



# City of Santa Clara

1500 Warburton Avenue  
Santa Clara, CA 95050  
santaclaraca.gov  
@SantaClaraCity

## Agenda Report

---

21-1049

Agenda Date: 10/26/2021

---

### REPORT TO COUNCIL

#### **SUBJECT**

Action on Amendments to Agreements with Smart Energy Systems, Inc. and InfoSend, Inc. for a Customer Service Portal and Bill Print and Mail Services, respectively

#### **COUNCIL PILLAR**

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### **BACKGROUND**

The Municipal Services Division of the Finance Department ("Division") is responsible for measuring water/electric consumption, generating accurate bills, collecting revenue, and providing customer service for the City's utility customers. The Division utilizes a utility billing system that integrates with, and are dependent on, several applications to manage and streamline its operation including meter data management, bill print and delivery, payment collection, and customer service.

The Division is currently managing several projects to streamline operations, improve customer service, and replace end-of-life systems. Such projects include upgrading the Utility Billing System, Customer Self-Service Portal and Municipal Services Contact Center System, and replacing the end-of-life meter reading and cashing systems. Others include providing support to external projects impacting the Division's operations, such as the transition of banking services to JPMorgan Chase, replacement of the City's permit system, and sunset of the SVP Green Power Residential Project.

The purpose of this report is to request authorization to amend agreements with Smart Energy Systems, Inc. for an online Customer Self-Service Portal and InfoSend, Inc. for bill print and mail services to extend the term and increase maximum compensation.

#### **DISCUSSION**

##### **Smart Energy Systems**

On December 11, 2018, the City Council approved an agreement with Smart Energy Systems, Inc. (Agreement) for the purchase and implementation of a new cloud-hosted Customer Self-Service Portal for Electric, Water, Sewer, and Solid Waste Disposal utility services for residents and businesses. The Agreement was the outcome of a competitive Request for Proposal (RFP) pursuant to the City's purchasing rules. The Agreement expires on December 21, 2021.

The new portal will replace the existing, outdated self-service portal, enhancing the customer self-service experience, streamlining the online payments of utility services, and improving customer communication and education. Implementation of the new portal was dependent on the completion of the Utility Billing System upgrade, which was delayed due to unforeseen changes needed to the

system to address backlogs in billing due to automated meter installations and resource constraints. Multiple projects driven by utility stakeholders requiring immediate assistance from key Finance staff, and COVID-19 Shelter in Place which suspended work on the project due to the emergency order to provide essential only services during the pandemic. The Utility Billing System upgrade went live in late summer 2021 and the issues associated with automated meter installations have been resolved; therefore, work can continue to complete implementation of the system, which is expected later this year/early next year.

The proposed Amendment No. 1 will extend the initial term of the agreement by three years, ending on December 21, 2024 to allow sufficient time to complete implementation of the system. Amendment No.1 will also increase the maximum compensation by \$396,194 for a revised not-to-exceed amount of \$1,653,343. Although behind schedule, system implementation is on budget per the original contract. The additional compensation is required to support the revised number of meter accounts and transactions as demonstrated in the table below:

Cost Elements	Original Amount	Amended Amount
System Implementation (including travel expenses)	\$144,350	\$141,350
Software Subscription (based on the number of meter accounts)	\$510,390	\$761,993
Transactions-Based Fees (inbound/outbound text notifications, Interactive Voice Response, debit/credit card processing fees, electronic check payment processing fees, etc.)	\$602,409	\$750,000
<b>Total</b>	<b>\$1,257,149</b>	<b>\$1,653,343</b>

The total cost for software licenses and number of transactions are forecast by staff and may change over the term of the agreement. Additionally, staff anticipates future changes to the system may be required in order to stay current with evolving payment technologies and customer service requirements. Therefore, staff is also requesting authority to execute future amendments to implement changes to the system that may be required and allow for ongoing use and support of the system.

After the initial term, price adjustments are capped at the lesser amount of 3% or the percent increase in the Consumer Price Index (CPI). Pass-through fees are not subject to the aforementioned cap and must be supported by a formal request justifying the increase.

### InfoSend

In 2017, staff conducted a competitive procurement process resulting in the recommendation of award to InfoSend, Inc. which was approved by the City Council. The agreement with InfoSend terms out on June 30, 2022, inclusive of Amendments No. 1 and 2 that extended the agreement by two years from the three-year initial term.

