



City of Grand Island

Tuesday, June 26, 2018

Council Session

Item I-1

#2018-195 - Consideration of Approving Agreement with Peregrine for Bill Printing and Mailing Services

Staff Contact: William Clingman, Interim Finance Director

Council Agenda Memo

From: William Clingman, Interim Finance Director

Meeting: June 26, 2018

Subject: Approving Agreement with Peregrine for Bill Printing and Mailing Services

Presenter(s): William Clingman, Interim Finance Director

Background

On April 2, 2018, the City advertised an RFP for Utility Bill Printing and Mailing Services. On April 19, 2018, this RFP closed and seven firms submitted proposals. The evaluation committee met with three finalists for interviews.

Discussion

The City of Grand Island currently prints, sorts and mails all Utility invoices for approximately 24,400 customers per month. The internal cost of performing this “in house” is estimated at \$101,000 per year. The option of outsourcing this activity is being considered right now, as there was recently a vacancy within the department due to an internal promotion. If this contract is approved then the vacant Senior Accounting Clerk position will be eliminated in the 2019 budget. As a result, an RFP was issued to determine if a cost savings could be achieved. We in particular want to explore every possibility for cost savings as the City budget becomes tighter every year and we do not want to pass up an opportunity to better utilize taxpayer and ratepayer dollars.

Shortly after the RFP closed, the bids were narrowed down to three finalists. Then the evaluation committee met with and evaluated the three finalists. It was determined that Peregrine Services had the most competitive pricing, at an estimated annual cost of \$34,826. There is also an estimated \$9,000 annual postage savings by outsourcing this service to any vendor. Postage was not included for comparison purposes, as all vendors would pass along the actual cost of postage. Additionally, Peregrine Services has significant experience with similar sized entities to the City of Grand Island. Therefore, the evaluation committee is recommending the approval of the contract with Peregrine Services. Please also see the attached information page to learn more about Peregrine Services.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the City Council approve the resolution approving the agreement with Peregrine Services, Inc.

Sample Motion

Move to approve the resolution approving the agreement with Peregrine Services, Inc. to establish them as the Utility Bill Printing and Mailing provider for the City of Grand Island at an estimated annual cost of \$34,826.



Stacy Nonhof, Purchasing Agent

*Working Together for a
Better Tomorrow, Today*

**REQUEST FOR PROPOSAL
FOR
UTILITY BILLING AND MAILING SERVICES**

RFP DUE DATE: April 19, 2018 at 4:00 p.m.

DEPARTMENT: Finance

PUBLICATION DATE: April 2, 2018

NO. POTENTIAL BIDDERS: 2

SUMMARY OF PROPOSALS RECEIVED

Strahm Automation
Kansas City, MO

ims, inc.
Liverpool, NY

Midwest Connect
Kearney, NE

Infosend
Anaheim, CA

Peregrine Corporation
Monroe, LA

Pinnacle Data Systems, LLC
Birmingham, AL

Technical Programming Services, Inc.
Tulsa, OK

cc: Marlan Ferguson, City Administrator
Stacy Nonhof, Purchasing Agent

William Clingman, Interim Finance Director

P2045

Peregrine Services Company History

Peregrine Services is a printing and mailing company headquartered in Monroe, LA. We have been in business since 1993. Our Mailing Division has focused on utility, tax and other municipal financial mailings for all 25 years that we have operated. In 2017 we worked with over 150 utility and tax customers across the United States on mailing their utility bills, tax statements and other variable data pieces.

We mail approximately 3 million pieces of mail a month and have an annual revenue of 9 million dollars a year. We have a staff of 30 employees and own our own building and print shop.

Peregrine is different from many mailing companies. We do not want to be a huge mail house offering all mailing products. We have chosen to remain a relatively small and specialized financial mailing company that is an expert in variable data utility and tax billing. We take pride in our personal service, technical ability and attention to detail.

A majority of our new customers come to us by referral from our satisfied customers. Most of our customers have been mailing with us for over 5 years. Each year our plan is to add only 6-8 new recurring mailing accounts. This planned growth rate allows us to maintain our capacity at a position where we will not have difficulty meeting all of our clients' deadlines and expectations.

We look forward to working with the City of Grand Island.

Tom Stith
Peregrine Services
Sales Manager

MAILING SERVICES AGREEMENT

AGREEMENT The City of Grand Island (CGI) and Peregrine Services hereby enter into an agreement whereby Peregrine will print and mail CGI's utility bills and delinquent notices. CGI agrees to provide Peregrine with the appropriate electronic files in a timely manner in order for Peregrine to perform this service. All files received by Peregrine will be mailed within 24 hours. The files will be transferred by CGI using FTP protocol to the secure address set up by Peregrine Services. This arrangement is to commence with August 1, 2018 utility bills based on satisfactory proofing and testing between Peregrine Services and CGI. CGI reserves the option to cancel this agreement should they be dissatisfied with Peregrine's performance.

