



Detroit Water and Sewerage Department

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Legislation Details (With Text)

File #: 21-0580 **Version:** 1 **Name:**
Type: Contract Amendment **Status:** Agenda Ready
In control: Financial Services
On agenda: 9/15/2021 **Final action:** 9/15/2021
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 Utilitec to add \$370,000 in funding, for a total amended amount not-to-exceed \$7,924,146 and to extend the term for six months, through 3/31/22. 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
9/15/2021	1	Board of Water Commissioners	approved	Pass
9/1/2021	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 Utilitec to add \$370,000 in funding, for a total amended amount not-to-exceed \$7,924,146 and to extend the term for six months, through 3/31/22.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of September 15, 2021

Item No. 21-0580

Contract No: 2909708

Proposed Amendment No. 2

Contractor: Utilitec, a Doxim Company

Address: 1911 Woodslee Dr, Troy, MI 48083

Initial Contract Amount: 7,554,146

Proposed Amendment No. 2 Amount: \$370,000.00

Proposed Amended Contract Not to Exceed: \$7,924,146

Current Contract Term: Three years, with two 1-year renewal options (10/1/15 - 9/30/21)

Proposed Extension: 10/01/21 - 03/31/22 (6 months)

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
Utilitec, a Doxim company

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 Utilitec to add \$370,000 in funding, for a total amended amount not-to-exceed \$7,924,146 and to extend the term for six months, through 3/31/22.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND / JUSTIFICATION

Utilitec, a Doxim Company, provides Bill Print and Mailing Services for DWSD's Billing System. Each month, DWSD Finance Department-Billing Section bills approximately 375,000 residential and commercial accounts for various water and sewer services.

Utilitec, has served in this role since 2015.

During the 2014-2015 period, 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.

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.

Since these services are performed by Utilitec, focused exclusively on the unique bill printing and mailing requirements of utility billing, it created 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.

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 DWSD's costs associated with this task (personnel & fringe benefits) was reduced by 10% while the cost savings in supplies and labor is approximately 27.13%.

DWSD has also been able to use the Contractor's technology and expertise to produce and manage a new bill design that is easy to read and interpret by DWSD customers. At the most recent regional conference organized last year in Mobile, Alabama by the DWSD's Billing System provider, System and Software, the new designed bill statement stands out and all our peers from all the other utilities present at the conference were amazed of how easy to read and how clearly the relevant information is presented on the bill statement

The initial contract for bill printing and mailing services solicited as an RFP was approved by the BOWC in July 2015 for a term of up to 5 years (expired September 2020) followed by a 1year extension, through September 2021 approved by the BOWC in August 2020.

The DWSD Finance Department is requesting Amendment No. 2 to extend the term for six additional months (through 03/31/2022) and to add \$370,000 in funding to cover the extended period, for a new total contract not -to-exceed amount of \$7,924,146. The Contractor has agreed, in writing, to extend the term for 6 months at the same pricing, terms and conditions of the original contract.

In February 2021, the Purchasing Office competitively solicited the new services as a Request for Proposal (RFP). Due to the severe flooding events of June 2021 and the continuous response to the COVID-19 pandemic, which required a major shift in priorities organization-wide, DWSD Procurement staff were inundated with sourcing emergency contracts which shifted resources and personnel away from contract solicitations and bid evaluation. Therefore, the proposed extension for time and money will allow time to review and evaluate the 7 proposals received for the 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, Utilitec, a Doxim company. 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 DWSD Billing Department submitted requisition 490788, that was approved on 8/12/21.

Utilitec clearances expired on 7/10/21. An email was sent to the company to request their renewal and they acknowledged. They applied immediately and are currently pending clearance approval.

DWSD Procurement is recommending a conditional approval due to the following open issues.

- A vendor signed contract is pending. DWSD Procurement anticipates this will be signed by the Contractor in time for the BOWC meeting on 9/15/21.
- Vendor's clearances are pending approval.

With the BOWC's conditional approval, DWSD Procurement will issue the relevant Purchase Orders after these items have been favorably addressed. Per DWSD procurement protocol, no other approvals are required.

SUMMARY

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| 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. 1 Extension: | 10/1/20 - 9/30/21 (1 year) |
| D. | Initial Contract Amount: | \$5,554,146 |
| E. | Amendment No. 1 Amount: | \$2,000,000 |
| E. | Proposed Amendment No. 2 Amount: | \$370,000 |
| F. | Proposed New Total Contract Amount: | \$7,924,146 |
| 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 September 1, 2021. Per the DWSD Procurement Policy, Post FRC Mayoral Review will also be obtained.