



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: REJECTION OF PROPOSALS FOR
BILL PRINT AND REMITTANCE
SERVICE

DATE: June 22, 2005

Approved

Ray Winer

Date

6/24/05

Council District: CITY-WIDE

REASON FOR ADDENDUM

To receive Council's authorization to reject all proposals received on June 15, 2005 in response to a Request for Proposal (RFP) issued by the City on May 26, 2005, for bill print and remittance services. All proposals received were considered non-responsive.

RECOMMENDATION

Reject all proposals the City received for bill print and remittance services and authorize the Director of Finance to re-issue the procurement.

BACKGROUND

The City has a three year agreement consisting of three one-year terms with San Jose Water for the City's Recycle Plus bill printing and remittance processing. The second year of the contract ends in June 2006 and the option for a third term will expire in June, 2007. Additionally, pursuant to Council's approval on May 10, 2005, staff is moving forward on the implementation of the City's new utility billing and customer service system referred to as CUSP. The CUSP project team and BearingPoint, the project's implementation consultant, is proceeding to work on the installation, configuration and data conversion tasks from the City's existing legacy systems and configuring the new PeopleSoft system to work in conjunction with a bill printing and remittance processing service provider.

Upon Council's approval on May 10, 2005 of the BearingPoint Stage 2 contract, staff was directed to perform next steps including moving forward with a procurement process for the City to contract with a third-party bill printing and remittance processing vendor. Therefore, a Request for Proposal (RFP) was released for Document Printing, Mailing, E-Presentation, E-Payment and Remittance Services (Bill Print RFP) on May 26, 2005, in order to identify the next bill print service provider to begin work on July 1, 2006.

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ANALYSIS

The Bill Print RFP was advertised on the City's Bid Line and on the DemandStar bid notification system. In addition, Staff directly notified all suppliers that had expressed an interest in this procurement.

Twenty-three companies requested the RFP. Three proposals were received by the June 15, 2005 deadline, one each from InfoImage, San Jose Water, and Kubra with San Jose Water as a subcontractor. As stated above, all three proposals were non-responsive, in that they were either incomplete or failed to meet minimum requirements (operational requirements were not met or the proposal lacked adequate references).

Finance Purchasing also conducted an informal follow-up poll with several of the suppliers that requested the RFP but did not submit a proposal. One supplier was unable to reach an agreement with a key subcontractor and other suppliers took exception to a variety of the City's policies, terms or conditions ranging from the City's living wage policy to the City's standard business and legal terms and conditions.

The City's procurement practices facilitate the following objectives: 1) make certain that the City receives the best value, in terms of quality and price; 2) promote free, open competition and equal opportunity for all vendors who seek to conduct business with the City of San Jose; 3) ensure accountability for procurement processes, and 4) facilitate the opportunity for small and local businesses to do business with the City. In relationship to this procurement and the development of the minimum requirements for this RFP, each of these objectives must be balanced with a risk assessment related to the operational needs of the City's Utility Billing System. Therefore, staff is working on modifications to the RFP that will make the minimum operational requirements less restrictive while at the same time attempting to mitigate potential risks associated with bill printing for the City's Utility Services. This strategy will be employed in this procurement with the goal of receiving multiple vendor responses that meet the City's operational needs.

SUMMARY

Staff recommends re-issuing a revised RFP that allows for increased competition while meeting operational requirements. Staff will return to Council in August to report on bids and for approval of the award.

OUTCOME

Approval of this recommendation will enable staff to issue a new RFP with the objective of receiving a greater number of proposals that meet operational requirements.

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PUBLIC OUTREACH

As discussed above, outreach was conducted to proactively notify interested parties of this procurement. When the RFP is re-issued, staff will take all necessary measures to ensure that the supplier community is aware that a new RFP has been released. These measures will include advertising the RFP on the City's Bid Line and on the DemandStar bid notification system, individually contacting all 23 companies that requested the original RFP, and notifying local suppliers that provide these services.

COORDINATION

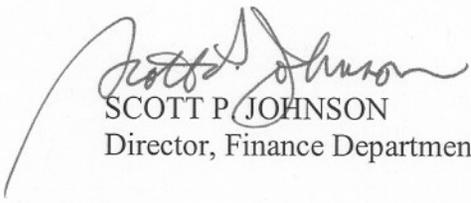
This memorandum has been coordinated with the Offices of the City Attorney and City Manager and the Departments of Environmental Services and Information Technology.

COST IMPLICATIONS

There are no direct costs associated with the recommended actions.

CEQA

Not a project.


SCOTT P. JOHNSON
Director, Finance Department

