

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 5/10/2016	(3) CONTACT/PHONE Gordon Eiland, (805) 781-5848 Jim Erb, (805) 788-2964	
(4) SUBJECT Request to approve a five year contract with InfoSend, Inc., in an amount not to exceed \$40,000 per year to provide property tax bill printing and mailing services. All Districts.			
(5) RECOMMENDED ACTION It is recommended that your Honorable Board approve a five-year contract with InfoSend, Inc., in an amount not to exceed \$40,000 per year to provide property tax bill printing and mailing services.			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT Up to \$40,000 per Year	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Honorable Board of Supervisors

FROM: James P. Erb, CPA  
County Auditor - Controller - Treasurer - Tax Collector (ACTTC)

DATE: May 10, 2016

SUBJECT: Request to approve a five year contract with InfoSend, Inc., in an amount not to exceed \$40,000 per year to provide property tax bill printing and mailing services. All Districts.

## **RECOMMENDATION**

It is recommended that your Honorable Board approve a five-year contract with InfoSend, Inc., in an amount not to exceed \$40,000 per year to provide property tax bill printing and mailing services.

## **DISCUSSION**

### **Summary**

The recommended contract with InfoSend, Inc., will provide for the printing and mailing of approximately 128,000 annual secured property tax bills, 10,000 annual unsecured property tax bills, and 15,000 supplemental and revised property tax bills. The new process of generating property tax bills is the result of a survey of all 58 California counties to discover best practices in property tax billing. These best practices have been implemented by the ACTTC to create a more efficient tax billing process that provides for improved service and a reduction in net county costs of approximately one third. A Request for Proposal was issued earlier this year, and InfoSend, Inc. was the winning bidder.

### **Background**

The annual cycle of property tax collections begins with the County Assessor, who determines the value of property within the County. Next, the Auditor Division applies the tax rates to those values to determine amounts due. Finally, the Tax Collector Division creates and mails property tax bills and is responsible for collecting these taxes from assessed property owners.

For over twenty years, the process of printing and mailing property tax bills had gone largely unchanged. In 2014, the ACTTC began surveying all 58 California counties to determine the best practices in property tax billing. As a result of this survey, the ACTTC implemented several changes:

- Redesigning all of the property tax bills to more clearly present the billing information to the taxpayers.
- Emphasizing the statutory due dates of November 1 and February 1, rather than the delinquency dates of December 10 and April 10, in an attempt to reduce the number of delinquent property tax payments.
- Integrating change of address notifications on the bill stubs to streamline processing by the ACTTC and the Assessor.
- Printing by means of modern, precise inkjet printing rather than the previous mainframe-based printing. The mainframe-based printing process required that pre-printed tax bill stock be ordered months ahead of schedule, before the number of tax bills to be printed was known. Excess stock was ordered to cover

this contingency, as well as for any possible printing errors. This resulted in a certain amount of waste, as well as the need for storage of pallets of preprinted stock. Now, bills are only printed as needed and no bill stock is wasted.

Beginning with small batches of Supplemental tax bills during Spring 2015, the ACTTC implemented these new tax bill processes by working with a contractor who specializes in commercial high volume printing and mailing of both other counties' tax bills as well as many private sector billing statements. The new method proved to be smoother, faster, and less expensive than mainframe printing, and the new design proved effective at solving the shortfalls of the prior design. Accordingly, the annual Unsecured and Secured property tax bills were also redesigned and printed by the same method.

Once the process was validated over an entire annual cycle of tax bills, the ACTTC published a Request for Proposal (RFP) in order to locate all potential vendors and evaluate their capabilities, as well as identify any lower cost providers. Working with the Purchasing Division of Central Services, it was determined that InfoSend, Inc. should be awarded the contract. In a variety of tests as part of the selection process, InfoSend was able to produce higher quality bills at lower cost than our original provider. References from four other counties currently using InfoSend were universally positive.

#### **FINANCIAL IMPACT**

The proposed contract with InfoSend, Inc. is for a term of five (5) years. Pricing is specified in the contract and is based upon number of bills printed and mailed, along with miscellaneous set-up and programming charges, as specified. Billing occurs as property tax bills are generated and mailed so an absolute contract cost cannot be provided. However, based on InfoSend's proposed billing rates, a typical tax bill printing workload would result in charges of approximately \$20,000 per year. The higher amounts specified ("...not to exceed \$40,000...") is to allow for additional ACTTC printing and mailing jobs, should it be determined that it would be more cost efficient to work through the vendor, rather than producing them in house. For example, the monthly mailings of County Business License renewals and Transient Occupancy Tax reporting could be processed by the vendor.

The County and the proposed vendor shall have the right to terminate the contract with 90 days' notice. Additionally, the vendor has the right to request reasonable increases in service rates based on a showing of increased costs.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

Purchasing advised the ACTTC throughout the RFP process and observed the RFP evaluation and selection process to ensure that it complied with County policies.

County Counsel has reviewed the contract and has approved the terms.

Risk Management reviewed the proposed vendor's insurance coverage documents to ensure compliance with County policies.

#### **RESULTS**

Approving the recommended contract with InfoSend, Inc. will result in the implementation of a proven property tax billing process. The ACTTC will issue property tax bills that have been designed according to best practices and have been printed in an efficient and modern way resulting in higher quality and lower cost, when compared with the previous mainframe-based tax bill printing process. These results are in alignment with the Communitywide Results Vision in furtherance of a prosperous and well-governed community.

**ATTACHMENTS**

1. InfoSend, Inc. Contract for Special Services
2. Attachment B to InfoSend, Inc. Contract