

City of Bethel Action Memorandum

Action memorandum No.	AM 19-54		
Date action introduced:	August 27, 2019	Introduced by:	Bill Howell, Acting City Manager
Date action taken:	September 24, 2019	<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Denied
Confirmed by:	KM		

**Action Title:** Direct Administration to negotiate and execute a State and Local Fair Market Value Lease Agreement and related on-demand subscription services and on-premise software license services agreements with Pitney Bowes, Inc. to lease a folding and envelope stuffing machine.

**Attachment(s):** (1) State and Local Fair Market Value Lease Signature Pages, (2) State and Local Fair Market Value Lease Terms, (3) On-premise Software License and On-Demand Subscription Services Terms – U.S., and (4) On-Demand Subscription Services Agreement.

Amount of fiscal impact:		Account information:
\$5,940	FY 2020 Budget after line item	51-80-683
\$5,940	FY 2021 Budget	51-80-683
\$5,940	FY 2022 Budget	51-80-683
\$1,485	FY 2023 Budget	51-80-683

**Summary Statement**

The City of Bethel Finance Department needs a folding and envelope stuffing machine to prepare monthly water and sewer bills for bulk mailing, delinquent notices, business license renewal notices, and other large mailings. A folding and envelope stuffing machine would be used by other departments for bulk mailing of public notices (e.g., notice of lead and copper in drinking water), public education literature, and bills.

The Finance Department’s current folding machine has been weakened through wear and tear such that it now only folds single sheets at a time. The City has no machine capability for envelope stuffing.

The Finance Department routinely spends 23 hours of staff time to organize, fold, and stuff 1,600 bills into envelopes. The cost for staff time to perform these tasks is \$699 per month and \$8,390 per year. See calculation below. At a machine cost of \$19,305 and a current staff cost of \$8,390 per year just to put out water and sewer bills, the City would break-even on the purchase in 2.3 years. This cost estimate excludes the large monthly mailing of sales tax delinquency notices, business license renewals, and pay stubs/checks.

Monthly Cost

Wages Cost (\$20/hr. x 23 hrs./mo.) = \$460

Benefits Cost (\$20/hr. x 52% benefits ratio x 23 hrs./mo.) = \$239

Total = \$699

Yearly Cost

Wages Cost ( $\$20/\text{hr.} \times 23 \text{ hrs./mo.} \times 12 \text{ mos./yr.}$ ) = \$5,520

Benefits Cost ( $\$20/\text{hr.} \times 52\% \text{ benefits ratio} \times 23 \text{ hrs./mo.} \times 12 \text{ mos./yr.}$ ) = \$2,870

Total = \$8,390

The Purchasing Agent contacted three companies for written price quotes of a folding and envelope stuffing machine. Two of the contacts were non-responsive and the third quote in the amount of \$19,305 was from Pitney Bowes, Inc. The unresponsive companies were CDW-G and Arctic IT.

The lease agreement with Pitney-Bowes, Inc. provides for equipment owned by Pitney-Bowes to be shipped to Bethel and installed for City use. The agreement also includes installation, training, and service. The City would make 39 monthly lease payments of \$495, which equates to \$5,940/yr. for three years, and \$1,485 the fourth year.