




FINANCE MEMORANDUM
#08-03

April 10, 2008

TO: Honorable Mayor Kathleen M. Novak and City Council Members

FROM: A.J. Krieger, City Manager 
Brent Worthington, Finance Director 
Debbie Staub, Revenue Supervisor 

SUBJECT: Resolution CR-60, Extending the Printing Contract with Output Services Inc.

RECOMMENDATION:

Authorize the attached contract extension between the City of Northglenn and Output Service, Inc. to provide printing and mailing services for City utility statements for a one year period from April 15, 2008 to April 15, 2009. The printing services are not to exceed \$27,000 for statements, insert printing services not to exceed \$20,500, plus postage not to exceed \$65,000 (total not to exceed \$112,500).

BACKGROUND:

On April 15, 2004, City Council approved an agreement between the City and Output Services, Inc. to furnish printing and mailing services for utility statements. The original agreement was for a term of three years, with two one-year renewal options.

Output Services, Inc. (OSI) has provided excellent service to the City during the four year contract period. They have agreed to extend the original pricing for a second one year extension. OSI continues to exhibit extraordinary expertise, technology and disaster backup systems quality and quality assurance performance and commitment to customer service.

POTENTIAL OBJECTION:

City Staff is not aware of any specific opposition to the proposed contract extension.

BUDGET/TIME IMPLICATIONS:

No budget impact; the 2008 Water Fund Budget includes an appropriation of \$27,000 for printing and \$65,000 for postage expense. Central Services budget includes an appropriation of \$20,500 for the printing of inserts.

STAFF REFERENCE:

If Council members have any comments or questions, they may contact Brent Worthington, bworthington@northglenn.org.

SPONSORED BY: MAYOR NOVAK

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-60
Series of 2008

Series of 2008

A RESOLUTION APPROVING AN EXTENSION AGREEMENT BETWEEN THE CITY OF NORTHGLENN AND OUTPUT SERVICES, INC.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Agreement marked as **Exhibit A**, attached hereto, between the City of Northglenn and Output Services, Inc. is hereby approved and the Mayor is authorized to enter into the Agreement on behalf of the City Council of the City of Northglenn.

DATED at Northglenn, Colorado, this ____ day of _____, 2008.

KATHLEEN M. NOVAK
Mayor

ATTEST:

DIANA L. LENTZ, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney

EXHIBIT A

AMENDMENT TO AGREEMENT BETWEEN THE CITY OF NORTHGLENN
AND OUTPUT SERVICES, INC.

An Agreement between the CITY OF NORTHGLENN, hereinafter called the "City," and Output Services, Inc., hereinafter called the "Corporation," was made and entered into on the 15th day of April, 2004, for mailing and printing services and for a term of three years.

By this amendment to the Agreement, the City and the Corporation agree to renew the conditions of the Agreement for a period of one year, from the 15th day of April, 2008, to the 15th day of April, 2009.

IN WITNESS THEREOF, THE PARTIES HERETO HAVE CAUSED THEIR
RESPECTIVE AUTHORIZED REPRESENTATIVES TO EXECUTE AND
ENTER INTO THIS AGREEMENT.

SIGNED on behalf of
City of Northglenn

SIGNED on behalf of
Output Services, Inc.

R. A. Muth

(print)

R. A. MUTH
(print)

Date: _____

Date: 3/18/08

AGREEMENT TO FURNISH PRINTING AND MAILING SERVICES

THIS AGREEMENT, made and entered into this 15th day of April, 2004, between the CITY OF NORTHGLENN, hereinafter called the "City", and OUTPUT SERVICES, INC., hereinafter called the "Corporation", is as follows:

WHEREAS, the City desires to engage the Corporation to render the printing and mailing services described in this Agreement and the Corporation is qualified and willing to perform such services; and

WHEREAS, sufficient authority exists in charter and statute and sufficient funds have been budgeted for these purposes and are available and other necessary approvals have been obtained;

NOW, THEREFORE, in consideration of the mutual understandings and agreements set forth, the City and the Corporation agree as follows:

I. THE PROJECT; TERM

- A. The Project consists of electronically transferring billing data from the City's computer system weekly; printing the City utility bills in a format pre-defined by the City on laser printing equipment; standardizing the address to the U.S. Postal Service certified data base; adding the zip code to the list; adding 11-digit address block bar code to bills; and delivering the bills to the location specified by the City for mailing services.
- B. The term of this Agreement shall be for three (3) years, beginning April 15th, 2004 and ending March 15th, 2007. The City may, at its option, renew the Agreement for two (2) successive periods of one (1) year each.
 However, if funds for the purpose of this Agreement are not appropriated for any fiscal year subsequent to the one in which this Agreement is entered, the Agreement shall terminate at the end of the then current fiscal year without penalty or further obligation on the part of either Party. The City shall notify the Corporation as soon as reasonably possible in the event of non-appropriation.

