



City Council Staff Report

From: City Manager

Report Type: **CONSENT CALENDAR**

Lead Department: **Administrative Services**

Meeting Date: **November 13, 2023**

Report #:2310-2165

TITLE

Finance Committee Recommendation to Maintain Current Service Delivery Model for Print and Mail Services; CEQA Status – Not a Project

RECOMMENDATION

Finance Committee recommends that the City Council approve maintaining the current print and mail services delivery, an in-house model, and review status of cost and performance within 18 months.

BACKGROUND/ANALYSIS

The Finance Committee received the report closing out the committee referral from 2019 to review alternative service delivery options along with possible cost savings and required services levels for the printing function. After the review of request for proposal (RFP) results it became clear that keeping the print and mail function in-house was the best option for the City considering a number of factors as described in the staff report¹ (Finance Committee Minutes²).

Printing services are provided by City staff to satisfy the myriad printing needs of City departments with fast turnaround. This review was designed to consider outside providers to satisfy these needs at a cost savings. After conducting a request for proposal (RFP) process, which included two rounds of collecting cost information, staff recommends maintaining printing services in-house as the best way to meet organization needs while keeping costs within the range demonstrated in the market at this time. Recognizing that market conditions and business need vary over time, staff will periodically revisit this conclusion.

¹ CMR:2307-1793 Printing Services Review -

<https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=13096&compileOutputType=1>

² Minutes:

<https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=13095&compileOutputType=1>

Taking into account the City's emphasis on responsive customer service, fast turn-around and delivery, maintaining career growth opportunities, and minimizing organizational change related to printing services staff recommended and the committee approved keeping print services in-house. The recommendation reflects the balancing of these interests along with financial impacts to strive towards the goal of achieving a solution that positively affects most of these factors. These impacts are noted towards the end of the report.

To develop the print shop to more comprehensively serve departments now that it is being kept in-house staff expects to complete recruitment of a vacant position and cancel the RFP process previously conducted.

The motion unanimously passed as follows:

MOTION: Council Member Lythcott-Haims moved, seconded by Vice Mayor Stone to recommend the City Council to direct staff to:

- Close the RFP process and keep in-house Print Shop services supplemented with contracts, which continues core printing services to departments, maximum flexibility, customer service and quick turnaround
- Add outside contracts for added capacity during high demand and special printing needs and managed by the Print Shop for "one-stop shop"
- Bolster Print Shop with additional printing and design skills/abilities to increase value to departments
- Recruit for printing experience
- RFP process would be cancelled with no award
- Report out status within 18 months

MOTION PASSED: 3-0

FISCAL/RESOURCE IMPACT

The Printing and Mailing Fund has a FY 2024 Adopted Budget of approximately \$1.5 million made up of \$263,000 in salary and benefits costs for 2.10 FTE and \$1.2 million in non-salary costs. The expenses include postage costs of \$300,000 and other expenses of \$265,000. Since these costs are not related to the printing function, they can be removed from the total to determine the approximate cost of the printing service even though the two are joined. When this is done the resulting amount for the print shop is around \$1.1 million when also considering the allocation to departments.

It's important to consider the mailing function and related costs since those are costs that will remain no matter what's done with printing, and they share staff. Should the City stop providing print services in-house, at minimum, one staffing resource would be necessary to retain to continue mailing functions.

STAKEHOLDER ENGAGEMENT

This project involved the input from City departments that use the print shop. Printing vendors were contacted to provide proposals and other cities provided information on their own printing services.

ENVIRONMENTAL REVIEW

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

APPROVED BY:

Kiely Nose, Assistant City Manager