

Legislation Text

File #: SUBSTITUTE BILL NO. 20-18, **Version:** 1

An Ordinance approving the award of Bid No. 2020-010, for the processing and mailing of utility bills and notices, to KC Presort, LLC, for an initial term of one-year, with up to four, one-year renewals, and authorizing the City Manager to execute an agreement for the same by and on behalf of the City of Lee's Summit, Missouri.

Issue/Request:

An Ordinance approving the award of Bid No. 2020-010, for the processing and mailing of utility bills and notices, to KC Presort, LLC, for an initial term of one-year, with up to four, one-year renewals, and authorizing the City Manager to execute an agreement for the same by and on behalf of the City of Lee's Summit, Missouri.

Proposed City Council Motion:

FIRST MOTION: I move for second reading of an Ordinance approving the award of Bid No. 2020-010, for the processing and mailing of utility bills and notices, to KC Presort, LLC, for an initial term of one-year, with up to four, one-year renewals, and authorizing the City Manager to execute an agreement for the same by and on behalf of the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption of an Ordinance approving the award of Bid No. 2020-010, for the processing and mailing of utility bills and notices, to KC Presort, LLC, for an initial term of one-year, with up to four, one-year renewals, and authorizing the City Manager to execute an agreement for the same by and on behalf of the City of Lee's Summit, Missouri.

Background:

The Water Utilities Department anticipates processing approximately 375,000 utility statements each year and, as the City continues to grow, that volume will increase. Billing statements are generated in 4 cycles and mailed on the 7th, 14th, 21st and the second to the last day of the month in order to maintain consistent due dates that meet the 21 day payment cycle prescribed by Ordinance 32-71. Additionally, Water Utilities anticipates processing over 2,800 notices each month to delinquent accounts. Water Utilities has outsourced this function based upon a cost savings analysis.

This service requires specific controls. Bid No. 2020-010 also included other specifications that provide additional management and control of inventory stock levels to ensure that stock is not consumed over the specified 3% for printing equipment errors or misfeeds. Other quality control measures have been added to increase the reliability of the process and ensure that customers will receive statements and notices as specified.

Due to the date-sensitivity of notices and statements, Water Utilities has required a 24 hour processing time to meet these conditions. The term of the City's contract with its current provider is set to expire March 31, 2020, unless the City Council authorizes the City Manager to extend the contract beyond that date.

The City is aware that a large quantity of envelopes have already been printed with the current provider's indicia on it. The City has contacted the two lowest and most responsive bidders, KC Presort, LLC and Strahm Automation & Mailing to determine whether they can use those envelopes and what, if any, additional charges the City would incur because the envelopes have another entity's indicia on it. KC Presort, LLC and Strahm Automation & Mailing stated that they can cross-out the current provider's indicia and print their own indicia on the envelope so the current provider is not charged for the postage. KC Presort, LLC stated that they can provide this service as no additional charge to the City. Strahm Automation & Mailing stated the can provide this service at a cost of \$5.00 per 1,000 envelopes.

Procedural Background:

Bid No. 2020-010 was sent to the Water Utilities Department vendor list and advertised through the City's e-procurement system, Public Purchase, and of the four bids received, KC Presort, LLC was deemed the lowest and most responsive bidder,

An ordinance awarding Bid No. 2020-010 to KC Presort, LLC, and authorizing the City to execute a contract for an initial term of one-year, with up to four, one-year renewals, was presented to the Finance and Budget Committee on January 13, 2020, but the Committee tabled the ordinance. The Finance and Budget Committee tabled took the ordinance off the table at the next Finance and Budget Committee meeting on February 10, 2020, and amended it to limit the resulting contract to a one-year term, with no option for renewals, and recommended the amended ordinance to the City Council for approval.

The amended ordinance was presented to the City Council on February 18, 2020, and the City Council remanded the amended ordinance to the Finance and Budget Committee for further consideration on certain issues raised at the City Council meeting.

