



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: June 21, 2011
To: Honorable Mayor & City Council
From: Byron Pope, City Clerk
Subject: Ad Hoc Committee Recommendations for FY 2011/2012 Legal Notices and Advertising

Attachments:

1. Overview of Bid Results
2. Cost Analysis

INTRODUCTION

On May 26, 2011, the City Clerk's Office received two responses to a Request for Bids for advertising and notices for the City of Beverly Hills for the upcoming fiscal year 2011-2012. Mayor Brucker appointed Councilmember Mirisch and Councilmember Gold as the Ad Hoc Committee for this year's legal notices and advertising bid.

DISCUSSION

Bids from two locally adjudicated newspapers eligible to publish legal notices in the City of Beverly Hills, *The Beverly Hills Courier* ("the Courier") and the *Beverly Hills Weekly* ("the Weekly") were received. Bids were sought to secure competitive price quotes for legal notices and advertising as well as citywide display advertising for fiscal year 2011-2012. Although this yearly bid process is managed by the City Clerk for the legal notices, it includes the pricing for non-legal/display advertising for all City departments in the same contract.

Adjudication

Public Contracts Code Section 20169 provides that annually, before the beginning of the fiscal year, where more than one newspaper of general circulation is printed and published, the legislative body must: (1) publish a notice inviting bids; and (2) contract for the publication of legal notices required to be published in such a newspaper during the fiscal year. If there is only one newspaper, the legislative body may contract with it without advertising for bids. Once the City receives the bids, the City is not required to award the contract to the lowest bidder. The legislative body has discretion to determine which is the better bid, keeping in mind both price and other matters affecting the value to the public, including the extent of circulation of the newspaper. Additionally, the City could contract with both newspapers if advertising in both newspapers will best suit the needs of the City to reach the greatest readership.

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History

In 2000, the Weekly became an adjudicated newspaper and asked to be included in public and promotional advertising by the City. After a review by the City Attorney, it was confirmed that the Weekly was an adjudicated newspaper and although the paper was not circulated citywide, it met the legal requirements for publication of official notices. The Weekly did have an earlier deadline for the City to submit notices and advertisements for publication which would make it a little more difficult to advertise short turnaround public notices.

In 2003, bids were solicited from both the Weekly and the Courier for publication services. At this time, the City was paying the Courier \$28/column inch to publish notices. This amount had escalated on an annual basis for the years leading up to the solicitation of bids from both newspapers. The bids received in May 2003, were \$15/column inch for the Courier and \$6.00 - \$6.50/column inch for the Weekly. Both prices were significantly lower than the "non-bid" prices paid to the Courier in prior years. The Courier reduced their rate by 53% and the old Courier rate was over 300% higher than the Weekly bid. As a result, the City Council at that time approved the contracts with both newspapers to provide publishing services. Both providers met their obligations under those contracts in the first year, although the deadline issue made it more difficult to work on an equivalent basis with both newspapers. The Weekly has a wider column which saved some costs and the Courier was very accommodating with late notices and last minute changes to submitted items.

The contracts were due to expire in June 2004, and staff discussed extending the agreements with the City Attorney's Office. It seemed logical to continue the relationship with both newspapers in order to assure that the City had maximum flexibility in providing notice to the community. Representatives from both newspapers were contacted and asked to extend the contracts for one year. The Courier agreed, prior to the sale to the new owner, and the bid price was maintained at \$15/column inch. The Weekly indicated that it would need to raise its rate comparable to the Courier and in return the Weekly would agree to a two year contract at that price. If the contract was put out to public bid, these two newspapers would probably have been the only respondents and they would likely have bid the amounts noted above. Accordingly, staff recommended that the City Manager extend the contracts at the rates and terms that had been negotiated. Even with the increase by the Weekly, the City was paying nearly the same amount for the service that was paid to the Courier for the exclusive service in 2002. However, the City had a greater ability to provide required public notices and other advertising in the wider circulation of two newspapers – without any additional cost than would have been paid to the Courier as the exclusive provider.

The City received the benefit and the taxpayers realized lower advertising costs. In FY 2004-2005, the Courier's new ownership attempted to move public notices from the "Page 2 or 3" requirement to the back of the paper. The Courier staff resumed printing the items on Page 2 or 3 when City staff pointed out the error. In the past three fiscal years, the City Council has relaxed the "up front ads" requirement from Page 2 or 3 to up to Page 5 of the first section of the newspaper. Staff's position on this matter is the same today as it was in June 2004 – the services from both newspapers are good and the costs have not been increased in the past two years. It is staff's belief that the public is served better by using both newspapers at a reasonable cost to the City. There are 8,123 parcels in the City with more than 22,800 addresses (business and residential) tied to these parcels. According to the verified circulation audits reports received from the Courier and the Weekly, they distribute 25,200 (63%) and 14,950 (37%) respectively each week in the City (totaling 40,150).

