

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: April 29, 2019

Approved



Date

5-9-19

SUBJECT: SIXTH AMENDMENT TO THE AGREEMENT FOR DOCUMENT PRINTING, MAILING, E-PRESENTMENT, E-PAYMENT, AND REMITTANCE SERVICES WITH KUBRA AMERICA WEST, INC.

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute the Sixth Amendment to the Agreement for Document Printing, Mailing, E-Presentation, E-Payment, and Remittance Services with Kubra America West, Inc. ("Kubra") (Gardena, CA) to extend services for up to two additional one-year option terms through June 30, 2021, for a not to exceed amount of \$450,000 for July 1, 2019 through June 30, 2020, subject to the appropriation of funds.

OUTCOME

Ensure ongoing document printing and mailing services for various services and billings.

BACKGROUND

Kubra provides bill print, mailings, and related notification services for several programs including garbage and recycling for multi-family and government accounts, municipal water, and business tax. Kubra was selected through a Request for Proposal process conducted in 2005.

In August 2005,¹ the San José City Council adopted a resolution authorizing the Director of Finance to negotiate and execute a nine-year agreement with Kubra, inclusive of four one-year options to extend the term through June 30, 2015. In February 2015,² Council approved two additional one-year options to extend the Kubra Agreement for a total of six one-year option terms, and in April 2017,³ Council approved two additional one-year options to extend the Agreement through June 30, 2019.

¹ August 2005 Memo: http://www3.sanjoseca.gov/clerk/Agenda/08_30_05docs/083005_03.07.pdf

² February 2015 Memos: <http://sanjoseca.gov/DocumentCenter/View/40337> & <http://sanjoseca.gov/DocumentCenter/View/40126>

³ April 2017 Memo: https://sanjose.granicus.com/MetaViewer.php?view_id=&event_id=2681&meta_id=628815.

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ANALYSIS

In May 2018, the Finance Department issued a Request for Proposal (RFP) for Financial Services that included a package for bill print and mailing services. The City received one response to this RFP package. Upon review by the evaluation team, it was determined that the proposer did not adequately demonstrate their ability to satisfactorily perform the work, so the proposal was rejected as non-responsible. Staff concluded that an RFP for Financial Services is not the optimum method for soliciting interested print and mail vendors.

Therefore, staff plans to prepare and release a separate RFP within the next three to six months that will target only these business tax and utility billing printing and mailing services. Once a vendor has been selected, a new contract has been negotiated and executed, and printing and mailing services have been transitioned, this Agreement will be terminated.

Kubra has agreed to the terms of the proposed Sixth Amendment, which are consistent with the terms of the existing Agreement with no change to the current pricing schedule of rates and fees. The total annual compensation amount is subject to volume changes in printing and mailing services, including postage fees which comprise approximately 55% of the total annual cost.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

PUBLIC OUTREACH

This item will be posted on the City's website for the May 21, 2019 City Council Agenda.

COORDINATION

This memorandum has been coordinated with the Environmental Services Department, the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION

This item does not have input from a board or commission.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City’s Strategic Support Mission: To effectively develop, manage, and safeguard the City’s fiscal, physical, technology, and human resources to enable and enhance the delivery of City services and projects.

COST SUMMARY/IMPLICATIONS

The following outlines the elements of the contract.

| | <u>Current Agreement</u> | <u>Sixth Amendment</u> |
|--|----------------------------|-------------------------|
| 1. AMOUNT OF RECOMMENDATION | | \$450,000 |
| 2. COST ELEMENTS | | |
| - Original Agreement Year 1 (7/1/06 – 6/30/07) not to exceed | \$938,726 | |
| - Original Agreement Year 2 (7/1/07 – 6/30/08) not to exceed | 800,000 | |
| - Original Agreement Year 3 (7/1/08 – 6/30/09) not to exceed | 982,000 | |
| - Original Agreement Year 4 (7/1/09 – 6/30/10) not to exceed | 1,156,435 | |
| - Original Agreement Year 5 (7/1/10 – 6/30/11) not to exceed | 1,101,176 | |
| - Option 1 (7/1/11 – 6/30/12) not to exceed | 1,107,612 | |
| - Option 2 (7/1/12 – 6/30/13) not to exceed | 984,500 | |
| - Option 3 (7/1/13 – 6/30/14) not to exceed | 976,180 | |
| - Option 4 (7/1/14 – 6/30/15) not to exceed | 976,180 | |
| - Option 5 (7/1/15 – 6/30/16) not to exceed | 359,000 | |
| - Option 6 (7/1/16 – 6/30/17) not to exceed | 419,000 | |
| - Option 7 (7/1/17 – 6/30/18) not to exceed | 419,000 | |
| - Option 8 (7/1/18 – 6/30/19) not to exceed | 419,000 | |
| - New Option 9 (7/1/19 – 6/30/20) not to exceed | | 450,000 * |
| TOTAL | <u>\$10,638,809</u> | <u>\$450,000</u> |

* Estimate based on staff’s volume projections.

3. SOURCE OF FUNDING: Multiple funding sources listed below.

4. FISCAL IMPACT: Costs are allocated proportionately to the supported programs and funds as these contracted services support collections for garbage and recycling for multi-family and government accounts, municipal water, and business tax accounts. Existing funding levels are sufficient for anticipated costs to be incurred through June 30, 2019 as detailed in the following table. Extension of these contracted services and the estimated cost of \$450,000 has been factored into recommended funding levels included in the 2019-2020 Proposed Operating Budget, subject to City Council approval.

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BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the contract recommended as part of this memorandum.

| Fund # | Appn. # | Appn. Name | Total Appn. | Amt. for Contract | 2018-2019 Adopted Operating Budget Page | Last Budget Action (Date, Ord. No.) |
|---|---------|--------------------------------|--------------|-------------------|---|-------------------------------------|
| 423 | 0762 | ESD Non-Personal/Equipment | \$2,627,092 | \$92,400 | X-52 | 06/19/2018, 30124 |
| 446 | 0762 | ESD Non-Personal/Equipment | \$2,539,740 | \$6,200 | X-87 | 6/19/2018, 30124 |
| 515 | 0762 | ESD Non-Personal/Equipment | \$36,342,244 | \$215,200 | X-92 | 2/12/2019, 30223 |
| 541 | 0762 | ESD Non-Personal/Equipment | \$400,298 | \$6,200 | X-82 | 2/12/2019, 30223 |
| 001 | 0492 | Finance Non-Personal/Equipment | \$2,454,232 | \$99,000 | VIII-130 | 2/12/2019, 30223 |
| Total Current Funding Available | | | | \$419,000 | | |
| New Funding to be Appropriated** | | | | \$450,000 | | |
| TOTAL FUNDING | | | | \$450,000 | | |

**Funds are currently allocated for FY 2018-2019 printing and mailing services. Additional funding required for FY 2019-2020 and future years has been programmed through the annual budget process.

CEQA

Not a Project, Public Project Number PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
JULIA H. COOPER
Director of Finance

For questions, please contact Jennifer Cheng, Deputy Director of Finance, at (408) 535-7059.