



City of Grand Island

Tuesday, July 23, 2013

Council Session

Item I-1

#2013-247 - Approving Advertising Contract with the Grand Island Independent

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director

Meeting: July 23, 2013

Subject: Approving Contract with Grand Island Independent for Newspaper Advertising

Item #'s: I-1

Presenter(s): Brenda Sutherland, Human Resources Director

Background

The City of Grand Island has entered into contracts with the Grand Island Independent for newspaper advertising in the past. The contracts cover advertising for all departments in the City. Advertising that falls under the heading of “legals” is handled separately as that rate is defined by State bid. The contract with the Independent represents the negotiated line rate for all advertising done in the Independent with the exception of legals. Even though the legals fall under a different rate structure as negotiated under the state contract, the City is given credit towards its commitment for advertising.

The City Council was presented this contract on July 9, 2013 and a motion to approve failed. I take responsibility for not clearly communicating the outcome of no negotiated pricing for the City. A call to the Independent to confirm our new pricing structure with no advertising contract in place will nearly double the price the City is currently paying for all advertising with the exception of legals. I believe that is important information for the Council to consider before making a final decision and therefore the proposed contract is being brought back for further consideration.

Discussion

This contract is a pricing contract only and does not impact the budgeted amount of advertising, only the rate we are charged. 2012 fiscal year advertising totaled \$69,007 and this fiscal year, on a year-to-date basis, totals \$57,223.

The last contract was for a commitment of \$30,000. The City has exceeded that amount and therefore it seems prudent to increase the amount of the contract to take advantage of the best pricing possible. The contract being proposed this year is for a \$40,000 commitment. This amount is conservative and falls below our current usage. However,

should different avenues be used for advertising or a cutback in spending occur, we would then be charged the rate that was appropriate for the actual level of usage.

This contract represents negotiated rate pricing. The City will not simply send a check to the Independent for \$40,000. Instead, we will pay according to our usage each month. Should our spending fall below the \$40,000 rate, our negotiated amount will be adjusted to the \$30,000 rate. What we are trying to accomplish with a contract is simply negotiated pricing rather than paying the same amount that anyone walking in off the street would pay. Without a contract, that is the position the City will be in.

The contract is attached and the rates are listed. The daily rate has increased from \$11.70 to \$11.87 and the Sunday rate increased from \$11.87 to \$12.10. The daily retail rate, which is the rate the City would pay with no contract in place, has increased from \$15.16 to \$15.66 and the Sunday retail rate has increased from \$16.01 to \$16.56.

As this contract exceeds \$20,000, City procurement rules would require the City advertise a RFP or use the bid process to obtain quotes for service. The Council passed Resolution 2011-254 that named the Grand Island Independent as a sole source provider and therefore there were no other quotes obtained. The Grand Island Independent is our only local daily paper. The City does use other local weekly papers and this would not prohibit that practice.

In conclusion, without a contract, the City will pay full price advertising rates and the City's advertising expense will increase substantially.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

I recommend that the advertising contract with the Grand Island Independent be approved.

Sample Motion

Move to approve the advertising contract with the Grand Island Independent.



The Grand Island Independent

Advertising Contract

This agreement is made between The Grand Island Independent, hereinafter referred to as the Publisher, and City of Grand Island, hereinafter referred to as the advertiser.

Provisions:

This contract is an annual dollar volume agreement based on the advertiser's total planned investment with the Publisher and shall be in effect June 1, 2013 through May 31, 2014. The advertising rates assigned to the volume levels will be consistent with rates published in the most current Rate Card. The provisions of this contract shall consist of (1) the declarations of the agreement contained in this document and (2) the current Advertising Rate Card of The Grand Island Independent, which includes the Publisher's policies. The Publisher additionally stipulates that an advertiser bears full responsibility for the payment of all advertising charges.

Declarations:

1. In consideration of the Advertiser's agreement to advertise \$ 40,000 with The Grand Island Independent, the Advertiser will earn the column inch rates according to the current rate card.
2. In the event the Advertiser does not fulfill the dollar volume agreement, the Publisher will invoice the Advertiser for the difference between the rate billed and the rate earned on the inches that have been published.
3. This agreement may be cancelled by either party by providing a 30 day written notice. In the event the contract is terminated prior to fulfillment, the earned rates will be applied to the published inches.
4. Payment is due the 25th of the month following publication or services.
5. Additional contract entitlements:

Classified Rate will be locked in at \$11.87 Daily and \$12.10 Sunday.
Retail Rates will be locked in at \$15.66 Daily and \$16.56 Sunday.

Authorization:

The terms and conditions of the agreement are hereby ratified and placed into force as agreed upon.

City of Grand Island Account # 22601
Business Name

the Independent Representative Date

Authorized Signature Date

the Independent Advertising Director Date

RESOLUTION 2013-247

WHEREAS, the City of Grand Island advertises in the Grand Island Independent;
and

WHEREAS, the Grand Island Independent was approved as a sole source provider by the Grand Island City Council under Resolution 2011-254 ; and

WHEREAS, the rates listed in the contract will remain in effect from June 1, 2013 until the end of the contract on May 31, 2014.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is hereby authorized to execute the aforementioned contract with the Grand Island Independent.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, July 23, 2013.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
July 22, 2013	☒ City Attorney