II. CORPORATION'S SERVICES AND RESPONSIBILITIES

The Corporation will provide the Services as described in the Service Agreement attached hereto and incorporated herein.

The Corporation further agrees to:

- A. Notify the City via Email or a mutually agreed upon method, that the receipt of each file transmission to the Corporation is complete for processing.
- B. Fax to the City six (6) random bills per bill print process so the City can verify quality and accuracy. If the bill quality or accuracy is found to be inadequate, the Corporation shall terminate the print cycle and work with City staff to correct the deficiencies and reprint the cycle at no additional charge to the City. The random bills shall be faxed during the normal printing run without shutting down the printer for this purpose.
- C. Re-print individual bills as required replacing bills that may be damaged during the folding and stuffing process and delivering the re-printed bills to the location specified by the City for mailing services.

1. CORPORATION'S FEE

- A. As compensation for the services described in this Agreement, the Corporation shall be paid at the rates established in the attached Service Agreement.
- B. Optional services as listed on the attached Service Agreement will be requested by the City as needed, and will be paid at the rates indicated.
- C. The Corporation shall submit invoices to the City for services rendered during the preceding month, such invoices to be in such form and detail as shall reasonably be required by the City. The City agrees to pay the Corporation within thirty (30) days of receipt of properly documented invoices.
- D. Rates for services listed on the attached Service Agreement will remain in effect for the three-year term. After the initial 3-year term, rates may increase in the amount of not more than 5% per year. However, postage rate charges shall reflect the most current rates charged by the U.S. Post Office

IV. QUALITY CONTROL

- A. The Corporation understands and agrees that time is an essential requirement of this Agreement.
- B. After validating receipt of data from the City by 12 pm, the Corporation shall deliver completed bills to the Post Office by the close of the next business day. If compliance with this deadline cannot be met because of delay caused by fire, flood, unusually severe weather or other act of God, by court order, or other factors beyond the reasonable control of any party hereto, then the Corporation shall give notice to the City and such delay will be excused for a reasonable time.
- C. In the event of any claim by the City that the Corporation has not performed its obligation to provide timely and legible bills outside of events noted in section IV.B within 96 hours after receipt of a billing file, the Corporation agrees to rerun or reprocess any output, which does not meet the reasonable quality standards at Corporation's facility and at Corporation's expense, provided that such failure to perform is not due to an act or omission of the City. If any media furnished by City is damaged due to Corporation's equipment or process, Corporation will replace such media, but not the data on the media, at Corporation's expense. The Corporation will not be liable for the loss of any information on City media and will not be responsible for errors in data furnished by City.
- D. Repeated failure to meet timeless standards or print quality standards may result in termination as provided in Section V below.
- E. Except as provided in this Section IV and as provided in Service Agreement, no other warranties, expressed or implied, including, without limitation the warranties of merchantability or fitness for any particular purpose are made by Corporation with respect to any goods sold or services provided hereunder. In no event will any party be liable to the other party for special, indirect, incidental, exemplary, consequential, or punitive damages, or loss of profits, arising from the relationship of the parties or the conduct of business under this Agreement (even if the party has been advised of or has foreseen the possibility of such damages).
- F. In no event will either party be liable in contract, tort, or otherwise arising from the relationship of the parties or the conduct of business under this Agreement, based upon the average monthly amount of fees collected by Corporation from the City over the twelve (12) month period (or as many months as the Agreement has been in effect if less than twelve months) immediately preceding the last month in which the actions which gave rise to the claim occurred, except for internal costs incurred by Corporation in connection with the reprocessing of output under Section 3, for which Corporation shall be responsible.

V. TERMINATION

- A. This Agreement may be terminated by either party upon thirty (30) days prior written notice to the other party in the event of a substantial failure by the other party to fulfill its obligations under this Agreement through no fault of the terminating party.
- B. In the event of termination as provided in this Article, the City shall pay the Corporation in full for services performed from the date of notice of termination, plus any services the City deems necessary during the notice period.

