



MUNICIPALITY OF ARRAN-ELDERSLIE

STAFF REPORT

COUNCIL

June 14 2021

SUBJECT: SRDPCLK.21.05 Folding Machine and Postage Meter Request for Quote

RECOMMENDATION:

Be It Resolved,

- 1) That SRDPCLK.21.05 Folding Machine and Postage Meter Request for Quote be received; and**
- 2) That Council direct Staff to contract the services of Pitney Bowes for the lease of a folder/insert machine at an annual cost of \$2765.04 for a term of 66-months; and**
- 3) That Council defer both quotes to upgrade the postage meter at this time due to the cancellation clause of the current rental contract.**

Submitted by:

Reviewed by:

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Original Signed by:

Original Signed by:

Original Signed by:

Julie Reid
Deputy Clerk

Christine Fraser-McDonald
Clerk

Sylvia Kirkwood
CAO

BACKGROUND:

The Municipality currently prints all tax notices, water bills, late statements and other documents in house. Monthly volumes can range from 500-2000 pieces with two larger runs for the interim and final tax billings of approximately 6000 pieces annually. All of these documents are manually folded by hand and inserted into envelopes by staff. This is a very time-consuming process. The interim and final tax bill runs take two (2) staff members approximately 4-5 days to complete. Paisley water bills and monthly penalty statements take 1-2 staff

members approximately 1-2 days a month to complete. These and other types of document runs such as dog tag invoices occupy staff time in a varied fashion based on the size of the run and other workload demands. Staff would still be provided the opportunity to review the bills as they are printed prior to the inserting process to ensure no errors occurred during printing.

The current postage machine in the administration office was purchased by the Municipality in 2015. Canada Post does not allow outright purchase of the meter and therefore we pay an annual rental fee for the meter associated with the machine. This model has become aged and issues with sealing and duplicate feeding have been identified. It will also become obsolete in the next few years.

Separate Request for Quotes (RFQ) were recently issued for a new folding machine and a replacement postage meter. Requests for purchase and lease options were included.

COMMENTS:

The Municipality received completed Request for Quotes by the prescribed deadline from Pitney Bowes and INS – Information Network Systems. A third Request for Quote was received after the prescribed deadline and was not considered.

Both companies provided a primary bid that met or exceeded the minimum specifications of the RFQ for the folder machine. INS provided an alternate bid for a machine slightly below the minimum specifications. Pitney Bowes was lower on the primary bid than both bids by INS and their quote included all the minimum requirements.

Both companies provided a primary and alternative bid for the postage meter. The main difference between the two bids were pieces per minutes. There was no significant difference and the slightly lower piece per minute would meet the needs of the Municipality at a lower cost.

Both companies committed to an installation and training timeline of less than 2 weeks. This would put the equipment in place for the final tax bill run at the beginning of July.

FINANCIAL/STAFFING/OTHER IMPLICATIONS:

The results of the two Requests for Quote received are below.

Pitney Bowes provided the lowest option on both the folding machine and the postage meter.

Annual Leasing Costs for the folding machine total \$2765.04 for a 66-month term. Annual Leasing Costs for the postage meter total \$1238.96 for a 66-month term.

	Folding Machine			
	Pitney Bowes		INS	
	Primary Bid	Alternative Bid	Primary Bid	Alternative Bid
Outright Purchase	\$8,105.30	N/A	\$14,189.00	\$9,435.00
Monthly Lease Costs	\$159.67	N/A	\$273.00	\$192.00
Term	66 months	N/A	60 months	60 months
Initial Training	Included	N/A	\$0.00	\$0.00
Ongoing Training	Included	N/A	\$0.00	\$0.00
Annual Equipment & Maintenance	\$849.00	N/A	\$1,262.00	\$1,080.00
	Postage Meter			
	Pitney Bowes		INS	
	Primary Bid	Alternative Bid	Primary Bid	Alternative Bid
Outright Purchase	\$5,954.50	\$2,728.25	\$5,724.00	\$3,241.00
Monthly Lease Costs	\$163.90	\$78.38	\$198.00	\$139.00
Term	66 months	66 months	60 months	60 months
Initial Training	Included	Included	\$0.00	\$0.00
Ongoing Training	Included	Included	\$0.00	\$0.00
Annual Equipment & Maintenance	\$468.80	\$298.40	\$625.00	\$385.00

It appears clear that the option to lease this equipment is the viable option. The purchase cost of the equipment is high and with continual advancement in technology, becomes out of date very quickly. Leasing provides the opportunity to upgrade equipment on a regular basis.

The meter portion of the current postage machine is actually owned by Canada Post and incurs rental charges on top of the purchase price. The postage meter rental contract was originally for a 5-year period, and it was believed at the time of RFP this contract was now open. Staff has since learned that that the contract requires 60-day notice prior to the annual renewal date in May to cancel the contract. After a certain timeframe, Canada Post no longer allows those meters to be replaced and the entire machine becomes obsolete. Since the discovery of the separation between the postage machine itself and the postage meter and the rental costs associated, it appears that no recovery of costs should be expected from the sale of current postage machine.

Staff time annually is currently estimated as follows:

Tax bills – 2x per year at 4-5 days to complete x 2 staff = Minimum 112 hours

Paisley Water bills – 4x per year at 1 day per run x 1 staff = Minimum 28 hours

Penalty Statements – 10x per year at 1 day per run x 1 staff = Minimum 70 hours

This totals 210 hours annually which does not include other water bills, dog tags and other documents. This is expected to be reduced by approximately 175 hours to 35 hours annually. This includes time allocated to printing and reviewing the documents before folding and inserting into envelopes as well.

210 hours of staff time @ \$33.07 = \$6944.70

35 hours of staff time @ \$33.07 = \$1157.45

It is estimated that staff wage cost savings will be \$5787.25 annually. This benefit is amplified by the time that will be freed up for other workload demands.

CONCLUSION:

Folding Machine RFQ

Staff recommends contracting the services for a folding machine to Pitney Bowes at the annual leasing, equipment and maintenance cost of \$2765.04 for a term of 66-months.

Postage Meter RFQ

Since the discovery of the contract cancellation notice period, Staff recommends deferring both quotes to upgrade the postage meter at this time and revisits the need for this in early 2022 prior to the annual renewal of the postage meter rental contract. There were no cost savings to be realized by contracting the services together.