



# REPORT TO COUNCIL **7**

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www. CityofSacramento.org

Consent  
December 5, 2006

Honorable Mayor and  
Members of the City Council

**Title:** Mail Preparation and Presorting Services

**Location/Council District:** Citywide

**Recommendation:** 1) Adopt a **Resolution** awarding an annual contract for mail preparation and presorting services to Mailing Systems, Inc., the lowest responsible bidder; and 2) authorizing the City Manager to execute a contract with Mailing Systems, Inc., in an amount not to exceed \$1,604,429.

**Contact:** Rachel Rosas, Program Analyst, 916/808-5918

**Presenters:** Not applicable

**Department:** Finance

**Division:** Procurement Services

**Organization No:** 1187

### Description / Analysis

**Issue:** The City of Sacramento utilizes a mail presort services provider to maximize postage discounts for qualifying outgoing U.S. first-class mail. There are two elements of this requirement: (1) The lettershop service: Mail is addressed, collated, printed, and inserted into envelopes; and (2) The presorting service: High-speed machines sort mail into groups by zip code, allowing the City to receive a discounted postal rate for first-class mail.

The current contract for this service expired on November 30, 2006. Procurement Services advertised the requirements for these services and recommends the award of Invitation for Bid (IFB) #B071187019 for the replacement contract.

**Policy Considerations:** The recommendations in this report are in accordance with provisions of the City Code, Section 3.56.160.

**Committee/Commission Action:** Not applicable.



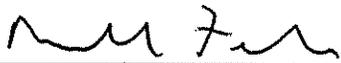
**Environmental Considerations:** Not applicable.

**Rationale for Recommendation:** This acquisition was competitively bid in accordance with Chapter 3.56 of the City Code and Administrative Policy Instruction 1, "Procurement of Supplies and Non-Professional Services." A comparison of the bids received was made, as well as a comparison of pricing the same or similar items on the incumbent contract. In accordance with City Code Section 3.56.020, "Determination of Lowest Responsible Bidder," the City performed an analysis to determine the apparent low bidder's "responsibility." Due to performance problems with the incumbent contract, Quick Sort Sacramento was determined to be "non-responsible." As such, staff recommends that the award be made to Mailing Systems, Inc. of Rancho Cordova. Analysis of their bid indicates that they are "responsible" and that their pricing is fair and reasonable.

**Financial Considerations:** Funding for these services will come from the operating and Capital Improvement Budgets (CIP) of various city departments. As the services are used, Central Services will bill the departments using the service. In FY 2006, the City spent \$251,962, for mail sorting and presorting services. The new contract will be awarded with an initial base period of two years, with three one-year option periods to be exercised at the City's discretion. The contract shall not extend beyond five years with an overall "not to exceed" value of \$1,604,429.

**Emerging Small Business Development (ESBD):** Mail Systems, Inc. is certified with the City of Sacramento as a Small Business Enterprise (E/SBE).

Respectfully Submitted by:   
Christopher Stewart  
Procurement Services Manager

Approved by:   
Russell Fehr  
Finance Director

Recommendation Approved:   
Ray Kerridge  
City Manager

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## **BACKGROUND**

### **Mail Sorting and Presorting Services**

This project is for Mail Sorting and Presorting Services for the City of Sacramento. It is a citywide contract; however, the primary user is the Finance Department (Central Services). This contract is important in that it allows the City to take advantage of sorting and presorting mail services resulting in a savings (averaging \$23,556 in FY06) on postage costs. There are two components to this contract. The first is the lettershop component. The lettershop handles addressing, collating, printing, inserting, and mailing services. This is labor intensive and tends to be the more expensive of the two components. The second component is presorting. Presorting is the process by which a Mailhouse sorts mail into mailer groups, usually by zip code, allowing it to bypass certain postal operations resulting in a discounted postal rate for first-class mail.

In FY 2006, the City spent \$251,962, for mail sorting, presorting and lettershop services. The most recent contract, which expired on November 30, 2006, was awarded to Quick Sort Sacramento, West Sacramento, California.

Pricing for the current requirements were solicited and advertised in IFB # B071187019. Twenty-Four (24) prospective bidders registered with the City Bid Center, but only two (2) bids were received in response to the IFB.

The apparent low bidder, Quick Sort Sacramento, was determined to be "non-responsible" for the reasons stated below. The second apparent low bidder, Mailing Systems, Inc., of Rancho Cordova, was found to be a "responsible" and "responsive" bidder.

City Code Chapter 3.56.020, "Determination of Lowest Responsible Bidder," Paragraph 13(a), states, "...consideration shall be given to: (i) the quality and performance of the supplies to be provided by the bidder; (ii) the ability, capacity and skill of the bidder to perform the contract or effectuate the transaction; (iii) the ability of the bidder to perform the contract or effectuate the transaction within the time specified, without delay; (iv) the character, integrity, reputation, judgment, experience and efficiency of the bidder; (v) the quality of the bidder's performance on previous purchases by, or contracts with, the city."