The amended ordinance amends the contract term from what was advertised in Bid No. 2020-010 and is equivalent to a counter-offer to KC Presort, LLC's bid, and KC Presort, LLC is not obligated to accept such offer.

KC Presort, LLC has indicated that it may reject a contract limited to a one-year term with no option for renewal. In the event that KC Presort, LLC rejects a contract limited to a one-year term with no option for renewal, the second lowest and most responsive bidder, Strahm Automation & Mailing, has indicated it is willing to accept the City's offer to provide the services for a one-year term with no option for renewals.

To assist in the award of Bid No. 2020-010, City staff included two ordinances for the Committee to consider. The first ordinance option proposed to award the Bid No. 2020-010 to KC Presort, LLC and authorizes the City Manager to execute a contract for a one-year term, with no renewals. In the event, KC Presort rejects the City's offer for a one-year contract, the ordinance awards the bid to Strahm Automation & Mailing, and authorizes the City Manager to execute a one-year contract with Strahm Automation & Mailing. The second ordinance option proposed to award the Bid No. 2020-010 to KC Presort, LLC and authorizes the City Manager to execute a contract with an initial term of one-year, with up to four, one-year renewals. This matches what was advertised to potential providers in Bid No. 2020-010.

After deliberation, the Committee voted unanimously to recommend for approval the second ordinance option, which was to award the Bid No. 2020-010 to KC Presort, LLC and authorize the City Manager to execute a contract with an initial term of one-year, with up to four, one-year renewals.

Key Issues:

- Water Utilities has over 37,000 active accounts that require a bill to be generated each month.
- Water Utilities pre-prints utility statements that are used in the process that are then utilized by the Vendor to laser print each customer's statement and process the statements for mail delivery.
- Final Notices and Shut-Off Notices have also been included in this service as well.
- Water Utilities also reimburses the vendor monthly for postage.
- The Procurement and Contract Services Division issued Bid No. 2020-010 for a yearly contract for the processing and mailing of the water utility bills for the Water Utilities Department.
- The bid was advertised and sent to 76 potential bidders through the City's e-procurement system, Public Purchase, and four bids were submitted.
- KC Presort, LLC is recommended for contract award based on all requirements met as stipulated in the Invitation to Bid.

Dom Bennett, Account Services Manager Lee's Summit Water Utilities

Mark Schaufler, Director of Water Utilities

Committee Recommendation:

At the January 13, 2020 Finance and Budget Committee meeting, a motion was made by Chairperson Johnson, seconded by Councilmember Carlyle, that Bill No. 20-18 be tabled to a date uncertain. The motion passed unanimously.

At the February 10, 2020 Finance and Budget Committee meeting, a motion was made by Councilmember Carlyle, seconded by Councilmember Forte, to move BILL NO. 20-18 from the table for further discussion. This motion passed by a unanimous 4-0 vote. A motion was then made by Councilmember Forte, seconded by Mayor Pro Tem Lopez, to amend BILL NO. 20-18 to a one year contract with no chance of renewal. This motion passed by a 3-1 vote (Councilmember Carlyle "No"). A final motion was made by Mayor Pro Tem Lopez, seconded by Councilmember Forte, to recommend BILL NO. 20-18 for approval to the City Council as amended. This motion passed by a 3-1 vote (Councilmember Carlyle "No").

At the February 18, 2020 City Council meeting, after discussion, a motion was then made by Councilmember Johnson, seconded by Councilmember Edson, that Bill No. 20-18 be remanded to the Finance and Budget

Committee. The motion passed.

At the March 9, 2020 Finance and Budget Committee meeting, a motion was made by Vice Chair Lopez, seconded by Councilmember Forte, that Option 2 (An Ordinance approving the award of Bid No. 2020-010, for the processing and mailing of utility bills and notices, to KC Presort, LLC, for an initial term of one-year, with up to four, one-year renewals, and authorizing the City Manager to execute an agreement for the same by and on behalf of the City of Lee's Summit, Missouri.) be recommended for approval to the City Council. The motion carried by a unanimous vote.