



Agenda Report

June 8, 2015

TO: Honorable Mayor and City Council

FROM: City Clerk

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH NEOPOST USA, INC., FOR A FIVE-YEAR LEASE TO FURNISH MAIL ROOM EQUIPMENT FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$250,775

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the following proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines, Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Authorize the City Manager to enter into a purchase order contract with Neopost USA, Inc., for a five-year lease to furnish Mail Room Equipment for a total not-to-exceed amount of \$250,775.

BACKGROUND:

The Mail Services Division of the City Clerk's Office operates a mail operation center that handles the majority of all Citywide Interoffice and US mail processing for all City departments. Approximately 7000 pieces of mail per day are processed by the Mail Room, which includes postage metering and insertion. City mailings vary in nature and include Parking Citations, Utility Bills, Preferential Parking Notices, Business Licenses, and individual City Council District mailings.

The City Clerk's Office is currently in a five-year equipment lease agreement with Neopost USA, Inc., with the lease scheduled to expire on June 30, 2015. The Mail Services Division, in coordination with the Finance Department's Purchasing Division, conducted a low bid process for a new five-year lease to replace the existing mailing system, with the request for bids covering the following equipment, installation, training, and maintenance support plan specifications:

1. One (1) Mail Insertion Machine with conveyor system and connections that includes one (1) Production Meter Machine with mail stacker with a capacity of one standard two-foot mail tray; 200,000 impressions per ink cartridge or similar yield required; and accounting software (see below) to run the meter and provide for usage reports and United States Postal Service (USPS) rates.
2. Two (2) Mail Meter Machines with conveyor and dynamic weighing equipment and Accounting Software (see below) for operating meter machines and tracking postage usage.
3. Mail management and accounting software, providing for certified mail discounts, tracking mail metering and postage usage by account numbers, providing consolidated reports and Intelligent Mail Barcodes for packaging discounts, with all necessary peripherals.
4. One (1) Tabbing Machine that is USPS compliant with tab size of 1.5 inches in diameter and capable of applying three tabs in one pass to opposite sides of the same mail piece; a processing speed of a minimum 25,000 tabs per hour, belt driven feeder, and capability to apply USPS postage stamps.

On April 16, 2015, the Notice Inviting Bids was posted on the City's webpage, online bid posting site, and published in the newspaper. A mandatory pre-bid conference was held in the City Clerk's Mail Room on April 24, 2015, to provide the opportunity to examine the mail room layout, review the existing mail equipment, and ask questions regarding the Bid Specifications. A total of three bids were received on May 5, 2015. The results of the bids obtained are shown below.

Vendor Name	Location	Annual Cost	Five Year Cost
Neopost USA, Inc.	Torrance, CA	\$50,154.92	\$250,774.60
CBE	Irvine, CA	\$50,240.28	\$251,201.40
Pitney Bowes	Chatsworth, CA	\$96,024.06	\$480,120.32

Based on the low bid results, Neopost USA, Inc., was the lowest responsive bidder, meeting all requirements of the specifications. Staff's recommendation is to award the purchase order contract to Neopost USA, Inc., in an amount not to exceed \$250,775 to cover the lease costs for a five-year period (\$50,155 annually).

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed purchase order contract is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment.

FISCAL IMPACT:

The current annual cost for the existing Mail Room lease equipment is \$51,028, which is an ongoing operating expense included in the Mail Services Division budget. The recommended action would replace the existing equipment with new, updated equipment, as well as add a tabbing machine, for a total annual cost of \$50,155. Funding for this action is available in Account No. 8114-509-264020.

Respectfully submitted,



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City Clerk

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