

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION**

**Date: August 15, 2013**

**SUBJECT:** Outsourcing the Processing and Mailing of Utility Bills

**SUBMITTING DEPARTMENT:** Management Services

**PREPARED BY:** Tim Henry, Customer Accounts Division Manager, for William Kauppi,  
Management Services Director

**AGENDA LOCATION:** Comments/Communications , Consent , Work/Study ,  
New Business , Public Hearing , Second Reading

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**ATTACHMENTS:** a) Cost Analysis; and b) Proposed Agreement from CDS Global

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**SUMMARY/BACKGROUND:** As part of the Town Manager's directive to explore ways to streamline Town processes and come up with creative ideas to better manage our operations, staff investigated ways to improve the efficiencies within the Customer Accounts Division and improve customer service. Town staff began the process several years ago by researching the possibility of outsourcing the utility billing collection lockbox process. Council eventually approved a Utility Bill Lockbox Outsourcing Agreement with CDS Global on August 12, 2010 to provide this outsourcing service and the Agreement was renewed with them on May 24, 2012 as a result of our satisfaction with their service. Staff now sees an opportunity to again streamline processes and improve efficiencies within this same division for the purpose of outsourcing the processing and mailing of the Town's utility bills.

Division staff currently process approximately 20,000 utility bills per month, which includes regular, delinquent and final bills. Most of these mailings also include the Town newsletter and various inserts with Town announcements. This work includes:

- Printing, folding and inserting the bills, inserts and return envelopes
- Sorting, packing and delivering the completed mailings
- Inventory management, ordering, rotating and tracking multiple items
- Reviewing and updating postal requirements and practices
- Equipment maintenance on folder, printer and delivery van

The personnel, supplies and equipment, and licenses necessary to complete this work in-house include:

- .50 full-time employee-Mailroom staff
- Printer and related licenses and maintenance
- Folder/inserter and related maintenance
- Mailing bar code software
- Paper stock and envelopes
- Miscellaneous supplies, vehicle and support

The cost of materials and services to complete this same work under the proposed contract would be about \$10,000 less per year than our current in-house costs. There is a potential for additional savings through postage programs, bulk purchasing and packaging of services. Additional benefits:

- Improved workflow by addressing these issues:
  - Large amount of work in compressed time; small margin for error; deadline driven
  - Unable to multi-task and requires cross trained back-up staff
  - Impacts other work flow if absent-pulls Customer Accounts Representative to cover

Improved redundancy by addressing these issues:  
Staff impact to cover if needed  
Lack of back-up printer or folder/inserters  
Frequent operating problems with folders/inserters

Improved stability by addressing these issues:  
Pricing may change but will be known  
Equipment leases and maintenance; purchasing and repair cycles  
Staff turnover and consistent service level

With new technology and moving ahead into a future with anticipation of more customers in an improved economy, staff feels that by entering into this agreement, the Town will be better positioned to adjust to the rise in customer activities created by these additional customers. It should provide the Town with the capability to handle our added customer base without the necessity to increase staff.

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**OPTIONS ANALYSIS:** None. For discussion only.

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**ACTION OPTION:** None. For discussion only.

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**RECOMMENDATION:** None. For discussion only.

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**FISCAL ANALYSIS:** Depending upon mail volume processed, the estimated yearly costs to the Town would range from \$58,224 to \$67,286. Funds for an outsourcing agreement for processing utility bills would need to come out of the Wastewater account (#501.7010.642.3275) and the Water account (#511.7020.641.3275).

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_