

**REPORT TO COUNCIL**  
**City of Sacramento**  
 915 I Street, Sacramento, CA 95814-2604  
 www.cityofsacramento.org

Consent  
 November 13, 2008

**Honorable Mayor and  
 Members of the City Council**

**Title: Contract: Lock Box Services**

**Location/Council District: Citywide**

**Recommendation:** Adopt a **Resolution:** 1) awarding a three-year contract with up to two one-year renewal options to Bank Up Corporation for a total amount not to exceed \$124,319, for lock box remittance processing services for the City; and 2) authorizing the City Manager or the City Manager's designee to execute the contract and renewal options specified above, provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

**Contacts:** Sonny Eboigbe, Procurement Analyst, 808-7432; Walker Black, Senior Management Analyst, 808-5833

**Presenters:** None

**Department:** Finance

**Division:** Revenue

**Organization No:** 06001211

**Description/Analysis**

**Issue:** The City of Sacramento has ongoing requirements for lock box remittance processing services for the Finance and Police departments. This service expedites various bill payments so that the City realizes receivables promptly. The Procurement Services Division recommends that a contract be awarded to Bank Up Corporation based on the results of Invitation for Bid (IFB) No. B093246006.

**Policy Considerations:** The recommendations in this report are in accordance with the provisions of the City Code Section 3.56.

**Commission/Committee Action:** Not Applicable

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The proposed service is not a 'project' in accordance with Section 15378 of the CEQA Guidelines. The



proposal does not have a potential for resulting in either direct or indirect physical changes in the environment. Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

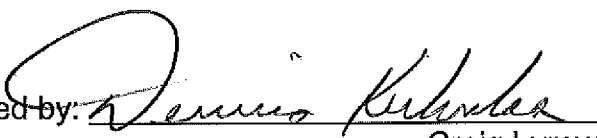
**Sustainability Considerations:** None

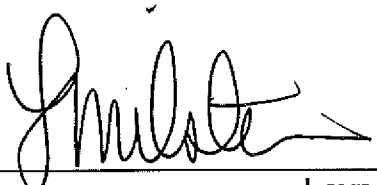
**Rationale for Recommendation:** In August 2008, the Procurement Services Division, in accordance with City Code Section 3.56, issued IFB No. B093246006 for the purchase of lock box services for the Finance and Police departments. Two responses were received. Bank Up Corporation was the lowest responsive and responsible bidder as shown in Attachment 2.

The bid solicitation included provisions to extend the contract up to a total of five years. Staff is recommending a total contract amount not to exceed \$124,319 over the five year period to allow for an increased cost of services in the latter years of the contract. Staff's total estimated cost for this service was \$155,400 for the five year period.

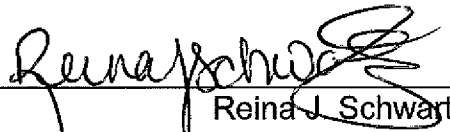
**Financial Considerations:** Funding for the lock box services will be provided from the Police Department and Department of Finance operating budgets. The Police Department has agreed to fund 39 percent of the cost for this service while the Department of Finance will fund 61 percent of the cost. Each department's costs will be based on the volume processed. Sufficient funding is available in the FY2008/09 General Fund operating budgets of these departments to purchase lockbox services through June 30, 2009. Purchases after June 30, 2009 are subject to funding availability in the adopted budgets of the applicable fiscal year(s). See Attachment 2 for five-year estimated costs.

**Emerging Small Business Development (ESBD):** Bank Up Corporation is not certified by the City of Sacramento as an emerging or small business enterprise.

Respectfully Submitted by:   
Craig Lymus  
For Interim Procurement Services Manager

Approved by:   
Leyne Milstein  
Director, Department of Finance

Approved by:   
Rick Braziel, Chief of Police

Approved by:   
Reina J. Schwartz  
Director, Department of General Services

Recommendation Approved:

*Gen*   
Ray Kerridge  
City Manager

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**Attachment 1****BACKGROUND**

The City of Sacramento has ongoing requirements for lock box remittance processing services for the Finance and Police Departments. Currently, invoice remittance processing is handled in-house; however, with the addition of the Rental Housing Inspection Program invoices, estimated at an additional 36,000 invoices processed per year, existing staff will not have the capacity to handle this increased volume. In addition, the Police Department Alarms Billing Unit processes approximately 25,000 payments per year. Due to the lack of available staff in this unit, this service will allow for better internal controls. The contract is valid for five years and a 5 percent annual contingency is being requested. This contingency is included to accommodate the potential for increased service levels in the latter years of the contract. The table below shows the increases projected during the term of this five year contract.

