



STAFF REPORT

To: Honorable Mayor & City Council
From: Byron Pope, City Clerk
Subject: Ad Hoc Committee Recommendation for FY 2015/2016 Legal Notices and Advertising

Attachments:

1. Bid cover letters submitted by the Courier and the Weekly
2. Overview of Bid Results
3. Verified Circulation Audit Information
4. Cost Analysis

INTRODUCTION

On May 27, 2015, the City Clerk's Office received Request for Bids for advertising and notices for the City of Beverly Hills for the upcoming Fiscal Year 2015-2016. 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. No other submittals were received for consideration. 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 2015-2016.

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.

Meeting Date: June 30, 2015

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 2014-2015 Citywide*	\$88,263.60 (61%)	\$55,366.95 (39%)	\$143,630.55

*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 six fiscal years, the City Council awarded the bid to the Courier with the pricing that was included in their bid proposal. The City Council also entered into a contract all six of these years with the Weekly, but reduced their pricing in the contract to reflect their circulation numbers in a three-tiered pricing structure. The Courier has submitted a bid this year with slightly increased pricing. The Weekly has submitted a bid identical to their bid two years ago.

FISCAL IMPACT

In the City Clerk's Office adopted budget there is currently \$60,000 for legal advertising and notices for FY 2015/16. 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 ad-hoc committee recommended three-tiered pricing for the FY 2015/2016 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*	\$13.10	\$40.40	\$8.52
Public notices up to page 5 without**	\$16.10	\$40.40	\$10.47
Legal/classified ads with	\$10.90	\$40.00	\$7.09
Legal/classified ads without	\$13.90	\$40.00	\$9.04
Display advertising pages 1-5 with	\$13.10	\$40.40	\$8.52
Display advertising pages 1-5 without	\$16.10	\$40.40	\$10.47
Legal display advertising with	\$10.90	\$40.00	\$7.09
Legal display advertising without	\$13.90	\$40.00	\$9.04

* with = with digitally transmitted text

** without = without digitally transmitted text

Meeting Date: June 30, 2015

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	\$340.00	\$200.00	\$221.00
1/4 page	\$573.00	\$400.00	\$372.45
1/2 page	\$1,110.00	\$800.00	\$721.50
Full page	\$1,982.00	\$1,600.00	\$1,288.30

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	\$340.00	\$200.00	\$170.00
1/4 page	\$573.00	\$400.00	\$286.50
1/2 page	\$1,110.00	\$800.00	\$555.00
Full page	\$1,982.00	\$1,600.00	\$991.00

RECOMMENDATION

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

Mayor Gold and Councilmember Bosse are the Advertising and Notices Ad Hoc for this year's bidding process. Staff met with the Ad Hoc on Tuesday, June 23, 2015 to review the bids and obtain the recommendation.

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 with the discounted three-tiered pricing structure listed above; and
3. Require bidders to submit verified audited circulation reports every two years.

Mayor Gold requests next year's Ad Hoc to consider the requirement to submit a verified audited circulation report every two years, and provide a recommendation to the City Council prior to staff issuing the bid document.

City Council concurrence is requested to award the bid and prepare agreement(s) for the July 21, 2015 Regular City Council Meeting for consideration and adoption.

Byron Pope 
Approved By

Attachment 1

BEVERLY HILLS COURIER

The Newspaper of Record for the World of Beverly Hills

May 27, 2015

DELIVERED BY HAND
Office of the City Clerk
455 North Rexford Drive
Room 190
Beverly Hills, California 90210

Re: Bid No. 15-32

This is the bid of Beverly Hills Courier, LLC, a California limited liability company and publisher of the Beverly Hills Courier newspaper, to publish legal notice advertising for the City of Beverly Hills in response to Bid No. 15-32 (the "Bid Document").

The Courier is the only weekly community newspaper published in Beverly Hills which distributes to virtually all residences and businesses within the city limits, in addition to significant distribution to surrounding areas including Bel Air, Westwood, Holmby Hills and the Palm Springs/Palm Desert area. This distribution gives residents of Beverly Hills and those close neighbors and friends who are interested in Beverly Hills their only reliable, independent and dedicated source of information about The City. For nearly 50 years, the Courier has been the trusted and dependable newspaper of record for Beverly Hills. Since its founding by March Schwartz in 1965 it has been the independent and honest source of news for the citizens of Beverly Hills.

