



## STAFF REPORT ACTION REQUIRED

### Purchase Order Amendment – Statutory Advertising for Contract 47012431

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| <b>Date:</b>             | July 9, 2010  |
| <b>To:</b>               | Government Management Committee   |
| <b>From:</b>             | Director, Strategic Communications<br>Director, Purchasing and Materials Management |
| <b>Wards:</b>            | All   |
| <b>Reference Number:</b> | P:/2010/Internal Services/PMMD/GM10027PMMD (AFS # 12552)                            |

#### SUMMARY

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The purpose of this report is to request authority to amend Contract 47012431, for a printing and electronic advertising supplier to publish all of the City's statutory advertising. The total amendment request is \$763,000.00 inclusive of HST Recoveries, revising the current contract value from \$2,000,000.00 to \$2,750,000.00 net of all applicable taxes for the period ending November 30, 2010. Advertising is required to fulfill Council directed programs and is placed on the basis of previously approved program budgets. The increase is required to continue to pay for the services without delay or interruptions. A new Request for Quotation (RFQ) will be issued in the summer of 2010 for the services starting December 1, 2010.

#### RECOMMENDATIONS

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The Director of Strategic Communications and the Director of Purchasing and Materials Management recommend that Government Management Committee grant authority to:

1. Amend Contract 47012431 with the Toronto Star for print and electronic advertising to publish all of the City's statutory advertising by an additional amount of \$763,000.00 inclusive of HST Recoveries (\$750,000.00 net of all applicable taxes), revising the current contract value from \$2,000,000.00 to \$2,750,000.00 net of all applicable taxes.

## **Financial Impact**

There are no financial implications as a result of approval of this report.

Funding for advertising is included in various City division budgets. Strategic Communications places advertising on behalf of programs and manages the contracts and payments for these advertisements. Before placing the ads, each division must confirm they have the approved funds in their budgets to pay for the ads placed. Strategic Communications merely facilitates the placement and payment process for them.

Total expenditures for advertising City-wide were \$730,837 in 2009. Increasing the total contract will result in an amount of up to \$1,063,157 for advertising in 2010, depending on funds being available in the various 2010 Approved City Operating Budgets.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **ISSUE BACKGROUND**

As per the City's advertising policy, various provincial statutes require Ontario municipalities to notify the public of proposed changes to by-laws and to provide public notice of various decisions. In some cases advertising in a newspaper is mandated by the applicable statute, but where other notification methods are permitted, many municipalities use newspaper advertising as the most inexpensive and far-reaching method to fulfill the statutory notification requirements. Either a daily or weekly newspaper can be used to fulfill statutory requirements provided it is of such circulation in the municipality as to provide reasonable notice to those affected by the by-law or decision for which notice is given. Discretion as to the sufficiency of the circulation lies with the Clerk.

Examples of situations in which statutes require a municipality to advertise notice include proposed changes in zoning, by-laws, official plan amendments, road closings, renaming of streets and designations of particular properties as being of architectural or historic merit. The Media Buying unit within Strategic Communications books, on average, 1 to 5 statutory ads per week for various divisions throughout the City, (particularly City Clerk's division), each ad costing between \$3,500 to \$6,000.

## **COMMENTS**

As a result of the competitive RFQ (9103-07-7026) process, at its meeting on February 28, 2007, the Bid Committee awarded the contract for print and electronic advertising to the Toronto Star to publish all of the City's statutory advertising for the period ending November 30, 2010.

The original value of the contract for the term was \$1,500,000.00 net of GST. Due to an increased demand for statutory ads, the contract was amended on January 6, 2010 by \$450,000.00 net of GST and further amended on June 11, 2010 by \$50,000.00 net of GST, resulting in a revised contract value of \$2,000,000.00, net of GST.

Since 2007, the amount of statutory ads that the City puts out has steadily increased.

2007 – 126 statutory ads, \$353,544.34  
2008 – 159 statutory ads, \$603,462.72  
2009 – 176 statutory ads, \$730,836.75

The rate for statutory advertising has remained firm since the contract term began. The requested amendment to contract 47012431 is due to an increase in advertising, not the rate/cost.

So far, in the first 3 months of 2010 the City has spent \$236,005.36 on statutory advertising.

With 2010 expected to be an exceptionally busy year with the upcoming election, Transit City and various construction projects, many statutory ads will need to be published. The requested increase in the amount of \$763,000.00 net of HST Recoveries (\$750,000.00 net of all applicable taxes) to Contract 470124321 will ensure that the City is able to continue to pay for the agreed upon services without disruption until the end of the contract term on November 30, 2010. A new RFQ will be issued in the summer of 2010 for the services starting December 1, 2010.

## **CONTACT**

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## **SIGNATURE**

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