**TABLE OF 5-YEAR ESTIMATED COSTS FOR LOCK BOX SERVICES BY  
BANK UP CORPORATION**

	<b>Base Amount</b>	<b>5% Contingency</b>	<b>Anticipated Cost</b>
<b>Year 1</b>	\$27,235*	\$1,362	<b>\$28,597</b>
<b>Year 2</b>	\$22,235	\$1,112	<b>\$23,347</b>
<b>Year 3</b>	\$22,235	\$1,112	<b>\$23,347</b>
<b>Year 4</b>	\$23,347	\$1,167	<b>\$24,514</b>
<b>Year 5</b>	\$23,347	\$1,167	<b>\$24,514</b>
		<b>Total</b>	<b>\$124,319</b>

\* The base amount shown in year one includes a one-time set up fee of \$5,000. The base amount is the same for years one through three. The base amount in years four and five includes a one time five percent increase beginning in year four.

Note: Police Department share of costs excluding the one-time set up fee is \$8,672 for the first three years, and \$9,105.33 for years four and five.

**Attachment 2**

**BID NO. B093246006 – LOCK BOX SERVICES**

Bid Evaluation:

<b>Bidder</b>	<b>Bid Total</b>	<b>5% E/SBE Preference</b>	<b>Prompt Payment Discount</b>	<b>Evaluation Total</b>
Check Processors Inc	\$324,132	None	None	\$324,132
<b>Bank Up Corporation <sup>(1)</sup></b>	<b>\$118,399</b>	None	None	<b>\$118,399</b>

**Award of Contract to: Bank Up Corporation**  
 2694 Bishop Drive, Suite 115  
 San Ramon, CA 94583

**Total Amount of Contract: \$124,319**  
 (w/5% contingency)  
**Total Annual Bid Amount: \$118,399**

**Using Departments:** Finance (Revenue)  
 Sacramento Police

**Original Annual Estimated Cost: \$16,735**  
**Original Annual Estimated Cost: \$10,500**

**Bid Due Date: September 3, 2008**

Total No. of Bids Solicited	No. of E/SBE Bids Solicited	No. of E/SBE Responses	Award to E/SBE Vendor?
5	0	0	No

<sup>(1)</sup>The lowest responsible bid amount of \$118,399 represents the total cost of lock box services, based on current requirements. Authorization is requested to enter into a contract in an amount not to exceed \$124,319 (which includes a 5% contingency), to allow for increased service levels which staff has determined more closely reflects the actual total amount anticipated to be expended over the five year contract, as shown in Attachment 1.

**RESOLUTION NO. 2008-XXXX**

Adopted by the Sacramento City Council

**November 13, 2008**

**AWARD CONTRACT FOR LOCK BOX SERVICES**

**BACKGROUND**

- A. The City of Sacramento has a requirement for lock box remittance processing services for the Finance and Police departments. The Department of Finance, Revenue Division, and Police Department are responsible for delivering these services to their customers throughout the City.
- B. In August 2008, the Procurement Services Division, in accordance with City Code Section 3.56, issued IFB No. B093246006 for the purchase of lock box services for the Finance and Police departments. Two responses were received. Bank Up Corporation was the lowest responsive and responsible bidder.
- C. Funding for the lock box services will be provided from the City departments operating budgets utilizing this service, provided that sufficient funds are available in the budgets adopted for the applicable fiscal year(s).

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. Bank Up Corporation is awarded a three year contract with two one-year renewal options for the purchase of lock box services in an amount not to exceed \$124,319 for the five year period.
- Section 2. The City Manager or the City Manager's designee is authorized to execute the contract and renewal options specified above, provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