Also enclosed is the 2014-2015 independent circulation audit of the Beverly Hills Courier, performed by Circulation Verification Council of St. Louis, Missouri ("CVC"). CVC has among its advisors and users of its audit information Wal-Mart and Best Buy. Independent circulation audits are presented by every credible newspaper of any size in the country and are a basic requirement in our industry.

We look forward to continuing to serve the City of Beverly Hills into our 50th year.

Very truly yours,

BEVERLY HILLS COURIER., LLC
A California Limited Liability Company

By: 

President & Publisher

MH
Enclosures



Beverly Hills City Council
City Clerk Byron Pope
455 N Rexford Dr #290
Beverly Hills, CA 90210

May 27, 2015

Ladies and Gentlemen:

Please find our bid materials attached for the 2015-16 fiscal year.

We would respectfully ask the Council to approve our bid **in full** and not index it against the bid of our competitor, which has been done in years past and is grossly unfair.

As discussed at last year's study session, we would like the Council to amend the certified audit requirement from every two years to every **five** years. Our audit costs \$1825, yet our circulation has not changed in many years. Every year the audit shows the same information, but it costs us another \$1825. We ask the Council to consider amending this for future bids.

Additionally, our publisher's liability insurance has tripled as a result of a frivolous lawsuit filed in 2013 by our competitor (see insurance rates enclosed). Although we won the lawsuit, and the Courier had to pay \$40,000 of our legal fees, the increased premiums (close to \$7000 total) are crushing our business. For this reason, we are asking for an increase in our per column inch rate, and for the audit time limit to be changed. **We cannot afford to continue publishing under the current prices**, given our increased insurance liability.

We look forward to working with you in 2016 and beyond.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Gross".

Josh Gross
Publisher/CEO

140 South Beverly Drive, Suite 201
Beverly Hills, CA 90212
310.887.0788 • 310.887.0789 fax • www.bhweekly.com

Attachment 2

Advertisement Bid 2015/2016

Categories	Beverly Hills Courier					Beverly Hills Weekly				
	2013/2014	2014/2015	2015/2016	% Change from 14/15	% Change from 13/14	2013/2014	2014/2015	2015/2016	% Change from 14/15	% Change from 13/14
Adjudicated	Yes	Yes	Yes			Yes	Yes	Yes		
Adjudication date	2/20/75	2/20/75	2/20/1975			11/22/03	11/22/03	11/22/03		
Circulation map	Yes	Yes	Yes			Yes	Yes	Yes		
Submission deadline	Wednesdays at 5pm	Wednesdays at 5pm	Wednesdays at 5pm			Tuesdays at 5pm	Tuesdays at 5pm	Tuesdays at 5pm		
Publication date	Fridays	Fridays	Fridays			Thursdays	Thursdays	Thursdays		
Average Beverly Hills weekly distribution	25,200	24,400	24,400			14,975	14,890	14,890		
Valid Publication Audit Report submitted	Yes	Yes	Yes			Yes	Yes	Yes		
Pricing up to page 5										
1/8 page	\$310.00	\$325.00	\$340.00	5%	10%	\$200.00	\$200.00	\$200.00	0%	0%
1/5 page	\$420.00	\$435.00	\$456.00	5%	9%	N/A	N/A	N/A		
1/4 page	\$520.00	\$546.00	\$573.00	5%	10%	\$400.00	\$400.00	\$400.00	0%	0%
1/2 page	\$1,010.00	\$1,060.00	\$1,110.00	5%	10%	\$800.00	\$800.00	\$800.00	0%	0%
Full page	\$1,798.00	\$1,888.00	\$1,982.00	5%	10%	\$1,600.00	\$1,600.00	\$1,600.00	0%	0%
Pricing after page 5										
1/8 page	\$310.00	\$325.00	\$340.00	5%	10%	\$200.00	\$200.00	\$200.00	0%	0%
1/5 page	\$420.00	\$435.00	\$456.00	5%	9%	N/A	N/A	N/A		
1/4 page	\$520.00	\$546.00	\$573.00	5%	10%	\$400.00	\$400.00	\$400.00	0%	0%
1/2 page	\$1,010.00	\$1,060.00	\$1,110.00	5%	10%	\$800.00	\$800.00	\$800.00	0%	0%
Full page	\$1,798.00	\$1,888.00	\$1,982.00	5%	10%	\$1,600.00	\$1,600.00	\$1,600.00	0%	0%
Schedule of rates/Legal square inch										
Public notices up to page 5 with	\$11.10	\$12.10	\$13.10	8%	18%	\$10.40	\$10.20	\$10.40	2%	0%
Public notices up to page 5 without	\$11.10	\$15.10	\$16.10	7%	45%	\$10.40	\$10.20	\$10.40	2%	0%
Legal/classified ads with	\$8.90	\$9.90	\$10.90	10%	22%	\$10.00	\$10.00	\$10.00	0%	0%
Legal/classified ads without	\$11.10	\$12.90	\$13.90	8%	25%	\$10.00	\$10.00	\$10.00	0%	0%
Display advertising pages 1-5 with	\$11.10	\$12.10	\$13.10	8%	18%	\$10.40	\$10.20	\$10.40	2%	0%
Display advertising pages 1-5 without	\$11.10	\$15.10	\$16.10	7%	45%	\$10.40	\$10.20	\$10.40	2%	0%
Legal display advertising with	\$8.90	\$9.90	\$10.90	10%	22%	\$10.00	\$10.00	\$10.00	0%	0%
Legal display advertising without	\$11.10	\$12.90	\$13.90	8%	25%	\$10.00	\$10.00	\$10.00	0%	0%

