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DEPARTMENT OF
FINANCE
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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June 12, 2000

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: CONTRACT FOR MAIL PREPARATION AND PRE-SORTING SERVICES, IN A
TOTAL AMOUNT NOT TO EXCEED \$625,000.00 PER YEAR**

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

Staff recommends that City Council suspend formal competitive bidding and authorize the City Manager to execute a contract, in accordance with the pricing, terms and conditions set forth in formal competitive Bid No. 1759, with Quick Sort Mailing Services, LLC, 855 Riverside Parkway, West Sacramento, CA, for mail preparation and pre-sorting services, in a total amount not to exceed \$625,000.00 per contract year.

CONTACT PERSONS: Dennis Kerhulas, Senior Buyer, 433-6242

FOR COUNCIL MEETING: June 20, 2000

SUMMARY:

This report recommends that the City Council suspend formal competitive bidding and authorize the City Manager to execute a contract, in accordance with the pricing, terms and conditions set forth in formal competitive Bid No. 1759, with Quick Sort Mailing Services, LLC (Quick Sort) for mail preparation and pre-sorting services, in a total amount not to exceed \$625,000.00 per contract year.

BACKGROUND:

In August 1997, City Council awarded a contract for mail preparation and pre-sorting services to International Mail Processing of West Sacramento. Theirs was the lowest responsible bid submitted in

response to formal competitive Bid No. 1759. The contract provides for processing (pre-sorting, inserting, etc.) of outbound City mail for entry into the U. S. Postal Service (USPS) system. Examples of such mailings include City utility and other billings, legal notices, Council member communications, and other general City business mailings. Subsequent to award of the contract, International Mail Processing was purchased by and the contract assigned to Zip Sort in West Sacramento. Since their assumption of the contract, Zip Sort changed their business name to ZipDirect and has made numerous management and staffing changes. With these changes, the City has experienced numerous problems with the handling of City mail. Although City staff has worked with ZipDirect management in an attempt to resolve the problems, they continue to occur. This has resulted in problems such as mailings being transferred into the USPS system later than required and numerous problems with utility bill mailings. ZipDirect has been notified that failure to correct the service deficiencies may result in termination of the contract.

In order to ensure effective and uninterrupted processing of outbound City mail, staff has researched the availability of local firms capable of providing the required mail services. Currently, the field of such firms is extremely limited. In addition to the current contractor (ZipDirect), staff found only two other firms in the Sacramento area that provide the range of mail preparation and pre-sorting services required by the City. Of those two, one is a recent start-up firm which does not yet have all necessary equipment in place. The remaining firm, Quick Sort, has a fully-functioning operation in West Sacramento in addition to its parent operation in San Ramon. Quick Sort provides the type of mail pre-sorting services required by the City and utilizes a local sub-contractor for mail preparation services. Their sub-contractor previously performed the same services on City mail for International Mail Processing, and has a good track-record in handling City mail. The County of Sacramento recently (April, 2000) solicited competitive bids for similar services, and the three firms mentioned above were the only respondents.

Quick Sort has agreed to provide mail preparation and pre-sorting services to the City under the same terms, conditions, and pricing as set forth in formal competitive Bid No.1759, which resulted in the current contract. In order to provide for uninterrupted and efficient processing of City mailings, staff recommends that the Council suspend formal competitive bidding and authorize the City Manager to execute a contract with Quick Sort, in an amount not to exceed \$625,000 per contract year, for mail preparation and pre-sorting services. The initial contract term will be through August 15, 2001, with the option to extend the contract for up to two additional one-year terms if mutually agreeable to both parties.

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 City business mailings. Mailings processed by Central Services for other departments are billed to the individual City departments on a charge-back basis.

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).

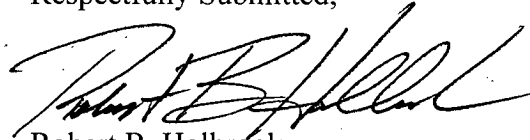
POLICY CONSIDERATIONS:

This recommendation is in accordance with the provisions of City Code Section 57.04.401(c), which authorizes suspension of formal competitive bidding upon a two-thirds vote of the City Council.

ESBE CONSIDERATIONS:

When formal competitive bids for the current contract were solicited under Bid No. 1759 in August 1997, the City had not yet adopted the Emerging or Small Business Enterprise program. At that time, solicitations were sent to 35 prospective bidders, eight of which were identified as minority/women business enterprise (M/WBE) firms. Neither of the two bids received was from a City-certified M/WBE firm. Quick Sort, which was not a respondent to Bid No. 1759, is currently certified by the State of California as a small business enterprise.

Respectfully Submitted,



Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

1 Attachment

RESOLUTION NO. 2000-348

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____



**A RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING
FOR MAIL PREPARATION AND PRE-SORTING SERVICES**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. In the best interest of the City of Sacramento, formal competitive bidding is hereby suspended for the purchase of mail preparation and pre-sorting services and;
2. The City Manager is hereby authorized to execute the necessary contract for mail preparation and pre-sorting services with Quick Sort Mailing Services, LLC, 855 Riverside Parkway, West Sacramento, CA 95605, in a total amount not to exceed \$625,000.00 per contract year.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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