



AGENDA REPORT

Meeting Date: June 18, 2013
Item Number: D-3
To: Honorable Mayor & City Council
From: Byron Pope, City Clerk
Subject: ADVERTISING AND NOTICES BID RESULTS
Attachments: 1. Overview of Bid Results
2. Cost Analysis

INTRODUCTION

On June 5, 2013, the City Clerk's Office received Request for Bids for advertising and notices for the City of Beverly Hills for the upcoming fiscal year 2013-2014. 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 2013-2014.

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 approximately 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 14,975 (37%) respectively each week in the City (totaling 40,175).

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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 2012-2013 Citywide*	\$71,298.50 (62%)	\$43,720.13 (38%)	\$115,018.63

*Citywide totals (year-to-date) include legal notices and non-legal display advertising.

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 four 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 four 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 2013/14. 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 a similar amount of notices and advertising.

The three-tiered pricing in the FY 2012/2013 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 display advertising intended to reach the entire City of Beverly Hills

	<u>Beverly Hills Courier</u>	<u>Beverly Hills Weekly (bid price)</u>	<u>Beverly Hills 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 display advertising intended to reach an audience **wider** than the City of Beverly Hills

	<u>Beverly Hills Courier</u>	<u>Beverly Hills Weekly (bid price)</u>	<u>Beverly Hills 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.

Mayor Mirisch selected Vice Mayor Bosse and Councilmember Krasne as the Advertising and Notices Ad Hoc for this year's bidding process. With two bid submittals this year, the Ad Hoc is recommending to:

1. Award this year's bid to The Beverly Hills Courier;
2. Enter into a contract with the Beverly Hills Weekly at the current fiscal year (2012/2013) discounted agreement rate structure; and
3. No money should be allocated to advertise in the Beverly Hills Patch or any other non-adjudicated local online media offering.

Council concurrence is requested to award the bid and prepare agreement(s) for the July 2, 2013 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>	<u>Beverly Hills Courier</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	14,975	
Valid Publication Audit Report submitted	Yes	Yes	

	<u>2013/2014</u>	<u>2013/2014</u>	<u>2012/2013</u>
Pricing up to page 5			
1/8 page	\$310.00	\$200.00	
1/5 page	\$420.00	N/A	\$415.00
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	\$415.00
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	\$11.35
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	\$11.10	\$10.00	\$11.35

The highlighted boxes in the Courier column indicate an increase or decrease in the approved 2012/2013 rates. This is the **sixth 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

Display Ads	Distribution	1/8 Page	1/5 Page	1/4 Page	1/2 Page	Full Page
BH Courier	24,700	\$ 310	\$ 420	\$ 520	\$ 1,010	\$ 1,798
Cost per Paper	N/A	\$ 0.013	\$ 0.017	\$ 0.021	\$ 0.041	\$ 0.073
BH Weekly	14,890	\$ 200	N/A	\$ 400	\$ 800	\$ 1,600
Cost per Paper	N/A	\$ 0.013	N/A	\$ 0.027	\$ 0.054	\$ 0.107

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	\$ 0.00045	\$ 0.00045	\$ 0.00036	\$ 0.00045
BH Weekly	\$ 10.40	\$ 10.40	\$ 10.00	\$ 10.00
Cost per Paper	\$ 0.00070	\$ 0.00070	\$ 0.00067	\$ 0.00067

Note: Distribution numbers taken from Circulation Audit Reports in two categories (carrier delivery and controlled bulk) in zip codes 90210, 90211 and 90212. Did not factor in office/restock count.

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 66% higher than the Weekly's, and taking the above data into consideration, is less costly per newspaper.

Question 3: What is the percentage between:

- | | |
|--------------------------|--|
| a) Residential | 19.3% higher circulation for the Courier |
| b) Other/bulk deliveries | 798.8% higher circulation for the Courier |
| c) Total | 65.8% higher circulation for the Courier |