

CITY of NOVI CITY COUNCIL

**Agenda Item E
May 17, 2010**

SUBJECT: Approval to award purchase agreement for mail system solution to Neopost/Hasler in the amount of \$9,710.

SUBMITTING DEPARTMENT: City Clerk *m.c.*

CITY MANAGER APPROVAL: *[Signature]*

EXPENDITURE REQUIRED	\$9,710
AMOUNT BUDGETED	\$0 (to be included in the fourth quarter budget amendment)
APPROPRIATION REQUIRED	\$9,710
LINE ITEM NUMBER	101-299.00-982.000

BACKGROUND INFORMATION: The City Clerk's staff is responsible for posting and sorting the mail each day. The current mailing equipment was purchased in February of 2004. This equipment has failed to operate six times in the past four months resulting in waiting for service technicians to repair it.

Only two vendors were found for this equipment, and both vendors are on the State bid list. Both Neopost/Hasler and Pitney Bowes submitted proposals for the mail machine. Please see the attached spreadsheet of comparison. We have utilized Neopost/Hasler over the past 6 years and their overall proposal is much less than Pitney Bowes equipment.

The annual meter rental and maintenance costs are \$1,140 and \$890, respectively, and are comparable to current budgeted fees.

RECOMMENDED ACTION: Approval to award purchase agreement for mail system solution to Neopost Hasler in the amount of \$9,710.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

2010 Mail system proposal

	Pitney Bowes	Neopost
Make	Pitney Bowes	Neopost/Hasler
Model	Connect+3000	IS 480
Purchase Price	\$19,135	\$9,710
Annual meter rental costs	\$1,124.00	1,140
Annual maintenance costs	\$910.00	890
bid expires	05/30/10	6/18/2010
delivery date	within 30 days	within 30 days
system dimensions	49.5" L X 19" D X 15" H	48 x 18 x 13
power source	Energy Star Compliant	Energy Star Compliant
speed	150 pieces/minute	150 pieces/minute
touch/push screen	touch screen	touch screen
envelope min	3" X 5"	3.5" X 5"
envelope max	10" X 13"	10" X 13"
max thickness	5/8"	5/8"
auto thickness adjustment	yes	yes
postage label ability	peel and stick tapes	peel and stick tapes
min 5# integrated weigh platform	yes	yes
low ink warning	yes	yes
low postage warning	yes	yes
auto date advance	yes	yes
price of ink cartridge	\$120	2 free initially, then \$124
pin code operator security	yes	yes
individual account expense tracking	yes	yes
reserve account interest	yes	yes
download postage via modem	yes	yes
automatic USPS rate downloads	yes	yes
charge for USPS rate chg update	no	no
method of contact to obtain service	phone/internet	phone
response time	3.5 hours	4 hours
included PMs/year	2	2
service/maint included in lease price	yes	yes

PURCHASE VS. LEASE

FIVE YEAR PROJECTION

This analysis has been prepared mindful of the fact that there are other services needed to properly maintain your equipment such as meter rental, maintenance, and Rate Change Protection. These services are fixed at the first year cost when you lease our equipment. However, these same services are subject to annual increases (averaging around 5%) when the equipment is purchased. If you compare the operating cost of a lease versus a purchase, you'll find the effective finance rate near or lower than the Prime Rate.

City of Novi

IS480 w/ Dynamic Scale, Touch Screen, Dept. Acctg, 10lb scale and Online Services

Purchased Equipment Projected Operating Cost

Purchase Price =	*	\$9,710	Number years =	5
Monthly Meter Rental <u>1st Year</u> =		\$95.00	Annual % increase of meter =	
Monthly Meter Rental <u>2nd Year</u> =		\$115.00	Annual % increase of maint. =	
Annual Maintenance =		\$890		
Annual Rate Change Protection =		n/a		

	1st YEAR	2nd YEAR	3rd YEAR	4th YEAR	5th YEAR
Equipment Depreciation Cost	\$1,942	\$1,942	\$1,942	\$1,942	\$1,942
Postage Meter Rental	1,140	1,380	1,449	1,521	1,598
Maintenance	890	935	981	1,030	1,082
Rate Change Protection	n/a	n/a	n/a	n/a	n/a
TOTAL	\$3,972	\$4,257	\$4,372	\$4,494	\$4,621

Total cost of purchase (pv) = \$21,716

Leased Equipment Operating Cost

Lease payment amount (from proposal)= <i>pmt</i>		\$389	
Postage Meter Rental		INCLUDED	
Maintenance		INCLUDED	
Rate Change Protection		INCLUDED	
Total Payment		\$389	
Number of payments over term	<i>nper</i>	60	

Total cost of lease over term= \$23,340

Summary

Effective Finance Rate= 3%

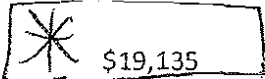
Excels Function Wizard [RATE(nper,-pmt,pv)]*(12 months)] is used to calculate the effective finance

Cornelius, Maryanne

From: Sinda Mills [sinda.mills@pb.com]
Sent: Monday, May 10, 2010 12:38 PM
To: Cornelius, Maryanne
Subject: PURCHASE PRICE
Attachments: Customer-Satisfaction-Guarantee.pdf

Here you are Maryanne, I have also attached our Complete Customer Satisfaction Guarantee. We stand behind our solutions 100%!

The Purchase cost consists of 4 components:

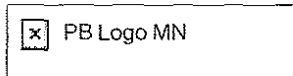
	Connect 3000 Color(with WOW)	Connect 2000 Color (non -wow)
1. Equipment purchase	 \$19,135	\$13,385
2. Annual equipment maintenance	\$910	\$752
3. Annual softguard (software updates)	\$204	\$144
4. Annual Meter Rental	\$1124 (\$276/if billed quarterly)	\$1224

* as with any software driven equipment, the annual maintenance agreement do tend to increase as the unit gets up in age. The value of leasing is: guaranteed price, and the ability to upgrade to new technology as it becomes available.

Keeping you on the cutting edge of the latest means of reducing postage cost and increasing efficiency.

Sinda Mills, Sales Executive
 Pitney Bowes, U.S. Mailing Solutions
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 C: 248-842-0180 | F: 203.617.2015 | www.pb.com
Sinda.Mills@pb.com

Every connection is a new opportunity™



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