	CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**	
MEETING DATE	01-22-2013	
RESOLUTION OR ORDINANCE NUMBER	R-13-08	
AGENDA TITLE	**Resolution to enter in to a 3 year agreement with Peregrine Corporation for the outsourcing of our utility bill printing.**	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Chris Felix, IT Manager	
FISCAL INFORMATION	Cost as recommended:	
	Budget Line Item:	010-5-017-478
	Balance Available	
	New Appropriation Required:	[ ] Yes [X] No
PURPOSE	Authorizes the Mayor to execute an agreement with Peregrine Corporation for the outsourcing of our utility bill printing.	
BACKGROUND	Effective January 27, 2013, our current utility bill printer will no longer support printing addresses in the format acceptable by the postal service in order to get our reduced mailing rate. As a result staff used the opportunity to come up with a better billing format for our customers with the end result being a transition from postcard billing to a standard 8 ½ x 11 format. This will allow us to print more detail on the bills and also allows us the ability to insert information, promotions, news, etc. in the same envelope as the utility bills.	
SPECIAL NOTES	N/A	

ANALYSIS	Staff requested quotes for the necessary equipment to do the billing in-house. Quotes were received for a high-speed color laser printer and a folder/stuffer/inserter machine. Staff also requested quotes for outsourcing the printing services. Bids for outsourcing were received from TPSI and Peregrine both who specialize in preparing bills for municipalities/utilities. Staff compiled the information, taking into account paper supplies, printer supplies, labor, and prepared a comparison between keeping the purchasing the equipment and keeping the process in-house versus outsourcing the bill preparation and postage. Please reference the attached spreadsheet.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Staff recommends executing a 3 year agreement with Peregrine Corporation to print and mail our utility bills and related notices.
REFERENCE DOCUMENTS ATTACHED	Cost Analysis of in-house printing/outsourcing Peregrine Mailing Services Agreement

RESOLUTION NO. R-13-08

A RESOLUTION TO AUTHORIZE THE EXECUTION OF A THREE (3) YEAR AGREEMENT WITH PEREGRINE CORPORATION FOR THE PURPOSE OF UTILITY BILL PRINTING AND MAILING.

BE IT RESOLVED by the Board of Commissioners of the City of Coffeyville, Kansas that the Mayor and City Clerk be and are hereby authorized and directed to execute a Three (3) Year Agreement with Peregrine Corporation for the purpose of utility bill printing and mailing.

ADOPTED THIS 22ND DAY OF JANUARY 2013.

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David George, Mayor

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Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

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Paul Kritz, City Attorney

IN-HOUSE BILL PRINTING

Average monthly billing costs - CURRENT			
POSTAGE at $.28	$2,380.00		
BILLS	$160.70		
REMINDER NOTICES	$150.00		
DOOR HANGERS	$96.00		
PRINTER RIBBONS	$12.00		
SERVICE AGREEMENT PRINTER	$125.00		
BURSTING MACHINE REPAIRS	$45.00		
JENNIFER/AMBER LABOR	$335.47		
JASON/SHANE LABOR	$353.61		
VEHICLE COST - DOOR HANGERS	$342.00		
Total	$3,999.78	$ 0.471	per piece

Average Monthly Billing Costs - NEW			
POSTAGE at $.405	$3,442.50		
ENVELOPES	$382.50		
8.5 x 11 PAPER	$50.00		
PRINTER PAYMENT at	$94.08		
PRINTER SUPPLIES	$595.00		
FOLDER/INSERTER	$373.81		
JENNIFER/AMBER LABOR	$335.47		
Total	$5,273.36	$ 0.620	per piece

OUTSOURCE BILL PRINTING

TPSI Monthly Average Billing Costs			
POSTAGE at $.36	$3,060.00		
2 COLOR	$1,997.00		
TOTAL 2 Color	$5,057.00	$ 0.595	per piece

PERIGRINE Monthly Average Billing Costs			
POSTAGE at $.372	$3,162.00		
2 COLOR	$960.50		
TOTAL	$4,122.50	$ 0.485	per piece

Postage totals and supplies are based on an average of 8,500 mailings per month.

