



RESOLUTION NO. _____

BOARD LETTER APPROVAL

A handwritten signature in black ink, appearing to read "Donna I. Stevener", written over a horizontal line.

DONNA I. STEVENER
Chief Administrative Officer

A handwritten signature in blue ink, appearing to read "David H. Wright", written over a horizontal line.

DAVID H. WRIGHT
General Manager

DATE: April 24, 2018

SUBJECT: Amendment No. 2 to Contract No. 238 for Forms, Printed Optical Character Recognition and Other Printed Forms – Taylor Communications, Inc.

SUMMARY

The proposed Amendment No. 2 (Amendment) extends the contract by adding five one-year optional periods beginning on June 17, 2018, resulting in a total contract duration of 12 years, expiring on June 16, 2023. LADWP will use the unspent balance of the existing contract, approximately \$6,500,000, for the anticipated expenses over the extension period; therefore, no additional funding is required and the total not to exceed amount of \$10,451,419 will remain unchanged.

The Amendment allows Taylor Communications, Inc. (Taylor) to continue furnishing and delivering customized paper (virgin and recycled), forms, and printed Optical Character Recognition (OCR) paper utilized for LADWP customer bills and other printed forms. The paper has been developed for LADWP's high-speed ink jet color printers, mail insertion equipment, and remittance payment processing equipment to eliminate printer interruptions, such as, paper tears and misfeeds, and bleeding ink on return payment stubs. The various pieces of equipment are from different manufacturers that do not specify a common paper standard.

City Council approval is required according to Charter Section 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of the Amendment to Contract No. 238 with Taylor.

ALTERNATIVES CONSIDERED

An alternative considered was to issue a new Invitation for Bid (IFB). However, this is not a desirable alternative at this time. The existing paper has been customized to print the newly-redesigned customer bills and for compatibility with LADWP's high-speed ink jet color printers, mail insertion equipment, and remittance payment processing equipment. This customization was based on extensive end-to-end print-to-mail testing of customer bills during an approximate eight-month process.

As a result of the ongoing settlement efforts to the recent litigation associated with incorrect customer billing, it is critical for LADWP to ensure that customer billing is accurate and that no interruptions occur in the customer bill print process. Since any changes in the printer, ink, or paper would require modification of all of these products simultaneously to maintain compatibility, and any of these changes could cause an unstable bill print environment, LADWP deemed it most practicable to amend the existing contract at this time to minimize uncertainty. However, a new competitive bid for paper may be issued prior to the expiration of the Amendment should LADWP determine to replace the existing printers, or to increase vendor competition.

FINANCIAL INFORMATION

No additional funding is required for the five-year extension period; the not to exceed amount of \$10,451,419 will remain unchanged.

The cost breakdown is summarized below:

	Current Maximum Expenditure	Amendment No. 1	Requested Amendment No. 2	Amendment Maximum Expenditure
Original Period	\$ 1,152,125			\$ 1,152,125
1 st Optional Period	\$ 1,152,125			\$ 1,152,125
2 nd Optional Period	\$ 1,152,125			\$ 1,152,125
3 rd Optional Period		\$ 1,748,761		\$ 1,748,761
4 th Optional Period		\$ 1,748,761		\$ 1,748,761
5 th Optional Period		\$ 1,748,761		\$ 1,748,761
6 th Optional Period		\$ 1,748,761		\$ 1,748,761
7 th Optional Period			\$ 0	\$ 0
8 th Optional Period			\$ 0	\$ 0
9 th Optional Period			\$ 0	\$ 0
10 th Optional Period			\$ 0	\$ 0
11 th Optional Period			\$ 0	\$ 0
Contract Total	\$ 3,456,375	\$ 6,995,044	\$ 0	\$10,451,419

BACKGROUND

In March 2010, LADWP installed new high-speed ink jet color printers to support the newly-redesigned customer bills. Several problems were encountered with the existing paper stock, including printer interruptions and bleeding ink on return payment stubs. It was determined that the existing paper stock composition and configuration were not compatible with the new printers.

On June 7, 2011, the Board approved Contract No. 238, under Board Resolution No. 19389, to Staples Print Solutions, Division of Staples Contract & Commercial, Inc. (Staples) for customized paper, printed OCR paper, and other printed forms required to print customer bills.

Customer Service Division and Information Technology Services Division (ITSD) staff worked for eight months with representatives of the printer manufacturer, paper manufacturer, and paper scientists who analyzed the paper composition required for compatibility to ensure 1) no ink bleeding resulting in the inability to post customer payments, 2) adequate paper weight to avoid paper tearing when fed through the high-speed ink jet color printers (each machine reset takes a staff member approximately two hours to complete), and 3) perforation strength to ensure the tightness of the paper fed through the high-speed ink jet color printers is sufficient to alleviate paper shifting resulting in tears.

On July 15, 2014, the Board approved Amendment No. 1 to the contract to add four one-year optional periods beginning on June 17, 2014, and increase the contract limit by \$6,995,044 to a new contract limit not to exceed \$10,451,419. Amendment No. 1 allowed Staples to continue to furnish and deliver customized paper, printed forms, and printed OCR paper ensuring paper, ink, and equipment compatibility, thereby affording LADWP the ability to disseminate customer bills and customer information to its customers without delays.

In August 2014, the City Council requested that LADWP print its customer bills using recycled paper. After extensive testing, ITSD identified the recycled paper that could be used to meet City Council's requirement. As a result, recycled paper was added to the contract to allow LADWP to fulfill City Council's request in a timely manner.

Subsequently, in January 2017, Staples reassigned the contract to Taylor. All terms and conditions remained unchanged.

Taylor has agreed to retain the pricing, terms and conditions of the existing contract through the duration of the Amendment. Pricing has been determined to be fair and reasonable based upon the pricing resulting from a reverse auction held in 2011 under Bid No. 238 and price adjustments by paper commodity index.

Staples/Taylor has performed satisfactorily on the current contract.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on April 12, 2018.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15060 (c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(2) states that continuing administrative or maintenance activities, such as purchases for paper supplies, do not meet that definition.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Amendment to Contract No. 238 and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- CAO Report