POSTAGE ACCOUNT Peregrine's traditional required postal deposit will be waived for CGI provided that CGI's account remains current with payments received 45 days following the invoicing date. CGI will be billed monthly for their utility bills. A spreadsheet will be provided as documentation for all charges for each month. Should CGI's payment history reflect payment outside of the 45 day window Peregrine reserves the right to ask for a Postal Deposit equal to one month's CGI's postal cost.

PROGRAMMING FEE Peregrine's initial program fee of \$1500 will be waived for this application. Requests for changes outside of the scope of limited adjustments following the initial design will be quoted to CGI for their approval prior to the work being done. The programming fee is for the initial interface program written by Peregrine to take CGI's data file and be able to run it through the processing system and provide a custom variable image utility bill.

DATA SECURITY AND INTEGRITY Each party will take the necessary precautions to maintain the security and integrity of all data transmitted during course of operations. As standard procedure Peregrine limits access to all files.

CONFIDENTIALITY AGREEMENT Peregrine will receive confidential customer information from CGI as a result of the actual production and development 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 CGI. Peregrine will not use this data for any other purpose nor divulge its content to any other parties.

AUDIT TRAIL FOR VERIFICATION OF MAILINGS After the transmission of the billing data file, Peregrine will notify CGI of the total number of accounts billed. With this information, Peregrine will perform audit functions during processing to insure that all individual accounts and total revenues have been mailed. Peregrine will send a job log document to CGI that provides audit totals so that CGI can verify each mailing is being produced accurately.

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 CGI only being charged as the mailings are sent. When this supply reaches a 30 day level, Peregrine will reorder an additional three month supply. For this reason, if CGI desires to change any of the forms, they will need to notify Peregrine prior to this 60-day reorder date.

COST CONTAINMENT Our agreement is based upon the costs reflected in Appendix A. This pricing includes a color bill, a #10 window envelope and a #9 return envelope. The pricing offered by Peregrine will remain at Appendix A levels for a period of three years. The only possible adjustment would be tied to any published increase in the USPS postal rate.

CANCELLATION This agreement will remain in force until either party gives 90 days advance notice in writing. Should CGI cancel this agreement without cause, CGI will be required to pay for any remaining custom forms and envelopes in Peregrine's inventory.

RENEWAL This agreement will automatically renew every three years for an additional three-year term. Peregrine Services and CGI shall negotiate the price of the renewal in good faith prior to the start of the new term.

This agreement is entered into this 26th day of June, 2018.

Tom Stith
Sales Manager, Peregrine Services

City of Grand Island

Appendix A

City of Grand Island, Nebraska Utility Bill Pricing

| <u>Component Parts:</u> | <u>QTY:</u> | <u>UnitPrice:</u> | <u>Line Total</u> |
|------------------------------------|-------------|-------------------|-------------------|
| 8 ½ x 11 color statement with perf | 24,388 | .020 | \$487.76 |
| #10 color print window envelope | 24,388 | .020 | \$487.76 |
| #9 window envelope | 24,388 | .021 | \$512.14 |
| Services (print/insert/sort) | 24,388 | .038 | \$926.74 |
| Pricing per bill | | | .099 per bill |
| Total Peregrine Price | | | \$2414.40 |

* Grand Island will be billed on the actual amount of stock used for each job. Generally there will be fewer envelopes used than number of statements mailed due to the grouping of bills going to the same name and address in one envelope, as well as the option of suppressing the #9 envelope for Autopay customers.

USPS Postage:

USPS's most recent postage increase took effect on January 21, 2018. The lowest USPS presort postal rate after that increase is 37.8 cents for 5 digit qualification USPS matches. Since some statements of any mailing job do not qualify for that lowest USPS rate, there is a percentage of the statements that USPS gives only their 3 digit postage rate or above.

With the current rates USPS is averaging .380 for postage on all of our utility bill mailings. We do not mark up postage. It is a pass through cost for us. We will do everything possible to minimize Grand Island's postage expense.

Statements would be grouped by common name and address and mailed in one #10 envelope to provide a large reduction in postage expense.

Additional Options:

| | |
|--|------|
| Insert Sample #1: Color Stock 8.5x11 Black Print Two Sides: | .025 |
| Insert Sample #2: Color Stock Third Sheet Black Print Two Sides: | .010 |
| Insert Sample #3: White Stock 8.5x11 Color Print Two Sides: | .025 |
| Insert Sample #4: White Stock 8.5x11 Black Print Two Sides: | .022 |
| Additional Pages on Multiple Page Bills: | .02 |

We would guarantee the Peregrine Component and Services Prices for 3 years.

RESOLUTION 2018-195

WHEREAS, the Finance Department currently oversees the bill printing and mailing activities; and

WHEREAS, the work is currently performed with internal resources; and

WHEREAS, the City of Grand Island issued a request for proposals for bill printing and mailing services on April 2, 2018; and

WHEREAS, the selected firm is Peregrine Services, Inc.; and

WHEREAS, the proposed agreement has been reviewed and approved by the City Attorney's office.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the agreement with Peregrine Service, Inc. is approved with an estimated annual cost for their services of approximately \$34,826.00.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 26, 2018.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

| | |
|---------------------|-----------------|
| Approved as to Form | ▣ _____ |
| June 22, 2018 | ▣ City Attorney |