



Corporate NO: R013

Report COUNCIL DATE: January 22, 2001_

REGULAR COUNCIL

TO:	Mayor & Council	DATE:	January 3, 2001
FROM:	Manager, Economic Development Office	FILE:	0812-001
SUBJECT:	Corporate Advertising Contract		

RECOMMENDATION

That the information be received.

BACKGROUND

The city's current three-year advertising contract for statutory and non-statutory advertising expired on December 31, 2000. By entering into contracts with local newspapers, the city benefits from preferred advertising rate discounts and achieves protection against fluctuating advertising costs.

As a result of the Request for Proposal (RFP) issued in late November (see attachment A), the city has received responses from The NOW Community newspaper, and a joint proposal from the Leader and Peace Arch News.

A staff committee was established to meet and evaluate the proposals based on the criteria described in the RFP. Representation on the evaluating committee consisted of Parks, Recreation & Culture, Legislative Services, Mayor's Office and Economic Development Office. Considerable weight was given in the evaluation to ad rate structure, cost-benefit impacts, sponsorship contribution, value-added considerations and business needs analysis.

Prior to formalizing a three-year agreement for predominant volumes of advertising space, this report is being provided to you for information.

DISCUSSION

After a review and analysis of the proposals, the city has endorsed a three year contract with the Now Community newspaper for a minimum annual purchase of 12,000 column inches of corporate advertising space, and a separate three year contract with the Leader and the Peace Arch News newspapers for a minimum annual purchase of 6,000 column inches of special event advertising through the Surrey Arts Centre, Heritage services and various Parks and recreation centres, arenas and leisure complexes.

The city's expired contract for corporate advertising space was based on 12,000 column inches annually. This was a conservative estimate of the minimum advertising space the city requires to publish both statutory and non-statutory advertising annually. It did not include the various publications and event marketing advertising of Parks, Recreation & Culture. A conservative estimate of that additional requirement is 6,000 column inches.

Based on these historical averages, an RFP process was initiated requesting proposals from the aforementioned local community newspapers. The proposals requested information pertaining to ad rates, distribution volumes, placement and value-added services. The proposals also reflected separate business scenarios and proposal information submitted was adjusted for each of the three conceivable outcomes:

- .. City hall ad volume only
- .. City Hall Annex (Parks, Recreation & Culture) ad volume only
- .. Combined ad volumes

I have set out below a comparison of proposals (*within the context of disclosing information that does not affect the competitiveness of the proponents*):

Cost:

The proposal by the NOW Community newspaper provides the lowest advertising rate in all three scenarios.

Value Added

Both proposals include similar “no-cost” services for graphic design, internet link, preferred placement, etc. The value-added packages, however, change significantly with the differing volumes.

The value-added package from the Leader and the Peace Arch News, particularly as it relates to the performing arts and heritage services, offers considerable sponsorship and complementary ad space impacting the bottom line of Parks, Recreation & Culture. Awarding a separate contract for the 6,000 column inches required by the performing arts, heritage and leisure services divisions makes the best business decision when the sponsorship and value-added benefits are taken into account.

Establishing an agreement with both proponents also serves to provide the city with preferred rates in both newspapers as well as broader opportunity for expanded community partnership and promotional sponsorship in future city initiatives.

Distribution

The NOW Community newspaper covers the entire market, and the Leader and the Peace Arch News jointly cover the entire market. Both proposals meet the requirements for statutory advertising as established in The Local Government Act.

Readership:

Both proposals make different claims concerning readership preference. Essentially, both proposals reach the majority of households in Surrey. The Leader and the Peace Arch News have demonstrated a strong readership in South Surrey by producing a separate devoted community newspaper in that circulation area.

Service:

The majority of departments which regularly deal with both newspapers have given the NOW a superior service rating, however, recent changes in the billing procedures of the Leader have enabled both papers to meet expectations and demonstrate high levels of service. Since the last contracts were implemented, both papers have improved graphic design standards through working closely with staff.

Publishing Deadlines

All the newspapers are able to take corrections or last-minute notices within the same booking and copy deadlines. Electronic transfer of information and graphics has made copy deadline easier and the Now, the Leader and the Peace Arch News all accept electronic transfer.

CONCLUSION

An RFP was issued in November 2000 to the local newspapers that meet the criteria established for the city's statutory advertising. The RFP was expanded to include non-statutory advertising and event promotion within the Arts, Heritage and Leisure Services divisions.

The Committee examined the proposal as presented by the NOW Community newspaper and the joint proposal of the Leader and the Peace Arch News. Using evaluative criteria based on both cost-benefit impacts, value added considerations and business needs analysis, it was recommended that contracts be awarded to both papers based on split advertising volume. A minimum of 12,000 column inches of city advertising will be awarded to the Now Community newspaper, which will include all statutory requirements of the city. A minimum of 6,000 column inches of Parks, Recreation & Culture advertising will be awarded to the joint proposal of the Leader and the Peace Arch News. The total of the two awards is within the operational signing authority of the City Manager.

Linda Hepner

Manager, Economic Development Office

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