



Detroit Water and Sewerage Department

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Legislation Details (With Text)

File #: 20-0198 **Version:** 1 **Name:**

Type: Contract Amendment **Status:** Passed
In control: Financial Services

On agenda: 8/19/2020 **Final action:** 8/19/2020

Title: The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve Amendment No. 2 to DWSD Contract No. 2909708 with Doxim Utilitec LLC to add \$2,000,000 in funding, for a total amended amount not-to-exceed \$7,554,146 and to extend the term for one year, through 9/30/21. This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Indexes: Board of Water Commissioners, Finance Committee

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
8/19/2020	1	Board of Water Commissioners	approved	Pass
8/5/2020	1	Finance Committee	recommended for approval	Pass

..Title

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve **Amendment No. 2 to DWSD Contract No. 2909708 with Doxim Utilitec LLC to add \$2,000,000 in funding, for a total amended amount not-to-exceed \$7,554,146 and to extend the term for one year, through 9/30/21.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of August 19, 2020

Item No. 20-0198

Contract No.: 2909708

Proposed Amendment No. 2

Contractor: Doxim Utilitec LLC, 1911 Woodslee Dr, Troy, MI 48083

Current Contract Amount: 5,554,146

Proposed Amendment No. 2 Amount: \$2,000,000

Proposed Amended Contract Not to Exceed: \$7,554,146

Current Contract Term: Three years, with two 1-year renewal options (10/1/15 - 9/30/20)

Proposed Extension: 10/1/20 - 9/30/21 (1 year)

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Detroit Water and Sewerage Department

RE: Proposed Amendment No. 2 to DWSD Contract No. 2909708
Bill Printing & Mailing Services
Doxim Utilitec, LLC

MOTION

Upon recommendation of Mamata Burgi, Procurement Manager, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department, authorizes the Director to approve **Amendment No. 2 to DWSD Contract No. 2909708 with Doxim Utilitec LLC to add \$2,000,000 in funding, for a total amended amount not-to-exceed \$7,554,146 and to extend the term for one year, through 9/30/21.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND / JUSTIFICATION

After conducting a collaborative, detailed analysis of various job functionalities within the Detroit Water and Sewerage Department; EMA, Inc. (consultant), Ernest & Young U.S LLP (legal consultant) and DWSD's Optimization Team concluded that the Bill Printing and Mailing services performed by current DWSD staff were deemed a nonessential function and should be outsourced as a cost-savings initiative.

The decision to award and outsource this function was predicated upon the contractor's ability to reduce DWSD's costs associated with this task (personnel & fringe benefits) by 10%. Utilitec's cost savings in supplies and labor is approximately 27.13%.

By outsourcing the Bill Printing and Mail services, DWSD eliminated challenges related to the constant upgrades and updates of the data processing, bill printing, mailing equipment and software, and at the same time improved billing efficiencies and reduced costs. The services also provide DWSD with an entire view of the whole document production process, from receipt of the billing file to the delivery of finished mail pieces, with real time tracking and reporting statistics used to improve DWSD's billing process.

Once these services are performed by a company focused exclusively on the unique bill printing and mailing requirements of utility billing, it creates the platform to reduce costs by increasing paperless adoption rates, reduce envelope count and postage by combining bills or suppressing bills that would have been sent to vacant properties.

Furthermore, with these services, DWSD eliminated challenges presented by the warehousing and inventory control management and the risk of the paper stock volumes becoming too low or running out of supply. DWSD has also been able to use the Contractor's technology and expertise to produce and manage new bill designs that are easy to read and interpret by DWSD customers. In addition, the high turnover of the mailroom staff along with the time spent in training new personnel was also eliminated, thereby reducing costs.

The initial contract for bill printing and mailing services solicited through an RFP and was approved by the

BOWC in July 2015 for a term of up to 5 years (expiring September 2020).

The DWSD Finance Department is requesting Amendment No. 2 to extend the term for one additional year (through 9/30/2020), to add \$2,000,000 in funding to cover the extended period, for a new total contract not-to-exceed amount of \$7,554,146 and to change the legal name to Doxim Utilitec LLC. The Contractor has agreed to extend the term for 1 year at the same pricing, terms and conditions of the original contract.

The extension is being requested due to the COVID-19 pandemic, which required a major shift in priorities organization-wide during the months of March 2020 - June 2020. DWSD Procurement staff were inundated with sourcing emergency contracts for COVID-19 related supplies and services (PPE, cleaning/sanitation, water restoration program, etc.), which shifted resources and personnel away from scheduled contract solicitations. Therefore, the proposed extension for time and money will allow time to resolicit for a new contract to replace this contract upon expiration.

PROCUREMENT METHOD

Contract No. 2909708 for Bill Printing & Mailing Services was competitively solicited as a Request for Proposals (RFP) in 2015. Seven Proposals were received and the contract was awarded to the highest-ranking proposer, Doxim Utilitec LLC. The BOWC approved the contract on July 22, 2015 in the amount of \$5,554,146 and for a term of three years, with two 1-year renewal options. The contract's savings is estimated at \$183,992.551 annually, which is a 27.13% reduction in supplies and labor costs (excluding postage). Postage and additional cost saving opportunities ranging from \$36,000 to \$576,000 are attainable pending implementation and re-design approvals.

Amendment No. 1 was approved by the DWSD Director on 12/9/15, which included correcting Contractor name to its legal name at the time, Ancor Management Information Management LLC, dba Utilitec; corrected the insurance dollar threshold due to a typo; revising the dates listed in Exhibit A - Scope of Services and adding the Installation & Startup Phase language to Exhibit B - Fee Schedule. No changes were made to the dollar amount or scope of services.

Doxim Utilitec is located in Troy, MI and therefore is not a certified DBB or DRB. Doxim Utilitec has approved clearances and has signed the formal amended contract document.

SUMMARY

A.	Contract No.:	2909708
B.	Initial Contract Term:	Three years, with two 1-year renewals (10/1/15 - 9/30/20)
C.	Proposed Amendment No. 2 Extension:	10/1/20 - 9/30/21 (1 year)
D.	Initial Contract Amount:	\$5,554,146
E.	Proposed Amendment No. 2 Amount:	\$2,000,000
F.	Proposed New Total Contract Amount:	\$7,554,146

G. Funding Source: O&M Funds

H. GL String(s):

5720-20169-484161-617900-000207-10790-0000-000000 - 30%

5820-20180-494161-617900-000228-15805-0000-000000 - 70%

This proposed amendment was presented to the DWSD Finance Committee on August 5, 2020. Per the DWSD Procurement Policy, Post FRC Mayoral Review will also be obtained.