During the City's contract with Quick Sort Sacramento (the incumbent), there were numerous instances where Quick Sort Sacramento did not perform in accordance with the contract terms and provisions and Scope of Work. Recurring invoicing problems resulted in Central Services being unable to charge expenses, in the correct amount, back to the appropriate department. On numerous occasions, mailers were processed incorrectly or not at all, and in one case, Quick Sort Sacramento had to reimburse the City for its failure to process a mailer for a community meeting. As a result of these failures, the City determined that Quick Sort Sacramento is non-responsible.

Staff recommends awarding the new annual contract to Mail Services, Inc. The contract will be awarded with an initial base period of two years, with three one-year option periods to be exercised at the City's discretion. The contract shall not extend beyond five years with an overall not to exceed value of \$1,604,429.

Base Period*	\$624,000 (\$312,000 per year x 2)
Option Period 1	\$312,000
Option Period 2	\$324,480
Option Period 3	\$343,949
<b>Overall Value</b>	<b>\$1,604,429</b>

\*Base Period is defined as two calendar years, or 730 calendar days

**RESOLUTION NO.**

Adopted by the Sacramento City Council

December 5, 2006

**APPROVING AND AWARDED A MAIL SORTING AND PRESORTING SERVICES  
CONTRACT TO MAILING SYSTEMS, INC., IN AN AMOUNT NOT TO  
EXCEED \$1,604,429**

**BACKGROUND**

- A. The City of Sacramento and its various departments have an urgent and continuing need for mail sorting, presorting and lettershop services.
- B. The present invitation for bid was advertised in accordance with Chapter 3.56 of the City Code and API 1, "Procurement of Supplies and Non-Professional Services." Twenty-four (24) prospective bidders registered with the City Bid Center, two (2) bids were received in response to the IFB.
- C. During the City's contract with Quick Sort Sacramento (the incumbent), there were numerous instances where Quick Sort Sacramento did not perform in accordance with the contract terms and provisions and Scope of Work. Recurring invoicing problems resulted in Central Services being unable to charge expenses, in the correct amount, back to the appropriate department. On numerous occasions, mailers were processed incorrectly or not at all, and in one case, Quick Sort Sacramento had to reimburse the City for its failure to process a mailer for a community meeting. As a result of these failures, the City determined that Quick Sort Sacramento is non-responsible. The second apparent low bidder is Mailing Systems, Inc. They were found to be responsible and their pricing is fair and reasonable.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

**Section 1.** The contract is awarded to Mailing Systems, Inc., the lowest responsible bidder, for a total not to exceed value of \$1,604,429 over five years.

**Section 2.** The contract provides for an initial term of two years, with the option to extend for additional one year terms, up to a total agreement term of five years (including the initial term and all extensions). The City Manager may authorize such extension(s) for the annual not to exceed amount specified above, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year(s). The initial two-year Base Period has a not to exceed value of \$312,000 per year for a total of \$624,000. Option Period One has a not to exceed value of \$312,000. Option Period Two has a not to exceed value of \$324,480, and Option Period Three has a not to exceed value of \$343,949, with an overall contract, not to exceed value of \$1,604,429.

Bid Tabulation Sheet <sup>(1)</sup>  
 IFB #B071187019, Mail Preparation and Presorting Services, City of Sacramento

Bidders	Bid Total	5%E/SBE Preference	Prompt Payment Discount	1% City Tax Preference	Evaluation Total
Quick Sort Sacramento	\$1,633	N/A	none	none	\$1,633 <sup>(3)</sup>
Mail Services, Incorporated	\$2,024 <sup>(1)</sup>	<101.21>	<40.>	none	\$1,883 <sup>(3)</sup>

Recommendation for Award to: Mailing Services, Incorporated      Using Department: Citywide contract; Primary user is  
 2431 Mercantile Drive, Suite A      the Department of Finance  
 Rancho Cordova, California

Total Number of Bids Solicited: 42      Total Number of E/SBE Bids Solicited: 0      Number of E/SBE Responses: 1  
 Bid Opening Date: 25Sep06      Award to E/SBE: Yes

<sup>(1)</sup> Bid Tabulation Sheet represents subtotals, less sales tax, and include 5% E/SBE Preference, 1% City Tax Preference, and prompt pay discount where applicable.

<sup>(2)</sup> Totals corrected for mathematical errors.

<sup>(3)</sup> The lowest responsible bid amounts represent the totals for the items based on unit pricing and are for evaluation purposes only. Authorization is requested to enter into contracts in a total aggregate amount not-to-exceed \$344,000 per contract year, which more closely reflects the actual amount anticipated to be expended each year of this potential five-year contract.