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Spending Trend

For the fourth year in a row, the Beverly Hills Weekly has submitted a bid proposal with the same pricing structure – no increases or reductions. The Beverly Hills Courier has also submitted a bid proposal with the same pricing structure with the exception of two line items in the legal square inch pricing – Section IV, Items 2 and 4, the pricing “for the typesetting as necessary, printing and publishing of official advertising on pages dedicated to legal and classified advertising (legal/classified ads)” without digitally transmitted text dropped from \$11.35 per legal square inch to \$11.10 per legal square inch. In this current fiscal year-to-date, the City Clerk’s Office has paid \$42,140.00 to The Beverly Hills Courier (69%), and \$18,871.21 to the Beverly Hills Weekly (31%) for legal advertising and noticing (total \$61,011.21). The total amount of money in the FY 2010/11 City Clerk’s Office fiscal year budget is \$65,894.00 and the year-to-date totals include invoices paid through June 10, 2010. The City has placed approximately 72% of the legal notices/advertisements in the front section of the newspapers, and 28% in the legal/classified section of the newspapers. The City has paid \$107,435.00 to The Beverly Hills Courier (74%) year-to-date and \$37,877.00 to the Beverly Hills Weekly (26%) year-to-date for all notices and advertising, legal and non-legal, citywide (total \$145,312.00).

Below are the total amounts of notice and advertising dollars spent with the Courier and the Weekly in recent years:

<u>Year</u>		<u>Courier</u>	<u>Weekly</u>	<u>Total</u>
FY 2009-2010	City Clerk’s Office	\$ 32,050.00	\$23,902.33	\$55,952.33
	Citywide*	\$ 97,995.00	\$76,888.00	\$174,883.00
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FY 2008-2009	City Clerk’s Office	\$37,093.00	\$23,414.25	\$60,507.25
	Citywide*	\$128,154.00	\$77,624.50	\$205,778.50
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FY 2007-2008	City Clerk’s Office	\$51,386.00	\$27,739.75	\$79,125.75
	Citywide*	\$230,753.50	\$90,833.20	\$321,586.70
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FY 2006-2007	City Clerk’s Office	\$36,812.50	\$17,925.43	\$54,737.93
	Citywide*	\$81,960.00	\$41,571.09	\$123,531.09
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FY 2005-2006	City Clerk’s Office	\$35,178.25	\$23,558.75	\$58,737.00
	Citywide*	\$72,371.50	\$37,289.50	\$109,661.00

**Citywide totals include the City Clerk’s Office totals.*

The past practice had been to place citywide ads (legal and non-legal) in both publications when deadlines permitted, but this was never a City Council policy. Because of budget restraints, staff would like the flexibility to place non-legal display ads in Courier, Weekly and/or other advertising medium that meet their department’s needs/budget. For instance, the Greystone Concours d’ Elegance held in 2010 was advertised in the *Los Angeles Times* sports section and had a significant impact on inquiries and ticket sales for the successful event.

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FISCAL IMPACT

In the City Clerk’s Office budget there is currently \$63,794 for legal advertising and notices for FY 2011/12. Should the City Council choose to award the bid to one newspaper and contract with a second newspaper as was done in last year’s three-tier pricing format, the budgeted amount should be sufficient assuming the same amount of notices and advertising.

RECOMMENDATION

The City of Beverly Hills provides as much public notice as possible through multiple outreach channels, and we require private development applicants to pay for more extensive public noticing in local adjudicated newspapers than do other cities.

With two bid submittals this year, the Ad Hoc Committee (“Committee”) recommends awarding the bid to The Beverly Hills Courier factoring in their higher circulation in the City of Beverly Hills, and also contracting with the Beverly Weekly at the current year discounted rate structure to provide as much legal public notice as possible. The Committee also recommends that City staff reduce the overall city advertising spend by a total of 5% over the coming fiscal year. City Council concurrence is requested regarding the requirements for ad placements of non-legal/display advertising by all City Departments.

Should the City Council choose to accept the staff recommendation, the following pricing would be converted into agreements for FY 2011/2012:

TIER 1 (65%)
Legal Advertising and Notices

<u>Category</u>	<u>Beverly Hills Courier</u>	<u>Beverly Hills Weekly (bid price)</u>	<u>Beverly Hills Weekly (Recommended)</u>
Schedule of Rates / Legal Square inch			
Public notices up to page 5 with*	\$11.10	\$10.40	\$7.22
Public notices up to page 5 without**	\$11.10	\$10.40	\$7.22
Legal/classified ads with	\$8.90	\$10.00	\$5.79
Legal/classified ads without	\$11.10	\$10.00	\$7.22
Display advertising pages 1-5 with	\$11.10	\$12.40	\$7.22
Display advertising pages 1-5 without	\$11.10	\$12.40	\$7.22
Legal display advertising with	\$8.90	\$10.40	\$5.79
Legal display advertising without	\$11.10	\$10.40	\$7.22

* with = with digitally transmitted text
** without = without digitally transmitted text