As discussed in the Background section, the support of numerous projects was already putting a significant workload on staff prior to the COVID-19 pandemic. The impacts of COVID-19 further

added to the Division's workload and shifting priorities. COVID-19 related actions included staffing the drive-up window, as well as implementing programs such as the California Arrears Payment Program as mandated by the State of California to provide relief to households experiencing financial hardships due to the economic impacts of the pandemic.

Staff is recommending extending the term of the agreement with InfoSend for two additional years, ending in June 2024, which will allow the Division to focus its resources on higher priority work. Prior to June 2024, staff will conduct a competitive procurement process to assess the market for this service.

The maximum compensation under the current agreement is \$1,700,000, which reflects an average annual spend of \$340,000 to print and mail approximately 60,000 invoices per month. Amendment No. 3 to the Agreement will increase compensation by \$680,000 for a revised not-to-exceed maximum compensation amount of \$2,380,000.

Compensation under the agreement is based on a unit cost for data processing, printing, and mailing. InfoSend has requested a 2.2% increase for the extended term effective July 1, 2022 through June 30, 2024. Staff has determined that this request is reasonable based on the Consumer Price Index annual increase of 3.7%.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

### **FISCAL IMPACT**

#### **Agreement with Smart Energy Systems, Inc. for a Customer Self-Service Portal**

Funding is provided in the FY 2021/22 Adopted Capital Improvement Budget in the Utility Management Information Systems (UMIS) Enhancements Project budgeted in the General Government Capital Fund. The FY 2021/22 project budget is sufficient to cover the project cost, including the \$396,194 in additional cost.

#### **Agreement with InfoSend, Inc. for Bill Print and Mail Services**

The Municipal Services Division in the Finance Department has sufficient funding in the FY 2021/22 & 2022/23 Adopted Biennial Operating Budget to cover the estimated annual cost of \$340,000. Funding for future years is subject to Council appropriations.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the

public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Authorize the City Manager to execute Amendment No. 1 to the Agreement with Smart Energy Systems, Inc. for a cloud-hosted Customer Self-Service Portal to extend the term of the agreement by three years ending on December 31, 2024 and increase maximum compensation by \$396,194 for a revised not to exceed amount of \$1,653,343, subject to the appropriation of funds;
2. Authorize the City Manager to execute future amendments to the agreement with Smart Energy Systems, Inc. to extend the term and adjust compensation in the event staff's estimates of usage are exceeded and to cover any changes to system requirements, subject to the appropriation of funds; and
3. Authorize the City Manager to execute Amendment No. 3 to the Agreement with InfoSend, Inc. for Bill Print and Mail Services to extend the term of the agreement by two years ending on June 30, 2024, and increase maximum compensation by \$680,000 for a revised not to exceed amount of \$2,380,000, subject to the appropriation of funds.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

2. 2018 Agreement with Smart Energy Systems, Inc.
2. Amendment No. 1 to the Agreement with Smart Energy Systems, Inc.
3. 2017 Agreement with InfoSend, Inc.
4. Amendment No. 1 to the Agreement with InfoSend, Inc.
5. Amendment No. 2 to the Agreement with InfoSend, Inc.
6. Amendment No. 3 to the Agreement with InfoSend, Inc.

**AMENDMENT NO. 3  
TO THE AGREEMENT FOR SERVICES  
BETWEEN THE  
CITY OF SANTA CLARA, CALIFORNIA,  
AND  
INFOSEND, INC.**

**PREAMBLE**

This agreement ("Amendment No. 3") is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and InfoSend, Inc., a California corporation (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

**RECITALS**

- A. The Parties previously entered into an agreement entitled "Agreement for the Performance of Services by and between the City of Santa Clara, California and InfoSend, Inc.", dated June 7, 2017 (Agreement);
- B. The Agreement was previously amended by Amendment No. 1, dated June 3, 2020, Amendment No. 2, dated May 21, 2021, and is again amended by this Amendment No. 3. The Agreement and all previous amendments are collectively referred to herein as the "Agreement as Amended"; and
- C. The Parties entered into the Agreement as Amended for the purpose of having Contractor provide bill print and mail services, and the Parties now wish to amend the Agreement as Amended to extend the term of the agreement through June 30, 2024 and increase compensation by Six Hundred Eighty Thousand Dollars (\$680,000) for a revised not-to-exceed maximum compensation amount of Two Million Three Hundred Eighty Thousand Dollars (\$2,380,000).

