



Board Agenda Item 39

DATE: September 11, 2018

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Lease Agreement for Pitney Bowes Mailing Machines

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Lease Agreement with Pitney Bowes, Inc. for a 60-month lease of two mailing machines (\$147,476).

Graphic Communication Services, a portion of Information Technology Services, processes the County's outgoing U.S. mail utilizing a U.S. postage/ mailing system. Approval of the recommended action will allow for the replacement of outdated postage/ mailing machines. The new system will be comprised of two mailing machines and attendant software. This item is countywide.

ALTERNATIVE ACTION(S):

Failure to execute the agreement with Pitney Bowes may result in unscheduled downtime, as our current machines' age is beyond their expected life and delay in processing the County's outgoing U.S. mail due to the age of the older machines.

FISCAL IMPACT:

There is no increase in Net County Cost. The maximum amount of the lease agreement for the system is \$147,476.04 for the term of 60 months. This will continue the overall lower costs that departments have seen for centrally metering outgoing mail and should further lower annual postage costs by several thousand dollars. Additionally, the new lease includes additional functionality that will lower the annual cost of sending Certified Mail and Priority Mail by an estimated \$20,000. These savings will be passed on to County departments in the form of reduced rates for mailing services.

DISCUSSION:

Graphic Communications Services processes the County's outgoing U.S. mail utilizing a U.S. postage/ mailing system. County departments benefit from this centralized service, as outgoing U.S. mail receives the lowest possible postage rates available through the U.S. Postal Service and the County's presort contract rates.

The existing machines at Graphic Communications Services are currently leased from Pitney Bowes and will be returned. The County will receive new machines that should better serve the County. Additionally, this lease includes some increased functionality that will allow more cost-effective use of Certified and Priority Mail services from the U.S. Postal Service, lowering the Postal Service fees that the County pays. These reduced costs will be passed on to County departments in the form of reduced rates for those mailing services.

Pursuant to the County's Purchasing Manual, Pitney Bowes, Inc. is recommended from a list of vendors on the Sourcewell contract 041917, available to all local governments.

The Purchasing Manual stipulates that services competitively bid by another governmental agency may be procured via purchasing cooperatives. Under this directive, Internal Services Department - Purchasing Division (ISD-Purchasing) may use the California Cooperative Purchasing Contracts if the items on the State contract meet the County's needs and if it is unlikely that a separate County bid would result in more favorable prices, terms, and/or conditions.

Following ISD-Purchasing's review of the Sourcewell Request for Proposal (RFP) process, a determination was made that the policies and procedures were consistent with the County's RFP process. The Departments are requesting to procure mailing machinery and software, which was competitively bid and awarded by Sourcewell, enabling the County to leverage the pricing, terms, and conditions from the contract to the County's advantage.

The National Joint Powers Alliance (whose name has subsequently been changed to Sourcewell) issued an RFP in April of 2017, with awards in May of 2017. The evaluation team awarded the contract to two respondents to the RFP.

The format for the lease is not County-standard, however, as an existing government cooperative contract, we are unable to modify the format or terms. Your Board approved a similar Lease Agreement with Pitney Bowes on December 3, 2013. That Lease Agreement was competitively bid by the County.

REFERENCE MATERIAL:

BAI #38, December 3, 2013

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Lease Agreement with Pitney Bowes Inc.

CAO ANALYST:

Juan Lopez