



## THE CITY OF KEY WEST

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MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Jim Scholl, City Manager  
E. David Fernandez, Asst. City Manager - Operations

**FROM:** Jay Gewin, Utilities Manager

**DATE:** May 14, 2012

**RE:** **Awarding the Bid of Cash Cycle Solutions, Inc. for ITB #12-003 to Provide Services for Utility Bill Processing, Printing, Postage, Print Stock, and Envelopes.**

#### ACTION STATEMENT:

This resolution will approve the low bid for Invitation to Bid # 12-003 from Cash Cycle Solutions, Inc. (CCS) to provide utility bill processing, printing, postage, print stock, and envelopes for the City of Key West Utilities. This contract will last through the end of 2013, with a one year extension of the contract at the City's option.

#### BACKGROUND:

The City of Key West generates over 14,000 utility bills to its residents and businesses on a monthly basis for stormwater, sewer, and solid waste services.

The billing process currently includes the following:

- Downloading utility billing information for all City accounts.
- Purchasing of billing stock and envelopes
- Printing all bills
- Postage
- Sealing the bills and forwarding them to the post office for delivery

The City Commission approved a 5-year contract with Barrett Printing and Promotions in November of 2005. (Resolution 05-361) The City piggybacked on a competitive bid from Keys Energy Services. It has been extended on a temporary basis while the City completed the re-bid of these services.

*Key to the Caribbean – Average yearly temperature 77° F.*

(Resolutions 11-127 and 12-108)

The City has begun the process of moving billing for the sewer utility to the Florida Keys Aqueduct Authority. (Resolution 12-146) The City plans on moving the billing for the solid waste and stormwater utilities to the tax roll in 2014. Therefore, it is necessary for the City to continue to produce utility bills until we have moved billing for of our three utilities to other entities. This awarded bid will serve the City until the time when the solid waste and stormwater utilities billing services are no longer generated by the City.

## **PURPOSE AND JUSTIFICATION**

On April 11, 2012 the City opened the bids for this service. CCS, Inc. was the low-bidder for the service at \$0.08 per customer. This fee includes envelopes, printing, bill processing, paper, and PDF imaging service. When other fees for bill tracking services for inbound and outbound mail are included, CCS was determined as the low bidder. No local provider was able to qualify under the terms of the local preference ordinance. These bid prices reflect an overall savings compared to our existing contract.

City staff has contacted other clients of CCS, including some within the state of Florida, and has received only positive feedback.

## **OPTIONS / ADVANTAGES / DISADVANTAGES:**

1. The City Commission can award the low bid of CCS, Inc. to provide billing services for the City of Key West utilities. This option will allow the City to continue our utility billing until these services are no longer needed at a savings over our existing contract.
2. The City Commission can decline the low bid from CCS. This option is not recommended because the City requires utility billing services until our stormwater and solid waste utilities are moved to the tax roll, and we should do so utilizing the lowest qualified competitive bid for the services. Staff has no reason to believe that re-bidding the project would result in a lower cost to the City.

## **FINANCIAL IMPACT:**

The bid from CCS, Inc. is \$0.08 per bill per customer per month. This includes paper for the bill printing (20 pound stock), # 9 envelopes, # 10 envelopes, PDF imaging services, and approximately 70 insertion envelopes (for bulk utility customers). The tracking charges for the bills include a half-penny per customer for inbound and outbound tracking, along with a \$120 per month base charge.

Once our sewer utility is moved to FCAA, we will be billing for approximately 12,100 customers. Therefore our anticipated expenditure would be \$5,444 per month.

This would represent a savings over our current contract, which costs the City approximately \$6,200 per month.

Once billing services for our sewer utility are moved to FCAA, printing charges would be split between the remaining two utilities at a rate of 70% charged to the solid waste utility, and 30% to the stormwater utility.

**RECOMMENDATION:**

Staff recommends that the City Commission select option 1, awarding the low-bid to CCS, Inc. for services for utility bill processing, printing, postage, print stock, and envelopes.