



## Legislation Text

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File #: 22-1504, Version: 1

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Approve the award of Option Year One to Contract 09-144, Bill Print and Mail Services, to AB Data for an amount not to exceed \$214,637

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Rachel Mayer, Director

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

In 2009, the City Council approved the award of RFP 09-144 to AB Data to provide bill print and mail services for City utility bills for a four-year term with two, two-year options to extend. Council approved both options to extend in 2013 and 2015.

In October 2017, the City Council waived the procurement code and awarded a contract extension to AB Data, extending the relationship through June 30, 2019. In June 2019, the City Council awarded another contract extension, extending the contract through December 31, 2021. In November 2021, the City Council awarded the most recent contract extension through December 31, 2022, with one option to renew the contract through 2023.

The City has waived the procurement code for bill print and mail services, as well as e-billing services, in recent years. These two services are closely coordinated with the City's current utility billing system. Utility billing is one of the City's most visible customer service functions and a critical component in the collection of the City's largest revenue source. As the City works toward identifying and implementing its next-generation utility billing platform, staff finds it to be in the City's best interest to maintain its current vendor relationships for these two services to avoid any disruption in service to our customers.

#### **DISCUSSION:**

The City has maintained a longstanding partnership with AB Data due to their performance in meeting the City's demanding printing and mailing schedule for utility bills. Each day, AB Data receives an electronic file from the City and must print, insert and prepare the day's utility bills for mailing by 2 p.m. the same day. AB Data developed a custom platform to receive the City's data and process it seamlessly throughout their production process with a zero-error rate. This is a significant accomplishment given the City's volume, complexity, and multiple file formats associated with utility billing.

Based on the vendor's performance, the Finance Department would like to extend the contract for the 2023 option year. AB Data has requested an increase in rates while maintaining all other terms provided for under the contract. AB Data requested a 2.5% increase in their processing fees, with more substantial increases in material costs. The total rate increase averages 5.4% across the contract.

Most of the increase is driven by continued cost pressures in materials associated with printing and mailing services, namely paper stock and envelopes. According to the U.S. Bureau of Labor Statistics, the cost of "pulp, paper and allied products" has risen nearly 20% in the past 12 months. To offset some of that increase, AB Data has upgraded its services to include double-sided printing, which will reduce the amount of paper stock required to fulfill the services. Considering the current economic environment, staff believes the requested increase is reasonable and in line with the increases experienced across similar contractual services.

The term of this option year is January 1, 2023 to December 31, 2023, with no option years remaining.

**FISCAL IMPACT:**

CIP #: N/A

Utility bill print and mailing services are expensed to the Printing Services accounts listed below. The expense is shared equally between the Electric and Water utilities with a total of \$190,000 budgeted for bill print and mailing in 2023. Historically, the City has not spent the full award amount on this contract as some customers will opt for paperless billing. The approved budget is sufficient to support these services as the proposed cost increase is offset by those customers opting for paperless billing.

The award amount does not include postage, which is invoiced as a pass-through expense with rates established by the U.S. Postal Service.

Account Number	Fund Description	Total Budgeted Amount
15171300-531310	Electric Utility	\$95,000
15171500-531310	Water Utilities	\$95,000