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

Attachment 3

VERIFIED CIRCULATION AUDIT INFORMATION

Zip Code	City/Area	County	Carrier Deliver - Courier	Controlled Bulk - Courier	Carrier Deliver - Weekly	Controlled Bulk - Weekly	%diff carrier	%diff bulk
90024	Los Angeles	Los Angeles	3,250	0	0	0		
90024	Los Angeles	Los Angeles	3,000	0	0	0		
90035	Los Angeles	Los Angeles	800	0	0	0		
90049	Los Angeles	Los Angeles	700	0	0	0		
90067	Century City	Los Angeles	1,800	0	0	0		
90077	Los Angeles	Los Angeles	2,500	0	0	0		
90210	Beverly Hills	Los Angeles	7,700	7,700	6,874	400	Courier 11% higher	Courier 95% higher
90211	Beverly Hills	Los Angeles	3,500	0	2,856	60	Courier 19% higher	Weekly 100% higher
90212	Beverly Hills	Los Angeles	5,500	0	4,270	400	Courier 22% higher	Weekly 100% higher
92264	Palm Springs	Riverside	0	2,000	0	0		
Misc	Assorted	Assorted	0	1,300	0	0		
BH Totals			16,700	7,700	14,000	860	Courier 16% higher	Courier 89% higher
Grand Totals			28,750	11,000	14,000	860	Courier 51% higher	Courier 92% higher

Attachment 4

COST ANALYSIS - 2015

Display Ads	Distribution	1/8 Page	1/5 Page	1/4 Page	1/2 Page	Full Page
BH Courier	24,400	\$ 340	\$ 456	\$ 573	\$ 1,110	\$ 1,982
Cost per Paper	N/A	\$ 0.014	\$ 0.019	\$ 0.023	\$ 0.045	\$ 0.081
BH Weekly	14,860	\$ 200	N/A	\$ 400	\$ 800	\$ 1,600
Cost per Paper	N/A	\$ 0.013	N/A	\$ 0.027	\$ 0.054	\$ 0.108

Legal/Classified Ads	Pub. Notice Digital	Pub. Notice Not Digital	Legal Class. Digital	Legal Class. Not Digital	Display Advert. Digital	Display Advert. Not Digital	Legal Display Advert. Digital	Legal Display Advert. Not Digital
BH Courier	\$ 13.10	\$ 16.10	\$ 10.90	\$ 13.90	\$ 13.10	\$ 16.10	\$ 10.90	\$ 13.90
Cost per Paper	\$ 0.00054	\$ 0.00066	\$ 0.00045	\$ 0.00057	\$ 0.00054	\$ 0.00066	\$ 0.00045	\$ 0.00057
BH Weekly	\$ 10.40	\$ 10.40	\$ 10.00	\$ 10.00	\$ 10.40	\$ 10.40	\$ 10.00	\$ 10.00
Cost per Paper	\$ 0.00070	\$ 0.00070	\$ 0.00067	\$ 0.00067	\$ 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 90210. 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.

Question 2: Which bidder is the low cost winner when you factor in the circulation numbers?
The Courier's circulation is more than 60% 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 | 51% higher circulation for the Courier |
| b) Other/bulk deliveries | 92% higher circulation for the Courier |
| c) Total | 167% higher circulation for the Courier |