Stage 3
Advertising Cost Proposal

The response to this Cost Proposal may be incorporated verbatim into the contract with the agency selected. Therefore, it is in the interests of both CDPH and your agency to be as clear as possible and seek additional information, if needed, prior to submitting to the cost proposal.

I. Advertising Agency - Fees and Mark-Up Rates

It is CDPH's intent to have the bulk of advertising agency compensation calculated on the basis of the net cost plus mark-up percentage rather than gross commission in addition to the set agency fee described below. Therefore, you must complete the following cost proposal indicating a mark-up rate for both media production and placement, which we anticipate will represent most of CDPH's expenditure. You must quote this rate (or these rates) as a mark-up percentage that will be applied directly to net cost, rather than a commission. For example, 17.65 percent is the mark-up rate equivalent of a 15 percent commission.

Prior to completing the cost proposal, review Advertising Contract Exhibit B, Attachment II, located on the TCFOR website, for items that shall not be billed to CDPH and items that will be reimbursed at net cost.

CDPH expects the Contractor to put forth its best efforts to obtain the best possible price for all media.

Agency fee

A set amount equal to 1.5% of the annual approved budget will be payable in arrears in 12 equal installments and prorated for partial service months. The annual approved budget will be provided at the start of each budget year for calculation of the agency fee. In the event of mid-year budget changes exceeding 10% of the original approved budget, the agency fee will be adjusted accordingly.

Mark-Up Rates

A. The mark-up percentage will be applied directly to net cost, rather than a commission applied to gross cost. The total mark-up for media shall not exceed the Contractor's mark-up provided in the contract.

B. The mark-up rates identified below will be paid for the entire term of the contract. The contract budgets will follow the State of California fiscal year which is July 1 through June 30.

Total Market Advertising Production _____% mark-up

Ethnic Market or Specialty Advertising Production _____% mark-up
(list subcontractors, if any)

Total Market Media Placement _____% mark-up

Ethnic Market or Specialty Media Placement _____%mark-up
(list subcontractors, if any)

Any ethnic market production and ethnic market media placement provided directly by the Contractor shall be billed at the Total Market rate. Subsequent subcontractor searches, upon CPDH request, will be compensated based on a competitive search evaluation.

Certificate of Independent Price Determination

The proposer certifies the prices in this bid have been arrived at independently:

1) Without any consultation or agreement with any other proposer or competitor for the purpose of restricting competition.

2) Without disclosure to any other proposer or competitor before the bid/cost proposal opening date or date of contract award posting, unless otherwise required by law.

3) No attempt has been made or will be made by the proposer to induce any other agency to submit or not to submit a bid or proposal for the purpose of restricting competition.

Name of Bidding Firm (Printed)

By (Authorized Signature) _____

Printed Name and Title of

Signer Date