NOW, THEREFORE, the Parties agree as follows:

**AMENDMENT TERMS AND CONDITIONS**

1. Section 5 of the Agreement as Amended, entitled "Term of Agreement" is amended to read as follows:

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on the Effective Date of this Agreement and terminate on June 30, 2024.


2. Exhibit B of the Agreement as Amended, entitled "Second Revised Fee Schedule", is hereby amended to read as shown in Third Revised Exhibit B, attached and incorporated into this Amendment No. 3.
3. Except as set forth herein, all other terms and conditions of the Agreement as Amended shall remain in full force and effect. In case of a conflict in the terms of the Agreement as Amended and this Amendment No. 3, the provisions of this Amendment No. 3 shall control.

The Parties acknowledge and accept the terms and conditions of this Amendment No. 3 as evidenced by the following signatures of their duly authorized representatives.

**CITY OF SANTA CLARA, CALIFORNIA**  
a chartered California municipal corporation

Approved as to Form:

Dated: 11/19/2021

  
\_\_\_\_\_  
Office of the City Attorney  
City of Santa Clara

  
\_\_\_\_\_  
DEANNA J. SANTANA  
City Manager  
1500 Warburton Avenue  
Santa Clara, CA 95050  
Telephone: (408) 615-2210  
Fax: (408) 241-6771

"CITY"

**INFOSEND, INC.**  
a California corporation

Dated: 10/11/2021

By (Signature): 

Name: Russ Rezai

Title: President

Principal Place of Business Address: 4240 East La Palma Ave.  
Anaheim, CA 92807

Email Address: russ.r@infosend.com

Telephone: (800) 955-9330

Fax: (714) 993-1306

"CONTRACTOR"

## THIRD REVISED EXHIBIT B FEE SCHEDULE

### 1. Maximum Compensation

The maximum compensation City will pay the Contractor for services and materials under this Agreement shall not exceed **Two Million Three Hundred Eighty Thousand Dollars (\$2,380,000)** during the term of the Agreement, subject to annual budget appropriations. Any additional services or materials requested by the City that would exceed the preceding maximum amount will be addressed in an Amendment to the Agreement.

### 2. Fees

The pricing set forth in this Third Revised Exhibit B is effective from July 1, 2022 through June 30, 2024.

InfoSend's Fees – Print and Mail Service: Estimated volume = 60,000 Bills Per Month (The individual prices shown in the table below apply only to the turnkey BillPrint and Mail service, some items can go up in price if sold separately)		
Services		
<b>Bill and Notice Data Processing and printing - (60,000 per month)</b>	\$0.0203 per piece	Per page. Includes address validation and presorting. Black simplex printing onto a pre-printed form.
<b>Mail Prep (63,000 per month)</b>	\$0.0290 per piece	Per page. Bill is folded and inserted (along with the return envelope if there is one) and delivered to the post office within 1 business day.
<b>Insert Processing and Printing (300,000 per month)</b>	\$0.0161 per piece	This pricing was specific to your sample "Mission City Scenes Insert" we were referred to as your reference. This is a larger insert and accounts for a significant portion of the insert page volume indicated.
<b>Machine Inserting of Inserts into bill packages</b>	\$0.0054 Per Piece	Same cost applies for inserting InfoSend-printed inserts and City- provided inserts.
<b>Mail Delivery to USPS (63,000 per month)</b>	\$0.00	No mail delivery fees
<b>Postage (63,000 mailings per month)</b>	Pass-Through	Lowest possible postage will be applied based on your billing file and CASS and pre-sort results. At the present time \$0.35 is the lowest possible rate – it is the First Class 5-Digit pre-sorted rate offered by the USPS. Higher postage rates apply for mail pieces that: weigh more than 2 oz, are addressed to a foreign address (you have the option of suppressing these), or contain an undeliverable address.
Materials Pricing		
<b>Paper Stock for Bills and Notices (60,000 per month)</b>	\$\$0.0138	Per page. Custom Form up to 3 color printing on 24# paper with a perforation. The bill stock uses normal paper, you can use recycled stock for an additional \$0.004 per sheet.
<b>Paper Stock for Correspondence (3,000 per month)</b>	\$0.0139	24# pound paper. The bill stock uses normal paper, you can use recycled stock for an additional \$0.004 per sheet.