PEREGRINE SERVICES

MAILING SERVICES AGREEMENT

AGREEMENT City of Coffeyville (COC) and Peregrine Services hereby enter into an agreement whereby Peregrine will print and mail statements. COC agrees to provide Peregrine with the appropriate electronic files in a timely manner in order for Peregrine to perform this service. Peregrine agrees to perform their services within 24 hours of the file exchange. Those files received by 7:00 a.m. will be mailed the same day. The responsibility to identify and communicate special handling of accounts and notice of file changes lies with COC. This arrangement is to commence with February 2013 statements based on a satisfactory test by COC. COC retains the option to cancel this agreement should they be dissatisfied with Peregrine's performance. Should COC be unable to provide the electronic file during the proper time frame, Peregrine will attempt to expedite their services. However, this break from schedule could result in the statements being mailed in a time frame that will exceed 24 hours.

POSTAGE ACCOUNT COC has established a custodial postage deposit account at Peregrine in an amount equal to 30 days of average postage, $3200.
Peregrine will supply COC with the actual postage used, separately identified, on each invoice, which will be due and payable within 30 days. Provided that these invoices are paid within 30 days and provided that the estimate is reasonably close to the actual postage, no additional deposit will be required.

PROGRAMMING FEE Peregrine's initial program fee of $ 500 was waived for this application.

DATA SECURITY AND INTEGRITY Each company will take whatever precautions necessary to maintain the security and integrity of all data transmitted between the companies. Peregrine is flexible in providing the security that the city requires and as standard procedure Peregrine limits access to all files.

CONFIDENTIALITY AGREEMENT Peregrine will receive confidential customer information from COC as a result of the actual production of this service and during the term of the agreement. Peregrine and all of their employees hereby pledge to protect the confidentiality of this data. The information provided to Peregrine will only be used to prepare and mail the specific forms requested by COC. Peregrine will not use this data for any other purpose nor divulge its content to any other parties.

AUDIT TRAIL FOR VERIFICATION OF MAILINGS The auditing of the information that will be used for these mailings is critical and begins with COC. After the transmission of data with the appropriate information, COC will notify Peregrine of the total number of accounts billed and the total dollar amount of the items to be printed. Given this information, Peregrine will perform audit functions during processing to insure that all individual accounts and total revenues have been mailed. COC's personal contact Brooke Smith 318-325-4763 Ext. 434 or by email bsmith@peregrinesolutions.com.

FORM PRODUCTION AND INVENTORY In order to facilitate the services provided by Peregrine, a three month supply of customer forms, as well as the appropriate envelopes, will be initially purchased. These forms will be held at Peregrine's expense with COC only being charged as the mailings are sent. When this supply reaches a 30 day level, Peregrine will reorder an additional six- month supply. The content of the letters is variably imaged. Peregrine Services will change this content on demand from COC.

COST CONTAINMENT Our agreement is based upon a cost of $.48.5 per statement. Peregrine agrees to hold the cost of this project firm until 1/27/2016 with the exception of published USPS postage increases. Peregrine has held these costs firm for the COC for the next three years.

Cost of the project using the new postal rates effective 01/27/13 are:

Estimated postage .372 savings of .09 per bill.
10 outgoing envelope .022
24# laser bill form .022
Imaging, CASS Certification, Inserting and mail preparation— .069
Multiple page bills will be charged at $.485. Plus .10 for each additional page.

The COC is not charged for any of these items until they are used in production. The COC is not charged for any waste in products due to the actual production of each days work. The COC is not charged for the physical inserting of additional pieces.

CANCELLATION This agreement will remain in force until either party gives 60 days advance notice in writing. Should COC cancel this agreement without cause, COC will be required to pay for all remaining custom forms and envelopes in Peregrine's inventory.

This agreement is entered into this January 23, 2013.

David Stith
CEO, Peregrine Services

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Mayor, City Of Coffeyville