



CITY OF LONG BEACH

C-6

DEPARTMENT OF FINANCIAL MANAGEMENT

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September 4, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to enter into a contract with Pitney Bowes to purchase an Inserter Mailing System that will support the mailing of City correspondence, bills, and checks in an amount not to exceed \$170,000; authorize the City Manager to execute a lease-purchase agreement and related financing documents under the Master Lease Agreement with SunTrust Leasing Corporation in the amount of \$190,000 for the financing of the Inserter Mailing System, payable over a five-year period and; increase appropriation in the General Fund, (GP) and the Department of Financial Management (FM) by \$170,000. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract to purchase an Inserter Mailing System, which will be used to fold bills, correspondence and checks, and insert them into envelopes along with associated materials such as return envelopes, the WAVE, notices, etc., as well as affix metered postage.

The existing Inserter Mailing System is over 20 years old, five years past its anticipated life span, and certain elements of the machine have already failed. The new machine includes the most modern technology and is expected to result in cost savings of approximately \$40,000 annually, since it will be able to sort all City mail by postal route reducing the City's cost for postage. This savings will be sufficient to offset the lease cost. The new machine will also be able to process mail more rapidly resulting in improved delivery time to Long Beach residents.

A Request for Proposal was advertised on June 21, 2007 and 101 potential bidders were notified of the bid opportunity; 22 are Minority-owned Business Enterprises (MBE), 19 are Women-owned Business Enterprises (WBE), 6 are Long Beach businesses, and 14 are certified Small Business Enterprises (SBE). The bid document was made available from the Purchasing Division located on the Plaza Level of City Hall and the Division's website at www.lbpurchasing.org. A bid announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 32 local, minority and women's business groups. Bids were opened on July 23, 2007. Nine prospective bidders requested copies of the Request for Proposal. Two bidders' proposals were received. A committee representing Financial Management and Technology Services reviewed the proposals and selected Pitney Bowes on the basis that their Inserter Mailing System met the minimum requirements of folding documents, inserting enclosures, reading Optical

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Mark Recognition (OMR) codes and keeping statistics on postage costs per job at the lowest price.

This matter was reviewed by Deputy City Attorney Lori Conway on August 16, 2007 and Budget and Performance Management Bureau Manager David Wodynski on August 15, 2007.

TIMING CONSIDERATIONS

City Council action to authorize the City Manager to enter into a contract is requested on September 4, 2007 to avoid delays in mail and billing that could be caused by a failure of the existing machine.

FISCAL IMPACT

The purchase price of Pitney Bowes Inserter Mailing System is \$170,000 including tax, for which the requested budget adjustment is needed. The total debt service (principal and interest) for the agreement will not exceed \$190,000 and will be financed over a five (5) year period at 3.82%. Of that amount approximately \$37,500 will be paid in FY 08. Predicted savings in postage costs are anticipated to result in sufficient funds to offset the lease cost. Lease payments will be included in the annual budget of the Department of Financial Management.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

MK: RB

Inserter Mailing System ccl 9-4-07.doc

APPROVED:



ANTHONY W. BATTS
CITY MANAGER