



APPROVED  
BY THE CITY COUNCIL

AUG 26 1997

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DEPARTMENT OF  
FINANCE

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

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August 26, 1997

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City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: ADOPTION OF SPECIFICATIONS AND AWARD OF BID NO. 1759 FOR MAIL PREPARATION AND PRE-SORTING SERVICES, IN A TOTAL AMOUNT NOT TO EXCEED \$610,000.00 PER YEAR**

**LOCATION AND COUNCIL DISTRICT:** City-wide; All districts

**STAFF RECOMMENDATION:**

Staff recommends that the City Council adopt specifications and accept the lowest responsible bid for the contract resulting from Bid No. 1759 for Mail Preparation and Pre-sorting Services. Award is recommended to: International Mail Processing, 1700 Enterprise Blvd., West Sacramento, CA 95691 in a total amount not to exceed \$610,000.00 per year.

**CONTACT PERSON:** Dennis Kerhulas, Senior Buyer, 433-6242

**FOR COUNCIL MEETING OF:** August 26, 1997

**SUMMARY:**

This report provides a recommendation for award of Bid No. 1759 for Mail Preparation and Pre-sorting Services, which are used by the Revenue Division and the Central Services Section of the Administrative Services Department, as well as by other City departments on an as-needed basis.

**BACKGROUND:**

The services provided under this contract will be used by the Revenue Division for utility billings and other mailings and by the Central Services Section for general City mailings, as well as by other City departments

on an as-needed basis. The services to be provided involve City mail that is sent via the U.S. Postal Service (USPS), and include mail pick-up, pre-sorting, bar-coding, addressing, inserting, bulk-mailing, delivery of mail to the USPS system, and miscellaneous other mailing-related services. The services include provisions to achieve favorable USPS automated-mail postage rates for the types of mail handled under the contract.

Staff recommends that a contract be awarded to International Mail Processing, 1700 Enterprise Blvd., West Sacramento, CA 95691, in a total amount not to exceed \$610,000.00 per year. Theirs was the lowest of the two bids received for these services, as shown on the attached bid tabulation sheet (Attachment 1). The tabulation sheet lists pricing summaries by service category for the services called for under the contract. The current contractor, Blue Shield of California, Inc., has been undergoing organizational changes over the past several months, and chose not to renew their contract with the City.

The automated mail postage rates under the new contract will be \$0.261 per one-ounce mail piece, versus a rate of \$0.254 per one-ounce piece under the current contract. However, due to lower fees under the new contract for sorting and other ancillary mail services such as folding and inserting, overall City mailing costs should remain stable, and may decrease slightly.

Based on their submission of the lowest competitive bid, staff recommends that the Council authorize a contract for mail preparation and pre-sorting services with International Mail Processing in a total amount not to exceed \$610,000.00 per year, which reflects the approximate amount anticipated to be expended each year of this potential five-year contract.

**FINANCIAL CONSIDERATIONS:**

Funds for postage are budgeted annually in the Revenue Division for utility billings and other mailings, in Central Services for postage costs, and in other City departments for general mailing. Mailings processed by Central Services for other departments are billed to the individual City departments on a charge-back basis. Since overall mailing costs are expected to remain at approximately their current levels, no budget augmentations are requested.

**ENVIRONMENTAL CONSIDERATIONS:**

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

**POLICY CONSIDERATIONS:**

This recommendation is consistent with the requirements for competitive bidding and award of contracts for supplies and non-professional services as detailed in Title 57 of the Sacramento City Code.

**M/WBE EFFORTS:**

Requests for bid (RFB) were sent to 35 prospective bidders, 8 of which were identified as M/WBE firms. While International Mailing Services indicated in their bid that they are an M/WBE firm, neither of the two bids received was from a City-certified M/WBE firm.

Respectfully Submitted,



Robert B. Holbrook

Procurement Services Manager

RECOMMENDATION APPROVED:

  
WILLIAM H. EDGAR  
City Manager

1 Attachment

**Bid Tabulation Sheet  
for Bid No. 1759 - Mail Preparation and Pre-sorting Services**

<b>Service/Item</b> (Pricing is for unit cost totals by service category)	<b>International Mail Processing</b>	<b>Pride Industries</b>
Mailing Services (Postage, sort, barcode, pick-up)	\$10.846	\$12.856
Machine Inserting/Folding Services	86.000	128.500
Hand Inserting/Folding Services	160.000	275.000
Addressing Services (Labels, printing)	19.000 <sup>(1)</sup>	50.000 <sup>(1)</sup>
Miscellaneous Services (Address data conversion, etc.)	114.000	110.000
<b>Total Bid Amount</b>	<b>\$389.846</b>	<b>\$576.356</b>
Prompt Payment Discount	N/A	N/A
Local Business Tax Preference	N/A	N/A
M/WBE Preference	No	No
<b><i>Bid Evaluation Total</i></b>	<b><u>\$389.846</u></b>	<b>\$576.356</b>
<sup>(1)</sup> One Item was un-priced in this service category.		

Award of Contract To:

Using Departments: All City Departments

International Mail Processing  
1700 Enterprise Blvd.  
West Sacramento, CA 95691

**Total Bid Amount: \$ 389.846\*****Total Amount of Contract: \$ 610,000.00****Original Estimated Cost: \$ 610,000.00**

- \* The lowest responsible bid amount of \$389.846 represents a total for the single-unit prices of the services selected for bid evaluation purposes only. Authorization is requested to enter into a contract in an amount not to exceed \$610,000.00 per contract year, which more closely reflects the amount anticipated to be expended each year of this potential five (5) year contract.

**Total No. of  
Bids Solicited****No. of M/WBE  
Bids Solicited****No. of M/WBE  
Responses****Award to  
M/WBE Vendor?**

35

8

0

No