



County of Fresno

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Fresno, California
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Legislation Text

File #: 17-0389, **Version:** 1

DATE: July 11, 2017

TO: Board of Supervisors

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

SUBJECT: Retroactive Agreement with The Presort Center of Fresno LLC. for Insert, Presort, and Mailing Services

RECOMMENDED ACTION(S):

Approve and authorize Chairman to execute a Retroactive Agreement with The Presort Center of Fresno LLC. to provide insert, presort, and mailing services, effective March 1, 2017, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions for a maximum potential five-year total not to exceed \$2,700,000.

Approval of the recommended action will provide County Departments with reduced rates offered by the U.S. Postal service (USPS) for presorted first class mail. There is no increase in Net County Cost associated with the recommended action. Costs for services provided under this agreement are recovered through charge backs based on utilization. The total cost for the potential five-year Agreement is \$2,700,000.

ALTERNATIVE ACTION(S):

Not approving the recommended action will require County departments to deliver all USPS mail directly to the post office and discounts on postage rates for presorted mail will not be realized.

RETROACTIVE AGREEMENT:

An analysis of the expired agreement to assess County needs took longer than originally anticipated which resulted in the Request for Quotation (RFQ) being released in December 2016. Once responses were received and approved by County Purchasing Division (Purchasing), staff have been working with the vendor to negotiate acceptable terms for both the County and vendor. Staff have also been working with the Auditor-Controller/Treasurer-Tax Collector's Office, County Counsel's Office, Purchasing, and vendor to address the new condition of a postage deposit.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. Costs for services provided under this agreement are recovered through charge backs based on utilization. Sufficient appropriations are included in the Internal Services Department (ISD)-Information Technology Services Division (ITSD) Org 8905 FY 2016-17 Adopted Budget and will be requested in subsequent budgets subject to approval by your Board.

DISCUSSION:

USPS offers discounts on postage for presorted first class mail. ISD through its Graphic Communications operation, handles approximately 1,500,000 pieces of first class mail annually. A net savings of \$0.007 is realized on every piece of presorted first class mail. ISD is also responsible for the mailing of 9"x12" priority

flats. The cost of postage for 9"x12" flats is approximately \$7,500 per week. The Department of Social Services is the primary mailer of 9"x12" flats. To maximize cost savings for the County, ISD has coordinated insert, presort, and mailing services Countywide. The Presort Center of Fresno, LLC. (Presort) is the current vendor performing these services.

On December 21, 2016, RFQ No. 17-043 was issued to solicit qualified vendors for insert, presort, and mailing services. The Presort Center of Fresno, LLC. submitted the only bid. After review of the bid by Purchasing and ISD, it was determined that it met all of the conditions and was advantageous for the County. Due to the high postage cost of mailing 9"x12" flats, the bid required a condition of a postage deposit that was not part of previous agreements and not standard in County agreements. The postage deposit requirement was discussed with the Auditor Controller/Treasurer Tax-Collector's Office and Purchasing and was determined that the need for these services outweigh the risks. Staff then worked with Presort to determine an acceptable postage deposit and agreed to the condition that the County shall make advanced payments, not to exceed \$32,500 per month, which would be applied to the postage costs of mailing 9"x12" flats.

The Presort Center of Fresno LLC. provided reasonable pricing for services, demonstrated their qualifications, experience, and capability to perform the requested services to best meet the needs of the County. Presort's past and current performance of these services for the County has been satisfactory and therefore, it is recommended that the County enter into an agreement with The Presort Center of Fresno, LLC.

The recommended action approves and authorizes the Agreement with The Presort Center of Fresno LLC. for a three-year base contract with two, optional one-year extensions upon written approval of both parties for a total amount not to exceed \$2,700,000. All costs associated with the recommended action, including advanced postage payments, are included in the maximum contract amount.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On File with Clerk - Agreement

CAO ANALYST:

John Hays