VI. INSURANCE

During the course of the Services, the Corporation shall maintain statutory Workers' Compensation Insurance in accordance with the Worker's Compensation laws of the State of Colorado, Automobile Liability of \$150,000 per person/\$600,000 per occurrence. The City will be an additional insured under the Corporation's Automobile and Comprehensive General Liability coverages. The Corporation shall provide certificates of insurance to the City indicating compliance with this paragraph.

VII. EQUAL EMPLOYMENT OPPORTUNITY

In connection with the execution of the Agreement, the Corporation shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, or disability. Such actions shall include, but are not limited to the following: employment; upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

VIII. GENERAL PROVISIONS

- A. Independent Contractor. In the performance of the Services, the Corporation shall act as an independent contractor and not as agent of the City except to the extent the Corporation is specifically authorized to act as agent of the City.
- B. Books and Records. The Corporation's books and records, with respect to the services, shall be kept in accordance with recognized accounting principles and practices, consistently applied, and will be made available for the City's inspection at all reasonable times at the places where the same may be kept. The Corporation shall not be required to retain such books and records for more than three (3) years after completion of the services.
- C. Confidentiality. The Corporation will treat as confidential all City information in its possession and will take reasonable precautions to not reproduce, copy, duplicate, disclose or in any other way treat the information supplied by City in any manner except as specified by this Agreement.
- D. Indemnification. The Corporation shall indemnify and hold harmless the City and its agents and employees from and against all claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from the performance of the services, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting therefrom, and (2) is caused in whole or in part by any negligent act or omission of the Corporation, any subcontractor of the Corporation, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity, which would otherwise exist as to any party or person described in this paragraph. In any and all claims against the City or any of its agents or employees by any employee of the Corporation, any subcontractor of the Corporation, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under this paragraph D.1 shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Corporation or any subcontractor under workers' or workmen's compensation acts, disability benefit acts or other employee benefit acts.
- E. Indemnification -Intellectual Property Rights. To the extent allowed by the law, each party agrees to indemnify and hold harmless the other party in respect of any losses, expenses and damages, including reasonable attorneys' fees suffered as a direct result of any claims, actions or demands by a third party arising out of the infringement by the indemnifying party

of any patent, trade secret, copyright or similar intellectual property right of any third party under U.S. Law (unless any act or omission of the indemnitee contributed in whole or in part to such claim), provided that the indemnitee has given the indemnitor to control the defense or settlement of such claim.

- F. Notices. All notices and communications in writing required hereunder shall be delivered personally or shall be mailed by registered mail, postage prepaid, return receipt requested, to the parties at their addresses shown herein. Notices hereunder shall be effective upon personal service or three (3) days after mailing.
- G. Assignment. The Corporation shall not assign this Agreement in whole or in part, including the Corporation's right to receive compensation hereunder, without the prior written consent of the City. The City shall not unreasonably withhold its consent.
- H. Applicable Laws. This Agreement shall be interpreted in all respects in accordance with the laws of the State of Colorado.
- I. Entire Agreement. This Agreement shall constitute the entire agreement between the parties hereto and shall supersede all prior contracts, proposals, representations, negotiations, and letters of intent, whether written or oral, pertaining to the services.

OUTPUT SERVICES, INC.

By: *John Simpson*

Title: *General Manager*

Address:
6410 Odell Place
Boulder, CO 80301

CITY OF NORTHGLENN

By: *Kathleen M. Wood*

Title: *Mayor*

Address:
11701 Community Center Drive
Northglenn, CO 80233

Output Services, Inc.
Service Agreement

(Insert Agreement)
Output Services, Inc.
6410 Odell Place
Boulder, CO 80301

CONTRACTED RATES:

Laser Printing	\$	0.038 per image
Data Processing	\$	0.035 per image
CASS Certification	\$	0.006 per mail piece
Fold and Insert	\$.	0.032 per page
Inserting Additional Inserts	\$	0.01 per insert
Email Billing (via email or website)	\$	0.09 per utility bill
Conversion Programming	\$	100.00 (one time charge)
Programming (after initial conversion)	\$	100.00 per hour

MATERIALS:

Paper	\$	0.009 per page
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INSERTS (8.5x11):

Printing Black and White Simplex	\$.029 per insert
Printing Black and White Duplex	\$.05 per insert
Printing Color Simplex	\$.20 per insert
Printing Color Duplex	\$.30 per insert

INSERTS (1/3 of a page)

Printing Black and White Simplex	\$.0189 per insert
Printing Black and White Duplex	\$.021 per insert
Printing Color Simplex	\$.08 per insert
Printing Color Duplex	\$.11 per insert
Cutting Charge	\$.007 per insert