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TIER 2 (65%)

Non-legal advertising intended to reach the entire City of Beverly Hills

	Beverly Hills <u>Courier</u>	Beverly Hills <u>Weekly (bid price)</u>	Beverly Hills <u>Weekly</u> (Recommended)
1/8 page	\$310.00	\$200.00	\$201.50
1/4 page	\$520.00	\$400.00	\$338.00
1/2 page	\$1,010.00	\$800.00	\$656.50
Full page	\$1,798.00	\$1,600.00	\$1,168.70

TIER 3 (50%)

Non-legal advertising intended to reach an audience wider than the City of Beverly Hills

	Beverly Hills <u>Courier</u>	Beverly Hills <u>Weekly (bid price)</u>	Beverly Hills <u>Weekly</u> (Recommended)
1/8 page	\$310.00	\$200.00	\$155.00
1/4 page	\$520.00	\$400.00	\$260.00
1/2 page	\$1,010.00	\$800.00	\$505.00
Full page	\$1,798.00	\$1,600.00	\$899.00

Council direction is requested to award the bid and prepare agreement(s) for the July 7, 2010 Adjourned Regular City Council Meeting for consideration and adoption.

Byron Pope 
Approved By

Attachment 1

<u>Categories</u>	<u>Beverly Hills Courier</u>	<u>Beverly Hills Weekly</u>
Adjudicated	Yes	Yes
Adjudication date	2/20/75	11/22/03
Circulation map	Yes	Yes
Submission deadline	Wednesdays at 5pm	Tuesdays at 5pm
Publication date	Fridays	Thursdays
Average Beverly Hills weekly distribution	25,200	14,950
Publication Audit Report submitted	Yes	Yes

	<u>2010/2011</u>	<u>2010/2011</u>
Pricing up to page 5		
1/8 page	\$310.00	\$200.00
1/5 page	\$420.00	N/A
1/4 page	\$520.00	\$400.00
1/2 page	\$1,010.00	\$800.00
Full page	\$1,798.00	\$1,600.00

Pricing after page 5		
1/8 page	\$310.00	\$200.00
1/5 page	\$420.00	N/A
1/4 page	\$520.00	\$400.00
1/2 page	\$1,010.00	\$800.00
Full page	\$1,798.00	\$1,600.00

Schedule of rates/Legal square inch		
Public notices up to page 5 with	\$11.10	\$10.40
Public notices up to page 5 without	\$11.10	\$10.40
Legal/classified ads with	\$8.90	\$10.00
Legal/classified ads without	\$11.10	\$10.00
Display advertising pages 1-5 with	\$11.10	\$12.40
Display advertising pages 1-5 without	\$11.10	\$12.40
Legal display advertising with	\$8.90	\$10.40
Legal display advertising without	\$11.10	\$10.40

Beverly Hills Courier has only one change in pricing (may be a submission error because their cover letter says not increasing) and Beverly Hills Weekly has no pricing changes in their 2011/2012 bids. This is the **fourth year in a row** that both publications have bid with no price increases.

with = with digitally transmitted text
without = without digitally transmitted text

Attachment 2

Display Ads	Residential	Other/Bulk	Total	1/8 Page	1/5 Page	1/4 Page	1/2 Page	Full Page
BH Courier	18,200	7,000	25,200	\$ 310	\$ 415	\$ 520	\$ 1,010	\$ 1,798
Cost per Paper	N/A	N/A	N/A	\$ 0.012	\$ 0.016	\$ 0.021	\$ 0.040	\$ 0.071
BH Weekly	14,000	890	14,890	\$ 200	N/A	\$ 400	\$ 800	\$ 1,600
Cost per Paper	N/A	N/A	N/A	\$ 0.013	N/A	\$ 0.027	\$ 0.054	\$ 0.011

Legal/Classified Ads	Pub. Notice Digital	Pub. Notice Not Digital	Advert. Digital	Advert. Not Digital
BH Courier	\$ 11.10	\$ 11.10	\$ 8.90	\$ 11.10
Cost per Paper	\$ 0.00044	\$ 0.00044	\$ 0.00035	\$ 0.00044
BH Weekly	\$ 10.40	\$ 10.40	\$ 10.00	\$ 10.00
Cost per Paper	\$ 0.00070	\$ 0.00070	\$ 0.00067	\$ 0.00067

Question 1: Which bidder is the low cost winner solely based on these numbers?

The Weekly has lower costs across the board except for their charge for non-digital classified advertisements.

Question 2: Which bidder is the low cost winner when you factor in the circulation numbers?

The Courier's circulation is almost 70% higher than the Weekly's, and taking the above data into consideration, is more cost effective per newspaper.

Question 3: What is the percentage between:

- | | |
|--------------------------|---|
| a) Residential | 30.0% higher circulation for the Courier |
| b) Other/bulk deliveries | 686.5% higher circulation for the Courier |
| c) Total | 69.2% higher circulation for the Courier |