



Corporate Report

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BUDGET COMMITTEE

DEC 07 2009

DATE: November 30, 2009

TO: Chair and Members of Budget Committee
Meeting Date: December 7, 2009

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: Request for Options to Reduce Advertising Spending in the
Mississauga News

RECOMMENDATION: That the planned level of advertising in the Mississauga News for 2010 be maintained to ensure effective communication and notification regarding City of Mississauga information, services and notices as this tool has the best possible reach to residents, businesses and customers.

BACKGROUND: At the October 7th, 2009 General Committee meeting staff from the Communications division received direction to review advertising spending and report back to Budget Committee with options for advertising budget cuts.

The Corporate Report dated September 28, 2009 *Vendor of Record Designation Follow up on Advertising in the Mississauga News* was received by General Committee at the October 7th meeting which provided detailed information on the types of ads published in the Mississauga News. Ads were categorized as information based (not mandatory) or regulatory (mandatory).

Information based ads are primarily used to communicate information about City events and services such as:

- Council/Committee meeting and event dates
- Public Notices (public meetings, transit service changes, T&W procurements, RAPID service hours in Planning & Building)
- City Events, Communication Campaigns (Our Future Mississauga, Arts and Culture Master Plan, etc.)

Regulatory based ads are those where the City is mandated to advertise as follows:

- Planning Regulatory Notices
- Tax Sale Notices
- Environmental Assessment Notices
- Office of the City Clerk Notices

For 2008, approximately \$320,000 was spent on informational ads in the Mississauga News. Of this amount approximately \$62,000 or 19% related to Transportation and Works tenders, the cost of which is recovered through charges to contractors for tender documents.

Approximately \$130,000 was spent in 2008 on regulatory ads in the Mississauga News. About \$17,000 of this cost for mandated advertising is received from developer applicants. The net cost to the City of the \$450,000 in advertising expenditures with the Mississauga News was \$371,000, after user fees and cost recoveries.

The Communications division has negotiated a competitive line rate for advertising in the Mississauga News at \$1.97 per line which represents an approximate discount of 60% from published rates.

PRESENT STATUS:

Informational and regulatory advertising is largely driven by the volume of activity, events and public notification required in a given year. In 2009, there have been many new initiatives undertaken such as the Infrastructure Stimulus Funded (ISF) initiatives in addition to the normal level of activity. There are also several other significant initiatives underway such as the Bus Rapid Transit (BRT) that will require ongoing public communication through the Mississauga News as well as other communication channels.

The Mississauga News has the best reach for communicating to Mississauga residents and businesses in a consistent manner using the *CityScope* section which is dedicated to City of Mississauga informational and regulatory notices, as well as other relevant locations within the Mississauga News publication.

By using advertising in the Mississauga News to communicate important changes in services, events and regulatory issues such as environmental studies, the City can ensure that the information accurately conveys the City of Mississauga's intent or key messages.

COMMENTS:

In considering options to reduce paid advertising staff considered usage that would have the least amount of negative impact. Types of initiatives that would require advertising of either an informational or regulatory nature over 2010 and 2011 were assessed.

If the advertising levels are reduced, the current Mississauga News advertising rate of \$1.97 per line is expected to increase. The line rate is a sliding scale that increases as the total annual ad volume decreases. The City of Mississauga also receives additional free Public Service Announcements (PSA) in the News which had an estimated value of \$95,700 for 2009. It is anticipated that the free PSA currently offered by the Mississauga News would decline relative to a decrease in annual advertising. Savings resulting from options which reduce advertising volumes will be partially offset by higher line rates and lost free PSA.

The end result will be higher advertising costs on a per unit basis and less information being provided to the public about City of Mississauga initiatives.

The following option is provided to demonstrate the impact of a \$70,000 reduction of advertising in the Mississauga News bearing in mind that this reduction would need to come from the informational ads only.

Several initiatives across all departments would be scaled back or eliminated to achieve a \$70,000 reduction in spending in the

Mississauga News. The following are examples of ads that would be affected by this option:

- reduce advertising for Recreation Service notices
- elimination of Trail Guide ads
- scaled back or elimination of ads on Cultural events such as Doors Open, Art's Birthday, Jane's Walk
- elimination of all colour from the City Page
- reduction of Employment Survey Ads and District Plan ad
- reduction in ads for transit fare increases, service changes, Click n' Ride ads, Bike Rack promotion
- reduce ad size and frequency for National Public Works Week
- reduce ad size and frequency for Snow Clearing.

Line Rate Impact – increased line rate cost, to an estimated \$2.35 per line, resulting in a \$30,000 additional cost for the remaining advertising.

Decreased PSA Ads – approximately \$6,000 less in free PSA advertising.

A reduction of \$70,000 in advertising spend results in significant reductions in communication of information while netting a savings of only \$34,000 after considering estimated line rate increases and loss of free advertising.

The need to communicate with the public will significantly increase over the next couple of years as a result of key initiatives such as ISF and BRT. The Mississauga News is an effective method for advertising and communicating with the public in conjunction with other communication channels such as the web.

FINANCIAL IMPACT:

Expenditures of approximately \$450,000 per year in advertising in the Mississauga News have a net cost to the City of about \$371,000 after user fees and cost recoveries. Reductions in spending would result in increased line costs and lost free Public Service Announcements which would offset a significant portion of savings achieved from advertising cutbacks. Advertising with the Mississauga News and other communication channels will continue

to be monitored to ensure the most effective use of advertising budgets.

CONCLUSION:

The review of advertising has highlighted the importance of communicating to the public whether it is informational or regulatory. The level of activity, initiatives and change over the coming years is significantly higher due to the initiatives, studies and communication required for ISF, BRT and many other City initiatives.

Reducing the amount of advertising with the Mississauga News will result in a higher unit cost (per line) and a reduction in free PSA. This may be an option worth considering in the future as other channels of communication become more effective.

The recommendation to not reduce advertising at this point ensures that the City of Mississauga can effectively communicate to the public on key issues and initiatives in the coming year.



Brenda R. Breault, CMA, MBA

Commissioner of Corporate Services and Treasurer

Prepared By: Ivana Di Millo, Director, Communications