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BY THE CITY COUNCIL

MAY 31 1994

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DEPARTMENT OF  
GENERAL SERVICES

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

May 31, 1994

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SACRAMENTO, CA  
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PURCHASING  
CENTRAL STORES  
CENTRAL SERVICES

City Council  
Sacramento, California

Honorable Members In Session:

**SUBJECT: RECOMMENDATION FOR INCREASE OF CONTRACT FOR MAIL  
PREPARATION AND PRESORTING SERVICES, BID NO. 1469**

**LOCATION AND COUNCIL DISTRICT**

City-wide - All Districts

**STAFF RECOMMENDATION**

It is recommended that, in the City's best interest, the City Council authorize an increase in the contract resulting from Bid No. 1469 by \$40,000.00, for a new total contract amount of \$485,200.00.

**CONTACT PERSON: Karen Parrottino, Buyer II, 433-6240**

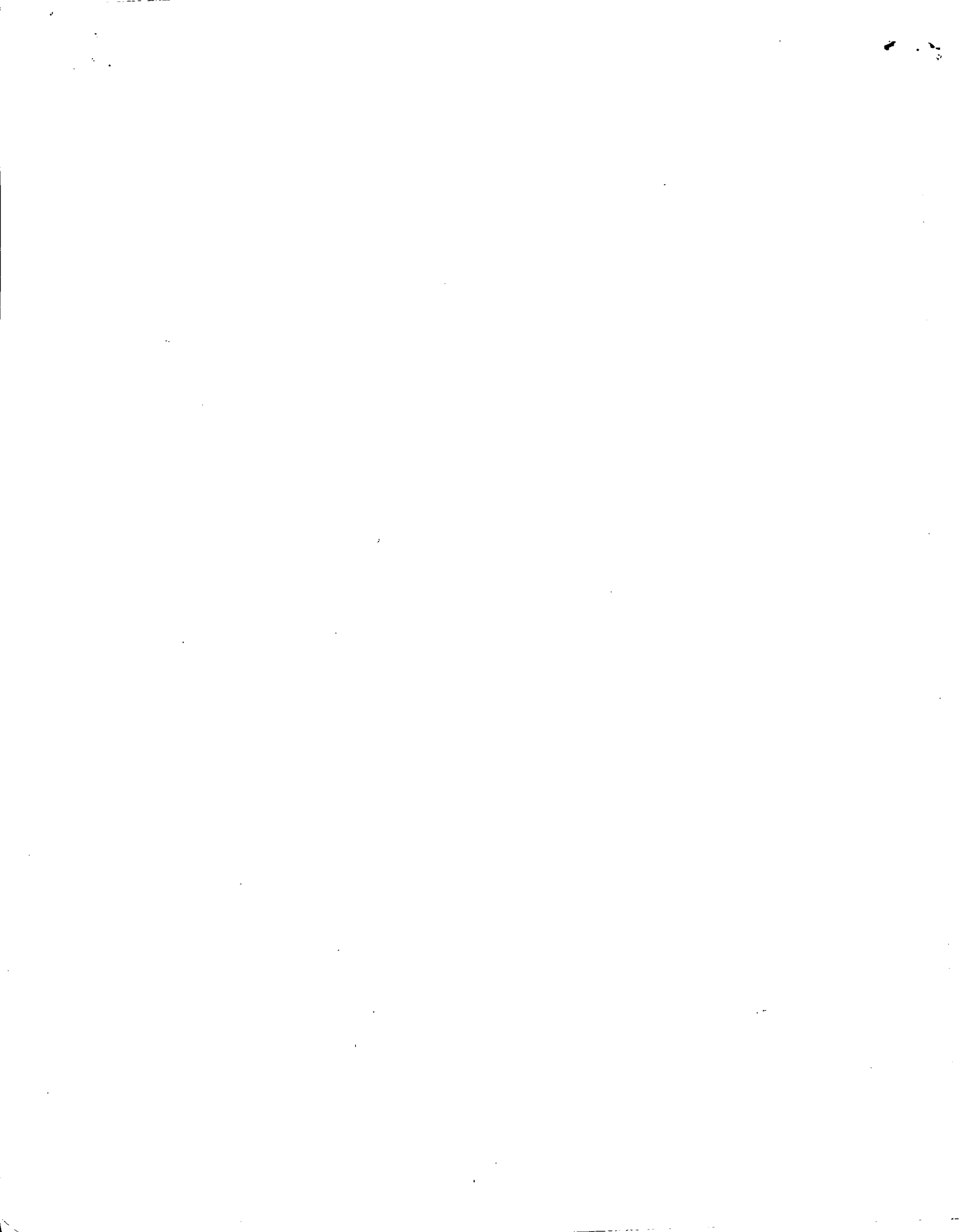
**FOR COUNCIL MEETING OF: May 31, 1994**

**SUMMARY**

The Revenue Division of the Finance Department is requesting an increase of \$40,000.00 in the amount of the contract with Zipsort, Inc. for Mail Preparation and Presorting Services. The contract was established as a result of formal competitive bidding under Bid No. 1469.

**BACKGROUND**

This contract covers mail preparation and presorting services for mailings by all City departments, including the mailings of utility billings by the Revenue Division. The Revenue Division takes advantage of bulk mailing rates in order to achieve the lowest possible mailing costs.



When this contract was originally awarded to ZipSort, Inc. in July, 1991, bar coding was not required by the U.S. Postal Service (USPS) in order to receive automated bulk mail postage rates. In the past year, the USPS has imposed the requirement that mail be bar-coded in order to take advantage of automated bulk postal rates. While the savings in postage costs are significant, the requirement to apply bar-coding to achieve those lower postage rates has resulted in increased service costs from ZipSort, Inc. The cost to apply bar coding is more than offset by the postage savings. However, the original contract award amount for this contract does not accommodate the additional costs of the required bar-coding. Therefore, the Revenue Division is requesting that the contract be increased by \$40,000.00, from \$445,200.00 to \$485,200.00 in order to accommodate the additional services.

#### FINANCIAL CONSIDERATIONS

Sufficient funds have been budgeted by the Revenue Division for this increase.


#### POLICY CONSIDERATIONS

This recommendation is consistent with the requirements for competitive bidding as set forth in Title 57 of the Sacramento City Code for competitive bidding.

#### MBE/WBE EFFORTS

When this contract was formally bid in June, 1991, requests for Bid (RFB) were sent to twenty (20) contractors, two (2) of which were identified as M/WBE firms. In addition, the RFB was sent to several bid advertising agencies, including the Minority Business Exchange and the Sacramento Business Development Center. Of the four (4) bids received, one (1) was from a WBE ( but the bid was not complete). Zipsort is not a M/WBE firm.

Respectfully Submitted,



Robert B. Holbrook  
Procurement Services Manager

RECOMMENDATION APPROVED:



William H. Edgar  
City Manager

