



City Council Report

Date: November 20, 2017
To: City Council
Through: Michael Kennington, Chief Financial Officer
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator
Subject: 60-Month Lease/Purchase Agreement for a Replacement Postage Meter for the Business Services Department **(Citywide)**

Purpose and Recommendation

Council is requested to approve the 60-Month Lease Agreement for a Postage Meter as recommended.

The Business Services Department and Purchasing recommend authorizing the lease agreement using the NASPO / State of Arizona cooperative contract with the lowest quoted vendor, Pitney Bowes, Inc., at \$44,941.20 over 60-months, including taxes.

Background / Discussion

This lease agreement is for a postage meter in Mail Services (Pitney P3000) including maintenance, meter rental and ink, and printing postage costs. Replacement is required because the current machine will become obsolete at the end of the year.

Mail Services does not have the capital budget to purchase a replacement postage meter and has determined leasing the machine is the best solution. Leasing will allow evenly spreading the overall cost of the machine over the lease term. It would eliminate spikes for capital purchases within the general fund and allow Mail Services to budget and allocate the cost of the machine over the 60-month lease term.

The recommended vendor, Pitney Bowes, offered the lowest pricing for printing postage, average print cost per year and five-year comparison cost (see Pricing Analysis). Mail Services also determined the Pitney P3000 suits the City's needs. The potential postage savings for the City's package mail will be approximately \$2.17 per package. Mail Services averages approximately 50 packages per week, a potential postage savings of \$108 per week. Pitney's package mail system allows up to five desk label printers. Library Services sends out the majority of packages and could meter postage from their office with Mail Services just delivering to the US Post Office, saving on Mail Services labor costs. At the end of the lease agreement, the City reserves the right to purchase the equipment.

Alternatives

Council may choose not to authorize the purchase and new responses will be solicited.

Fiscal Impact

The contract amount is funded by the Mail Services operating budget.

Coordinated With

Business Services – Mail Services, and Purchasing

PURCHASING INFORMATION

Action: Initial Award

Contracting Agency: NASPO / State of Arizona

Contracting Agency Contract Number: ADSP016-169897

Mesa Contract Number: 2018075

Initial Contract Term: 60-Months

Possible Renewals: None

Pricing Analysis

| | Pitney Bowes P3000 (Recommended) | NeoPost IS6000 |
|----------------------------------|--|----------------|
| Yearly Cost | \$8,988.24 | \$8,599.32 |
| Meter Ink Cost | \$169.00 | \$344.00 |
| Volume per Cartridge | 60,000 | 100,000 |
| Cost for Printing Postage | \$0.00282 | \$0.00344 |
| Average Print Cost per Year | \$2,207.75 | \$2,696.33 |
| Five-Year Comparison (60-Months) | \$55,979.94 | \$56,478.24 |

AWARD RECOMMENDATION

Pitney Bowes, Inc.

Stamford, CT

| Description |
|--|
| Lease/Purchase for Postage Meter, Model Pitney P3000 per Contract No. 2018075, State NASPO / State of Arizona ADSP016-169897 |
| 60-Month Total: <u>\$44,941.20</u> |