



Agenda Submittal

Agenda #: 12 **Status:** Approved
Type: Contract **Department:** Treasurer-Tax Collector-County Clerk
File #: 17-361 **Contact:** Charles Lomeli, 784-3419
Agenda date: 6/6/2017 **Final action:** 6/6/2017
Title: Approve a three-year contract for \$409,000, with an option for two additional years at \$146,000 and \$150,000 respectively, with Infosend Inc. for the printing and mailing of property tax bills for the period covering September 1, 2017 to August 31, 2020; and Authorize the County Administrator to execute the contract document and any subsequent amendments to extend the term as outlined in the agreement
Governing body: Board of Supervisors
District: All
Attachments: 1. A - Contract, 2. B - Link to San Mateo RFQ, 3. Executed Contract, 4. Minute Order

Date	Ver.	Action By	Action	Result
6/6/2017	1	Board of Supervisors	Approved	

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board of Supervisors approve a three-year contract for \$409,000, with the option of two additional years at \$146,000 and \$150,000 respectively, with Infosend Inc. for the printing and mailing of property tax bills for the period covering September 1, 2017 to August 31, 2020; and Authorize the County Administrator to execute the contract document and any subsequent amendments to extend the term as outlined in the agreement.

SUMMARY:

To provide optimal customer service, and eliminate capital investment costs, the Solano County Tax Collector outsources the printing and mailing of tax bills and other related documents associated with the billing and collection of property taxes. Cost benefit analysis shows that outsourcing reduces county capital expenditure costs by approximately \$120,000 per year.

The current vendor contract is near expiration. Given the exemplary level of service provided by Infosend Inc. over the preceding five years, and in accordance with County Purchasing and Contracting Policy Manual, Section 4 i (3), Exemptions to Competitive Bidding, the Tax Collector has elected to leverage a recent RFQ issued by San Mateo County in which Infosend Inc. was selected as their vendor of choice. This action is anticipated to reduce RFQ associated costs, provide the County pricing and services generally associated with a larger scale purchaser, while maintaining what has proven to be a very effective partnership with Infosend Inc.

FINANCIAL IMPACT:

The maximum cost of this three-year contract is \$409,000, with an additional cost of \$296,000 if the contract is extended to five years. Included in these costs is \$405,000 in US Postal Service (USPS) postage expense

that will be paid to Infosend Inc. and passed through to the USPS. The pass-through mechanism is used to facilitate consolidated mailing services that reduce the overall postage expense. The balance of \$304,000 is to cover the costs associated with printing, stuffing, and other handling associated with the production and mailing of tax bills.

All costs associated with this contract are to be paid out of the Tax Collector budget (budget unit 1311), with the cost to the General Fund estimated at 52% of the total; the balance is reimbursed through the property tax administration and other fees. Costs for the first year of this contract will be included in the FY2017/18 Recommended Budget.

DISCUSSION:

In accordance with California Revenue and Taxation laws, the Tax Collector issues bills for the collection of both secured and unsecured taxes. These bills are primarily issued by specific bill type during relatively narrow permissible issuance windows. To issue the bills timely during these periods requires a significant investment in specialized printing and mailing equipment that would be less than optimally used for the remainder of the year. By outsourcing the process, the Tax Collector can provide the most efficient service to the public, while not incurring ongoing capital investment costs for equipment that is being less than optimally utilized.

The practice of outsourcing bill production has been in place for more than 15 years and has proven to be the most effective means of achieving the objective. Thus, while it was once uncommon for counties to outsource bill printing, the practice is now much more common.

This practice provides the County an opportunity to review the existing contractual relationship, and leverage San Mateo County's recent RFQ as a means of determining that the services rendered by Infosend Inc. are of the highest quality and best price available. At the request of the Tax Collector, General Services and County Counsel reviewed the San Mateo RFQ, responses received, and selection process. They have determined that the process used met the standards of Solano County and have agreed that the RFQ can be leveraged to our benefit.

ALTERNATIVES:

The Board could choose not to approve the contract. This is not recommended as it will require the Tax Collector to attempt to issue tax bills internally, a process the Tax Collector currently has neither the equipment nor staffing to accomplish. Delays with the selection of a new vendor would likely delay the issuance of property tax bills beyond the statutorily allowed periods. This would result in the County being out of compliance with the law, and likely result in substantially increased costs to the County.

OTHER AGENCY INVOLVEMENT:

The Department of General Services Central Services Division was consulted and concurs with the recommendation. County Counsel reviewed the contract as to form.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION