

# Finance Department

To: Cara Pavlicek, Village Manager

Cc: Lisa Shelly, Deputy Village Manager

From: Steve Drazner, CFO/Treasurer

RE: Postage and Inserter/Folder Equipment

Date: November 22, 2016

The Village currently owns one Pitney mail inserter/folder machine and one Pitney Bowes postage machine. Both pieces of equipment are approximately seven years old and at the end of their useful lives. Certain parts, particularly for the postage machine, are no longer manufactured or serviceable. Neither piece of equipment is under lease or service contract and are free and clear of liens or liability.

Due to the necessity and non-discretionary nature of this equipment, it is recommended that the Village execute new leases for the inserter/folder and postage machines. Although this is not considered a sole source purchase, there are two vendors that have a national presence and are well known for their quality products and high service levels for this type of equipment:

- 1) Pitney Bowes
- 2) Neopost

Staff obtained quotes from both vendors and detailed information along with the product specifications and model numbers are hereby attached and summarized below:

	Monthly Cost	5 Yr Cost		Monthly Cost	5 Yr Cost
	Pitney 5 Year <u>Lease</u>	Pitney Lease		Neopost 5 Year <u>Lease</u>	Neopost Lease
Folder/Inserter Machine	367.58	22,054.80		380.01	22,800.60
Postage Machine	598.59	35,915.40		428.54	25,712.40
Combined Total	966.17	57,970.20		808.55	48,513.00
Combined Discount Offered	-	-		(53.04)	(3,182.40)
Adjusted Combined Total After Discount	<u>966.17</u>	<u>57,970.20</u>		<u>755.51</u>	<u>45,330.60</u>

Of these two vendors, only Neopost offers a discount for leasing multiple pieces of equipment and over a five year lease, the selection of Neopost over Pitney Bowes would save the Village approximately \$12,600. Both leases would include service repair calls while the supply costs (toner/ink) for both vendors are similar.

Regarding equipment functionality, both the Pitney Bowes and Neopost equipment are more than adequate to meet the needs of the Village. It is important to note that the Neopost inserter/folder machine is more compact in size compared to the Pitney machine and this should be an important consideration due to the limited space available in the Village Hall Central Services room.

Village staff conducted reference checks with the following Neopost customers:

- City of Lyons
- Grace Lutheran Elementary School
- OPRF High School
- Oak Park School District 97

All of the above references were satisfied with their Neopost equipment and provided positive comments.

Based on the cost savings, the good reviews, and an onsite staff visit to one of the Neopost customers to view the equipment firsthand, it is the recommendation that the Village Board authorize staff to enter into a five year lease agreement with Neopost for both the postage and inserter/folder machines at a total combined five year lease cost of \$45,330. At the end of the lease term, it is the expectation that the equipment would be returned to vendor at no cost to the Village.