



Agenda Report

MAY 21, 2018

TO: MAYOR AND CITY COUNCIL

FROM: CITY CLERK

SUBJECT: ADOPTION OF A RESOLUTION RESCINDING CONTRACT NO. 30659 WITH THE UNITED STATES POSTAL SERVICE (USPS), AND AUTHORIZING THE FINANCE DIRECTOR TO ISSUE PAYMENT TO USPS FOR POSTAGE IN AMOUNTS NECESSARY TO MEET THE BUSINESS NEEDS OF THE CITY

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;
- (2) Adopt a resolution rescinding Contract No. 30659, and authorizing the Director of Finance to issue payment to the United States Postal Service for postage in amounts necessary to meet the business needs of the City.

BACKGROUND:

Prior to 1996, the City Council authorized the purchase of postage from the United States Postal Service (USPS) on an annual basis. To streamline postage procurement, the City Council agreed to adjust staff's purchasing authority to cover a 10 year period rather than just one year. In 1996, the City Council granted the first of three ten-year "contracts" with USPS to purchase postage. The USPS contract was renewed in 2006 and again in 2016, with the most recent authorization, Contract No. 30659, for an amount not-to-exceed \$600,000 annually, for a 10-year total of \$6,000,000.

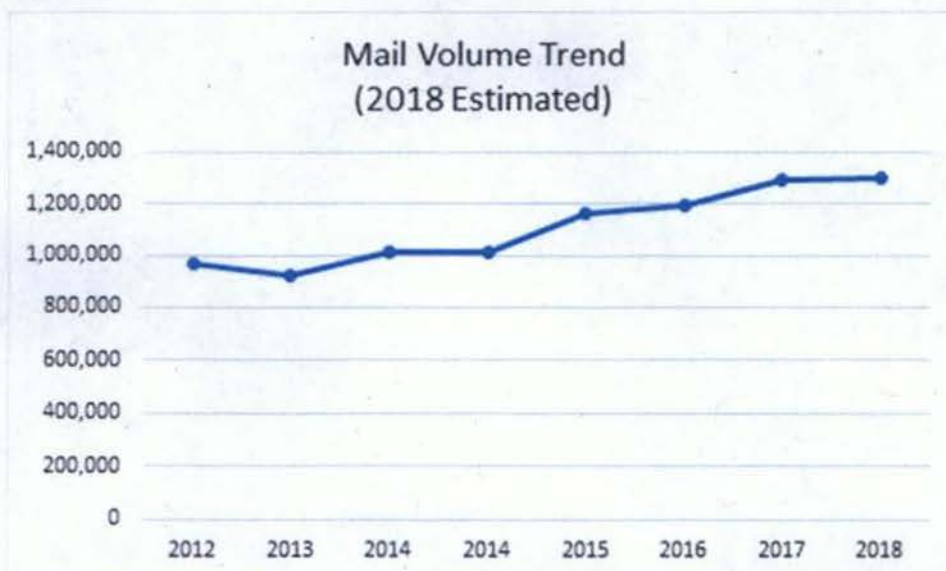
Due to fluctuations in postage rates and a steady increase in mail volume, the annual authorization amount of \$600,000 per fiscal year has proved to be insufficient. For Fiscal Year 2017, it was necessary for staff to seek a contract amendment to increase the annual authorization total to \$650,000 to cover the remaining postage needs for the year. Now again, for Fiscal Year 2018, annual postage expenditure projections are expected to surpass the authorized amount, with the total approaching \$700,000.

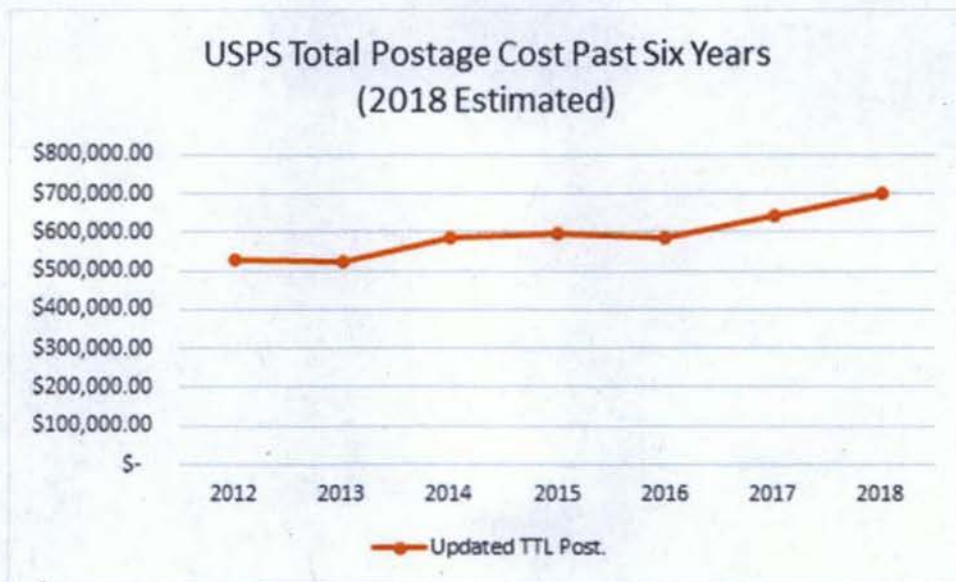
Bearing in mind such factors as the sole source nature of procuring postage from USPS, future postage expenses trending higher, and the ongoing necessity to communicate by mail with residents and constituents, staff has reconsidered the current approach to postage procurement. It is staff's recommendation that the City Council rescind Contract No. 30659, and instead authorize by resolution the Director of Finance to purchase postage from USPS in amounts necessary to meet the business needs of the City. This authorization would only relate to payments made directly to the USPS, and will support essential business needs such as funding the City's postage meter and business mail accounts managed and operated by the City Clerk's Mail Services Division.

In addition, the Finance Director will have authority to provide postage checks (again, payable only to USPS) to 3rd party vendors such as Licher, which handles the printing, preparation, and delivery of the City's Pasadena InFocus quarterly publication to the Post Office for mailing. For vendors that operate as a stand-alone mailing house, providing special pricing for postage as part of the mailing service, City departments would continue to be required to contract directly with the vendor and abide by normal purchasing practices (e.g. issuing a purchase order or contract directly with the vendor), since payment for postage would be inclusive of the services paid directly to the vendor.

In terms of tracking and controlling the amount of funds spent for postage, each department allocates budget funds for postage procurement (budget line 814400). Department staff is responsible for monitoring postage expenditures to ensure spending is within adopted budget approvals and necessary to meet departmental needs. The recommended action will continue to operate within this framework and is only intended to streamline the process for issuing checks to USPS by the City.

The following charts illustrate the key factors of mail volume, postage rates, and postage expenses tracked by the Mail Services Division and considered as part of this recommendation.





FISCAL IMPACT:

The proposed action will increase the City's spending authority to purchase postage from the United States Postal Service in amounts necessary to meet the business needs of the City. Adequate funds have been allocated and are available within each City Department's adopted operating budget, which is reviewed by City staff and the City Council on an annual basis.

Respectfully submitted,



Mark Jomsky
City Clerk

Concurred by:



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Director of Finance



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