

# City of Sacramento

## Legislation Text

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**File #:** 2019-01486, **Version:** 1

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**Title:**

**Cooperative Purchase Agreement: Prepaid Postage for Postage Meter Equipment [Published for 10-Day Review 10/31/2019]**

File ID: 2019-01486

**Location:** Citywide

**Recommendation:**

Pass a Motion: 1) approving the use of the Sourcewell Cooperative Purchase Agreement with Pitney Bowes, Inc. (Contract No. 041917-PIT) for the purchase of prepaid postage; and 2) authorizing the City Manager or the City Manager's designee to execute a three-year contract with Pitney Bowes, Inc. for prepaid postage in an amount not to exceed \$1,140,000.

**Contact:** Maryann Deleon Munoz, Building Services Manager (916) 808-5761; Matt Winkler, Program Specialist (916) 808-5579, Department of Public Works

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-Contract

**Description/Analysis**

**Issue Detail:** The Department of Public Works provides mail services to City departments through the department's Central Services section. This includes providing access to Pitney Bowes, Inc. postage meter equipment with prepaid postage for convenient, fast stamping of mail. Thus, City staff is seeking City Council authorization to execute a contract for prepaid postage under Sourcewell's cooperative purchase agreement with Pitney Bowes, Inc. for \$1,140,000 through December 2022.

**Policy Considerations:** The recommendations in this report are in accordance with City Code Chapter 3.56, City Code section 3.56.240, and City Code section 4.04.020(C). Section 4.04.020(C) requires additional posting time for agreements greater than \$1 million. This item was published for

10-day review on October 31, 2019 as required.

**Economic Impacts:** None

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The recommendations in this report do not constitute a project under CEQA because they involve the ongoing purchase of supplies and thus constitute continuing administrative activities under Section 15378(b) (2) of the CEQA Guidelines.

**Sustainability:** Not Applicable

**Commission/Committee Action:** None

**Rationale for Recommendation:** After reviewing the available purchase options, the Facilities and Real Property Management Division has determined that the Sourcewell cooperative purchase agreement with Pitney Bowes, Inc. represents the most advantageous purchasing strategy. The contract was competitively bid, and Sourcewell receives greater discounts from the manufacturer due to a higher purchase volume than the City would receive if issuing its own bid.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contract efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers operating costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awards and administration of the contract.

The City has used both regional and national cooperative purchase agreements to purchase goods and services. Cooperative purchasing enables City departments to evaluate a broader range of contracting opportunities and share resources with other jurisdictions. Cooperative purchase also leverages internal and external resources to maximize cost savings opportunities for the City.

This report recommends actions necessary to authorize expenditures, in support of City departments, for prepaid postage through Fiscal Year (FY) 2021/22. Such Pitney Bowes, Inc. cooperative purchasing agreement is recommended for the following reasons:

- Prepaid postage for postage meters must be purchased through the same company from which the post meter equipment is purchased.
- Central Services owns Pitney Bowes, Inc. postage meter equipment. Purchasing postage from another vendor would require obtaining postage meter equipment from another vendor, thereby increasing overall cost to the City.

- Executing the recommended contract with Pitney Bowes, Inc. will prevent an interruption of this critical service to City Departments.

**Financial Considerations:** The recommended contract with Pitney Bowes, Inc. in an amount not to exceed \$1,140,000 will provide estimated postage needs through FY2021/22. The contract amount was determined based on a review of historical expenditures and a consideration of future needs.

Funding for this contract will initially be provided by the Department of Public Works, Facilities and Real Property Management Division's Fiscal Year (FY) 2019/20 operating budget (General Fund, Fund 1001). Usage by City departments is tracked on a monthly basis and department operating budgets or capital improvement projects that use the service are then charged for their share of the cost. Sufficient funds are available in the Department of Public Works FY2019/20 operating budget to make purchases through June 30, 2020. Expenditures made after June 30, 2020, are subject to funding availability in the budget adopted for the applicable fiscal year.

A summary of the estimated expenditures by year is provided in the following table.

Estimated Expenditures - Prepaid Postage				
Vendor	Year 1 (FY2019/20)	Year 2 (FY2020/21)	Year 3 (FY2021/22)	Total
Pitney Bowes, Inc.	\$380,000	\$380,000	\$380,000	\$1,140,000

**Local Business Enterprise (LBE):** Pitney Bowes, Inc. is not an LBE. The minimum LBE participation requirement is waived for the City's use of cooperative purchase agreements that have been competitively bid, evaluated, and awarded by other governmental agencies that may or may not have similar LBE programs.