



## THE CITY OF KEY WEST

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MEMORANDUM

**TO:** Jim Scholl, City Manager

**FROM:** Greg Veliz, Community Services Director

**VIA:** David Fernandez, Assistant City Manager- Operations  
Mark Finigan, Assistant City Manager- Administration

**DATE:** April 13, 2012

**SUBJECT: Lease of Mail Processing Equipment**

**ACTION STATEMENT:** Resolution approving the agreement between the City of Key West and Pitney Bowes for mail processing equipment lease and maintenance services for a period of five years in an amount not to exceed \$26,520 with an exemption of competitive bidding under City of Key West Code of Ordinances Section 2-797 (3), purchases and acquisitions under contracts of federal government and the state or its political subdivisions.

**BACKGROUND:** The City of Key West had a five year lease with Pitney Bowes for DM 900 Series Mail Processing Machine which will expire in the next sixty days. This equipment has previously met the City of Key West's postal requirements; however, the equipment has reached its useful life.

**PURPOSE & JUSTIFICATION:** The ability to send mail through the postal system is a critical function for City operations.

Leasing equipment under State of Florida Contract #600-760-11-1, Mail Processing Equipment will allow the City of Key West to obtain a new five lease agreement at a lower cost. This state contract extends the terms and conditions of the original contract to other federal, state, and local municipalities. Although not a procurement requirement, staff compared the equipment from both state contract listed companies to determine which equipment and maintenance program best fit the needs of the City. The Pitney Bowes mail processing equipment is Energy Star rated which is aligned with the City of Key West Climate Action Plan. The functionality of the equipment is also conducive to the current mail processing volume as well as the mail processing procedures. The differences in consumable supplies pricing between Pitney Bowes and Neopost is nominal. Printing cartridges are less than one cent in price. The most significant difference is the maintenance program. According to Pitney Bowes, every technician is a certified computer office equipment technician and has access to the extensive Pitney Bowes network of technician should an issue arise. Staff determined that the Pitney

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

Bowes equipment and maintenance program was better suited for the mail postage requirements of the City.

The current equipment will be replaced with new upgraded equipment, and maintenance services will be provided throughout the lease. This agreement is exempt from formal competitive procurement under the provisions of City of Key West Code of Ordinances Section 2-797 (3), Purchases and acquisitions under contracts of federal government and the state or its political subdivisions. An informal inquiry has determined that the prices are competitive. Local vendors were sought through a basic search, but none found which would meet the requirements.

**OPTIONS:**

1. Approve resolution which allows for upgraded equipment at a lower cost to the city.
2. Disapprove resolution which would compel the City to physically obtain postage from a United States Postage Office. This option would still allow sending of City correspondence; however, this course of action is time consuming and would require the establishment of another disbursement procedure for postage.
3. Disapprove the resolution and direct staff to competitively bid for new mail processing equipment.

**FINANCIAL IMPACT:** The annual funds for mail machine rental are allocated in the FY 11-12 budget in the amount of \$7,560 (\$37,800 total from the previous 5 years). Under the new agreement, the annual cost would be \$5,304 (\$26,520 over 5 years) yielding a cost savings of \$2,256 (\$11,280 over 5 years). This line item is listed in the General Fund account 001-1905-519.44.

**RECOMMENDATION:**

Staff recommends option # 1 to approve agreement between the City of Key West and Pitney Bowes for mail processing equipment lease and maintenance services for a period of five years in an amount not to exceed \$26,520.