

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER, FINANCE
DEPARTMENT
SUBJECT: FIRST AMENDMENT TO INTERAGENCY SERVICES
AGREEMENT F000680 WITH SONOMA COUNTY FOR MAIL
SERVICES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, (1) approve the First Amendment to Interagency Services Agreement Number F000680 (Agreement) with Sonoma County, Department of Information Technology, Records Management Division (County) to extend the Agreement for one year to June 30, 2018, and (2) add additional funding in the amount of \$225,000 for a total Agreement amount not to exceed \$625,000 which includes \$31,273.52 previously paid for the period March 2017 through May 2017 in excess of the original not to exceed amount of \$400,000.

EXECUTIVE SUMMARY

The City has a need for mail processing services which has been provided by agreement with the County since 2013. The County maintains the equipment necessary to efficiently process mail for delivery by the United States Postal Service (USPS). The processing service allows the City to benefit from the highest level of postage automation discounts from the USPS.

BACKGROUND

On August 31, 2010, the Council, by resolution, awarded a three-year term contract for interoffice courier and mail services to the County through June 30, 2013.

As City staff began the renewal process for the agreement, it became apparent that the costs for courier services were not the lowest cost option for the City and the two services were separated. A new agreement with the County for mail processing services was awarded on January 28, 2014 and extended to June 30, 2016. The Agreement included two (2) one-year renewal options.

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COUNTY FOR MAIL SERVICES
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The County mail room maintains advanced mail processing equipment and software that allows City mail to receive the highest-level postage automation discounts from the USPS. By contracting with the County for mail services and processing USPS mail through the County mail room, the City has reduced postage costs while maintaining a high level of service for City departments.

Mail is picked up by the City's courier service and delivered to County offices for processing. The County processes the mail and delivers it to the USPS. The County is required to notify the City of any rate increases by March 1 during each year of the Agreement for any rate increased that would be effective on July 1 of that year. The City has the option to continue services or to cancel the contract if the requested rate increases are considered unreasonable.

PRIOR CITY COUNCIL REVIEW

On October 15, 2013, the Council awarded Agreement F000680 with Sonoma County, Department of Information Technology, Records Management Division to provide mail processing services.

ANALYSIS

The majority of the charges are a pass-through of postage charges. In addition to the pass-through amount, the County charges \$0.03 per piece for processing and \$0.041 per piece for barcoding and sorting of First Class Mail. These amounts paid to the County are partially offset by discounts received due to the barcoding and sorting services.

The County provides personnel and resources to efficiently perform mail services. By combining the City's daily mail volume with the County's and utilizing the County's USPS certified mail barcode and sorting system, the City receives the greatest level of postage automation discounts for City mail.

Section 51 of the City Charter expressly provides that the Council may contract with the County of Sonoma for performance by appropriate County employees of City functions.

The current Agreement allows the City's to extend for two additional one-year periods with 30 days notice. The City Purchasing Agent extended the Agreement for an additional one year term through June 30, 2017 with no changes to rates or terms and no additional funding.

The original Council approval provided for a not to exceed amount of \$400,000. The addition of \$225,000 brings the not to exceed amount to \$625,000. This additional amount includes \$31,273.52 previously paid for the period March 2017 through May 2017 in excess of the approved \$400,000.

FISCAL IMPACT

Funds for this expenditure are included in the Fiscal Year 2017-18 adopted budget and as a regular operating expenditure, will be included in subsequent budget proposals when presented to Council. There are no additional impacts to the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Agreement F000680
- Resolution/Exhibit A – First Amendment to F000680

CONTACT

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