



# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Fahey and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager

**FROM:** Bruce Moe, Finance Director  
Russ Morreale, Assistant Finance Director  
Gwen Eng, General Services Manager  
Sherry Morelan, Revenue Services Manager

**DATE:** October 4, 2005

**SUBJECT:** Award of Three-Year Contract for Mailing Services for the Finance Department to Mail Masters (Estimated Value \$40,000 per year)

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**RECOMMENDATION:**

Staff recommends that the City Council award RFP #660-06 to Mail Masters for a three-year mailing services contract (estimated value of \$40,000 per year) including postage.

**FISCAL IMPLICATION:**

Sufficient funds are available in the Finance Department's budget for these services.

**BACKGROUND:**

The City contracts for mailing services for water, refuse, and business and animal license bills. Staff issues 6,500 water bills and 570 commercial refuse bills monthly as well as 9,500 business and animal licenses annually. The service includes pick-up from City hall, folding, inserting, sorting, first-class postage, and delivery to the United States Post Office. Prior to the current contract, this was done in-house and required staff to spend approximately 2-3 hours per day performing these tasks. In addition, the appropriate mailing equipment needed to be housed and maintained. Contracting out this service is the most cost-effective and dependable manner to achieve these tasks, since a contractor specializes in this area and has the staffing and latest equipment to meet the City's needs.

**DISCUSSION:**

The City's most recent contract is set to expire. As a result, staff solicited proposals from six vendors and received two responses. Because this is a service contract, vendor selection is based upon several factors: prior experience, quality control, equipment, and cost. Although, the two respondents have similar experience, Mail Masters was less costly. A summary of pricing offered by each vendor is shown below:

<u>Company</u>	<u>Handling/sealing</u>	<u>Inserts</u>	<u>Pick-up charge</u>	<u>Annual Cost*</u>
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1. Mail Masters	\$ .0425/piece	\$ .01 each	\$25.00	\$38,170
2. Ready Reproduction	\$ .0800/piece	\$ .04 each	\$75.00	\$39,645

\* The annual estimate was calculated on the base service and does not include the cost of insertion of notices with the bills, which varies.

Our current rate is \$.071/piece for handling/sealing with the same insertion and pick-up charges as the lowest vendor, therefore, the new contract should save the City a little over \$2,600 per year for these services.

Mail Masters' value of service coupled with their references leads staff to recommend that Council award a three-year contract to Mail Masters. Staff polled the other vendors regarding their lack of response and their reasons ran from inability to meet specifications to a lack of interest. If approved, the contract will be in the form of a purchase order. In addition, the City may cancel the contract at any time without cause if necessary.