



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2007-0256

TO: Mayor and City Council Members
FROM: Jane Leslie, Clerk 248-841-2461
DATE: 4/10/07
SUBJECT: Pitney Bowes Blanket PO - Amendment

REQUEST:

To amend the Blanket Purchase Order for the lease of the Pitney Bowes DM800 postage equipment to meet new postal regulations scheduled to take effect on May 14, 2007.

REASON FOR PURCHASE:

The City entered into a lease agreement for the postage equipment in June of 2006; this lease expires in June of 2009. At this time we need to “retro-fit” our equipment to process mail pursuant to the new postage regulations and rate changes that will take effect on May 14, 2007. The equipment will allow us to not only weigh the piece of mail but will also measure it to get the most cost effective postage as well as assure that City mail meets the new “shape based” rates.

The total amount of the original lease agreement is \$22,696.00. The new equipment to be added on is on a “lease to own” program as is the current postage equipment; at the end of the lease the City will own the equipment. The cost of this additional lease payment is \$150 per month for 27 months or a total of \$4,050.00. This makes our lease agreement in excess of the \$25,000 purchasing limit. The total cost of the lease will now be \$26,746.00 and requires City Council approval.

PROCESS:

Vendor Name and Address:

Pitney Bowes, Inc.
PO Box 856179
Louisville, KY 40285-6179

Reason for Selection:

Sole source

Method of Purchase:

Lease Agreement – Lease to Own

BUDGET:

This year's budget allocation is \$8,000 for the lease of postage equipment. With the addition of \$150.00 per month, we will exceed our budget by \$1,187.20. A budget adjustment will be made for 2007, and budgets for 2008 and 2009 will reflect the amount required for the additional fee.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
General	215.940000	Rental-Equipment	\$8,000.00	\$9,187.20	For 2007 (\$1,187.20)

RECOMMENDATION:

That City Council approves the amendment to the Blanket Purchase Order for the lease of postage equipment from Pitney Bowes, Inc. in the not-to-exceed amount of \$26,746.00 through June 30, 2009.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		