



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: June 7, 2012
To: Honorable Mayor & City Council
From: Byron Pope, City Clerk
Subject: Media Advertising and Notices Bid Results

Attachments:

1. Overview of Bid Results
2. Cost Analysis
3. The Beverly Hills Courier Bid (under separate cover)
4. Beverly Hills Weekly Bid (under separate cover)

INTRODUCTION

On May 30, 2012, the City Clerk's Office received Request for Bids for media advertising and notices for the City of Beverly Hills for the upcoming fiscal year 2012-2013. 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. The bid included the option to secure pricing for Citywide display advertising for fiscal year 2012-2013.

DISCUSSION

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. While there is no case law on point, the City could contract with both newspapers if advertising in both newspapers will best suit the needs of the City to ensure the greatest number of readership. The Public Contracts Code provision leaves the discretion with the City Council.

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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 four 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 four 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

The total amount spent on notices and advertising with the Courier and the Weekly in the current fiscal year-to-date are:

<u>Year</u>		<u>Courier</u>	<u>Weekly</u>	<u>Total</u>
FY 2011-2012	City Clerk's Office	\$40,702.00 (69%)	\$18,146.01 (31%)	\$58,848.01
	Citywide*	\$64,361.35 (63%)	\$37,401.25 (37%)	\$101,762.60

*Citywide totals (year-to-date) include the City Clerk's Office totals (year-to-date).

Beginning in FY 2003-2004, a concerted effort was made to place ads (legal and non-legal/display) in both publications when deadlines permitted. For the past three fiscal years, the City Council awarded the bid to The Beverly Hills Courier with the pricing that was included in their bid proposal. The City Council also entered into a contract all three of these years with the Weekly, but reduced their pricing in the contract to reflect their circulation numbers in a three-tiered pricing structure.

FISCAL IMPACT

In the City Clerk's Office budget there is currently \$60,000 for legal advertising and notices for FY 2012/13, and an additional \$3,000 for municipal election related advertising. 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.

The three-tiered pricing in the FY 2011/2012 contracts is:

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</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>
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>
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

RECOMMENDATION

The City of Beverly Hills provides as much public notice as possible through multiple outreach channels, and 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 options for City Council consideration to determine the awarding of the bid are:

Legal ads and notices

If the Council wants to award the contract to the overall low cost bidder, not factoring in any other data, the award would go to the Beverly Hills Weekly. If the Council wants to award the contract factoring in verified circulation data in Beverly Hills, the award would go to The Beverly Hills Courier.

Display/media advertising

If the Council wishes to include display advertising in the same contract with the Public Contracts Code required legal notices and advertising, it should be with the caveat that it is an **option**. The pricing is included should the City place display advertising in one or both papers, but it is not mandatory that the City place our display ads in one or both papers. Staff needs clear direction from the City Council on this matter, and would like the flexibility to place display advertising in whatever advertising medium that meets their department's needs/budget. Only if the City chooses to place a display ad in the Weekly and/or the Courier would we be held to the contracted pricing for display ads in the contract(s).

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Council direction is requested to award the bid and prepare agreement(s) for the June 19, 2012 Regular City Council Meeting for consideration and adoption.

Byron Pope
Approved By

BP

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>2012/2013</u>	<u>2012/2013</u>
Pricing up to page 5		
1/8 page	\$310.00	\$200.00
1/5 page	\$415.00	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	\$415.00	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	\$11.35	\$10.00
Display advertising pages 1-5 with	\$11.10	\$10.40
Display advertising pages 1-5 without	\$11.10	\$10.40
Legal display advertising with	\$8.90	\$10.00
Legal display advertising without	\$11.35	\$10.00

Changes to The Beverly Hills Courier and Beverly Hills Weekly bids are noted in **bold and highlighted** above; not very different from their 2011/2012 bids. This is the **fifth year in a row** that both publications have basically provided the same pricing.

with = with digitally transmitted text

without = without digitally transmitted text

Attachment 2

Legal/Classified Ads	Pub. Notice Digital	Pub. Notice Not Digital	Advert. Digital	Advert. Not Digital
BH Courier	\$ 11.10	\$ 11.10	\$ 8.90	\$ 11.35
Cost per Paper	\$ 0.00044	\$ 0.00044	\$ 0.00035	\$ 0.00045
BH Weekly	\$ 10.40	\$ 10.40	\$ 10.00	\$ 10.00
Cost per Paper	\$ 0.00070	\$ 0.00070	\$ 0.00067	\$ 0.00067

Display Ads	Distribution	1/8 Page	1/5 Page	1/4 Page	1/2 Page	Full Page
BH Courier	25,200	\$ 310	\$ 415	\$ 520	\$ 1,010	\$ 1,798
Cost per Paper	N/A	\$ 0.012	\$ 0.016	\$ 0.021	\$ 0.040	\$ 0.071
BH Weekly	14,890	\$ 200	N/A	\$ 400	\$ 800	\$ 1,600
Cost per Paper	N/A	\$ 0.013	N/A	\$ 0.027	\$ 0.054	\$ 0.111

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 |