business operations manager, for reply. I am the executive director and have been at OFRI since 2008. Kathy has been an OFRI employee since 2003.

I thought it would be helpful to provide some context about the Oregon Forest Resources Institute. As well, I would be happy to speak to you in person by phone. You can reach me at 503-805-0856.

You are likely aware of government "check-off" programs for commodities. Some of the best-known check-off programs at the federal level are milk (Got milk?), beef (It's what's for dinner), and pork (The other white meat). There are also check-off programs for raisins, lumber and Christmas trees. In a check-off program, the commodities producers voluntarily assess themselves a "privilege tax" for purposes of marketing their commodity.

In Oregon, there are 23 grower-supported agricultural commodity commissions. Think products like Oregon blueberries, Dungeness crab, milk, beef, wine and wheat. These commissions fall under the administration of the Oregon Department of Agriculture.

The Oregon Legislature created OFRI in 1991 to advance public understanding of forests, forest management and forest products, and to encourage sound forestry through landowner education. We are structured similar to the agricultural commodity commissions, but fall under the administration of the Oregon Department of Forestry. We have a 13-member board of directors, 11 of whom are appointed by the Oregon State Forester, and two *ex officio* members: the dean of the Oregon State University College of Forestry and a public member appointed by the Senate President and the House Speaker. We have nine staff in two locations, Portland and The Oregon Garden in Silverton, where we manage a 15-acre forest. OFRI is funded by a portion of the forest products harvest tax and receives no

General Fund revenue. Our budget process, including our board meetings, is open, public and transparent. The budget is subject to a public hearing.

Since OFRI's inception, we have used advertising to convey messages about forest management and forest products to the general public. It is the most effective way to reach a large, diverse audience that has become increasingly urban since OFRI's creation in 1991. Cappelli Miles is the second advertising agency retained by OFRI. Cappelli Miles competed in the two most recent Request For Proposals (RFP) processes and was the successful bidder both times. We believe their work has been effective in helping us to accomplish our public education goals.

While the \$4.6 million represents a large dollar amount, I would point out that Cappelli Miles only receives a small portion of that in management, production and ad placement fees, ranging from about \$70,000 to \$180,000 per year, depending if we produce new ads that year. We produce two new ads every two years, believing that our limited ad run (about 10 weeks every year) is not sufficient to "wear out" the ads in one year. The majority of the fees paid to Cappelli Miles are for the media buy itself. This year, for example, we purchased just over \$1 million in media, including Oregon Public Broadcasting, commercial television, Internet, streaming media, etc. Our ad buy is statewide. By contract, Cappelli Miles does not receive a commission.

Overall, the advertising program represents about 25 percent of OFRI's budget. We use an independent public opinion contractor to measure the effectiveness of the advertising annually, and the results are reported to the OFRI Board of Directors. The surveys show that the advertising has been quite effective at conveying messages to the general public that Oregon's forest landowners are good stewards of the land, following state laws that require landowners to replant trees following timber harvest, conserve wildlife habitat and protect water quality. Statewide monitoring programs by the Oregon Department of Forestry show this to be true, with more than 95 percent compliance with Oregon's forest protection laws among forest landowners.

With that background, here are the answers to your questions:

### **Forbes Questions and OFRI Answers**

1. Please describe the procurement process (if any) whereby Cappelli Miles received \$4.6 million in OFRI publicity payments FY2012-FY2016.

In 2011, a formal RFP competitive sealed proposal procurement method was conducted by the Oregon Department of Administrative Services on behalf of the Oregon Forest Resources Institute (OFRI) in accordance with Oregon Revised Statutes 279B.060 and Oregon Administrative Rule 125-247-0260. An opportunity was published on the Oregon Procurement Information Network (ORPIN) for 30 days. Proposals were received from five proposers, individually graded by an evaluation team, and the proposer with the highest score was awarded the contract: Cappelli Miles.

2. Specifically, were these no-bid contracts?

No. This was a competitive sealed proposal procurement method conducted by the Oregon Department of Administrative Services.

3. Does Cappelli have an actual contract with OFRI and, if so, for how many years?

Yes, a contract reviewed and approved by the Oregon Attorney General's Office was executed on June 15, 2011. The initial term of the contract was five years, with an option to extend the contract for two additional five-year periods. The contract term maximum is 15 years.

4. Over the past five years, how many competitive procurement events did Cappelli win contract awards?

This is the only contract Cappelli Miles has been awarded with OFRI; we cannot speak for other State of Oregon agencies.

5. What was the date and the details of the latest contract awarded to Cappelli?

The contract was executed on June 15, 2011. (Please see answer #3)

6. Were any Cappelli contracts amended or extended without a procurement process over the past five years?

As allowed under the contract, the contract has been amended four times in the last six years for increased advertising costs and to extend the contract for an additional five years.

7. Were any Cappelli contracts awarded via the 'Emergency' procurement provisions in the Oregon code or the 'Special Circumstances' provision?

No.

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