<b>Envelopes</b>	Envelopes use sustainably logged paper, which is the equivalent or superior to recycled paper as there are no chemicals used in the recycling process. If you wish to use recycled content envelopes add \$0.004 to the price of each envelope.	
<b>Per RFP Spec Custom #10 Outgoing Envelope (60,000 per month)</b>	Per Order	Cost to recreate the current outgoing envelope:  Price is for 6-month orders at a time of custom single window envelope with 1 color ink being printed on the front, back and inside of the envelope. Price can go down or up as requirements change or order quantities change.
<b>Per RFP Spec Custom #9 Return Envelope (60,000 per month)</b>	\$0.0229	Cost to recreate the current return envelope:  Price is for 12-month orders at a time of custom envelope with 1 color ink being printed on the front of the envelope. Price can go up or down as requirements change or order quantities change.
<b>Alternative- Standard #10 Outgoing Envelope</b>	\$0.0161	Per InfoSend standard double window outgoing envelope with security tint and plastic film protecting the windows (with this option the mailing address and return address are printed on the bill).
<b>Alternative- Standard #9 Return Envelope</b>	\$0.0142	Per InfoSend standard single window one color printing on the front, back and inside of the 22lb paper stock return envelope with security tint and plastic film protecting the windows, (with this option the mailing address is printed on the remittance stub). These envelopes use sustainably logged paper.
<b>Other Services</b>		
<b>Help Desk Support (cost per month)</b>	\$0.00	There are no help desk costs.
<b>Professional Services (hourly rate)</b>	\$155.91	A Statement of Work will be provided for every change request after Go Live.
<b>Optional Services</b>		
<b>Electronic Address Updates – NCOALink or ACS</b>	\$0.0032	Per mail piece cost to process mailing addresses using the National Change of Address (NCOA) database. Bills are mailed to the new address.
<b>Document Imaging (63,000 per month)</b>	\$0.0052	This is the cost to image the documents for online storage. Images are transferred to InfoSend's Print Image Archiving web application (storage costs on line below). They are also stored on up to 1 CD (FinalDoc CD product) per month and shipped to the City for long- term archiving (no extra cost for the CD). Additionally they can be transferred to the City's network at no additional cost (FinalDoc Transfer service).



<b>Optional Duplex fee</b>	\$0.0052	Upgrade to full color printed on both sides, base price of bill includes 4 colors front (full color) and 1 color back. This upgrade will make full color-duplex print.
<b>Document Storage (63,000 per month)</b>	\$0.0026	This is the cost to store the images online for 24 months from the mail date. Images can be stored online for 48 months for \$0.01 per image, and for 60 months for \$0.0125 per image.
<b>Document Access (63,000 images per month)</b>	\$0.00	No cost for document access
<b>Mail Merge (price per piece)</b>		Cost is a total of \$0.13 per piece to perform a mail merge and print and mail 1 page documents that are formatted to use InfoSend's standard double window outgoing envelope and standard single window return envelope. Price assumes mailing will have at least 20,000 addresses. No setup fee. Subtract \$0.013 from materials cost if no return envelope is required.
<b>BangTail Envelopes</b>	\$0.0800 per piece	Price for 1-month orders of BangTail envelopes. Price goes down if larger orders are placed.
<b>"House Holding" - grouping multiple statements with the same mailing address together in the same outgoing envelope.</b>	See Description	No cost to provide this service if the pages fit in the regular outgoing envelope. If there are too many pages grouped together to fit in the regular outgoing envelope then they are inserted by hand into a flat envelope and a \$0.25 labor surcharge applies and the cost of the flat envelope is \$0.16. Using house holding saves the City money because it reduces postage costs.

### **Postage Deposit**

InfoSend purchases the postage needed to mail Client documents on the day of mailing. The postage charges are later invoiced to Client based on the Client's payment terms. InfoSend requires Client to submit a postage deposit prior to the first mailing to facilitate the payment terms. This amount will remain in deposit for the duration of the Agreement. Upon Agreement expiration or termination, Client must pay in full any outstanding invoices from InfoSend for payables created under this Agreement; the postage deposit will be refunded within fifteen (15) days of the date that the last open invoice is paid.

The postage deposit is subject to an annual review and may be adjusted to account for changes to Client average mailing volume or changes to the USPS postage rates. There will be no more than one adjustment requested per year, it at all.

The postage deposit amount is calculated by multiplying the estimated number mail pieces per month by the current 5-Digit presorted first class postage rate. The postage deposit amount due for your account is:

P.O. amount on account: \$22,680.00  
Terms: Net 30