



DATE: May 18, 2011

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office/Information Technologies

SUBJECT: **PROFESSIONAL SERVICES AGREEMENT TO OUTSOURCE THE REDESIGN, PROCESSING AND PRINTING OF THE CITY'S UTILITY BILLS**

SYNOPSIS

Staff recommends that the City Council approve a three-year professional services agreement with Infosend, Inc., of Anaheim, California, in the total contract amount not to exceed \$846,528 based on unit volume, which includes \$634,557 for postage and delivery and \$211,971 to redesign, implement, print and mail utility bills and notices; and authorize the City Manager to execute the agreement.

BACKGROUND

The City acquired the utility billing application HTE, over 12 years ago. The HTE system manages 43,000 accounts and includes a bill-print function that processes over 590,000 bills and notices on an annual basis. Currently, staff prints and processes all of the bills for delivery via U.S. mail. Bill-print technology and consumer expectations have changed significantly over the past 12 years. The system and specifically the bill-print application and process that are currently used to print, and manage billing are no longer efficient nor does it meet new standards and regulations. Therefore, it takes more time, effort and capital investment for City staff members to manage the existing process.

Printing and modifying the utility bill layout coupled with new postal standards are driving up equipment and operating costs, and is consuming staff time which would be better directed to other core functions. Additionally, customers are requesting expanded options to receive their bills electronically. Providing electronic bill functionality would take additional time, specialized software tools and equipment, which HTE is unable to provide without significant system upgrades and cost outlay.

Due to ongoing City budget reductions and staff reductions, staff determined it is no longer cost- or time-efficient to maintain a high volume bill-print operation internally. Outsourcing just the bill-print function is more efficient and effective over the long term. The cost of obtaining new application software, system management tools and equipment is very costly, as well as the time and cost necessary to train staff on the new system and train supervisors and managers on the system management tools.

Developing, testing and launching a new modernized bill-print function is also cost-prohibitive and time-consuming. Additionally, staff members who currently manage the bill-print function are either transitioning to other job responsibilities in order to meet new Citywide demands, or have been affected by workforce reductions.

Extensive research was performed to locate city government agencies with the same billing software application, with a billing format and content that would properly represent the City of Oceanside's current and future needs. Several agencies were contacted to obtain information about the design, development, printing nuances, postage and management of their billing operations including methods used to electronically send required information to outside processors.

Based on the project research data collected, staff discovered the majority of local agencies that were using the HTE system have outsourced their bill-print function and now use Infosend as their vendor of choice. Additionally, Infosend was the only local vendor identified with HTE bill-print experience. Using a local vendor was deemed critical to ensure system challenges and account nuances could be efficiently resolved based on the local time zone, to ensure timely billing even in the event of a technical failure. Based on City Administrative Directive Procurement of Goods and Services (AD-21), Section IX, Procurement Clauses; Subsection F. Cooperative Purchasing Agreements, allows for the City of Oceanside to piggy-back onto an existing government contract for service. Staff chose to piggy-back off the City of Anaheim's contract which was approved in 2009. This option to piggy-back allows the City of Oceanside to take advantage of preset pricing established in 2009, as well as all of the pre-established technology established by InfoSend and the City of Anaheim.

Five agencies, each with volumes either higher or lower than the City of Oceanside were used as comparisons.

<u>Agencies formerly with HTE now using InfoSend</u>	<u>Monthly Volume</u>
1. Coachella Valley Water District	100,000
2. City of Anaheim, CA	100,000
3. City of Elk Grove, CA	47,000
4. City of Indio, CA	24,000
5. City of Sunnyvale, CA	20,000

Annual - Total Project Cost (Not to Exceed based on Unit Volume)

Bill design, implementation, scanning, processing and printing	\$ 70,657
Postage	\$211,519
Annual Total Project Cost	\$282,176
Three Year Project Cost (\$283,176 x 3)	\$846,528

ANALYSIS

The goal of utilizing Infosend's application and services as the City's new bill-print system is to provide citizens and other customers with an easy-to-read, cost-effective billing solution. Additionally, the City will be able to realize bulk postage rates and benefit by receiving a scanned image of each bill. The scanned bill image will be available to billing staff for redistribution to a customer upon request. This feature will provide an additional benefit and will increase the level of customer service.

Some of the key aspects of the new InfoSend bill-print processing system are:

1. **Consistent and Professional Bill** – the design of a new bill and data format will provide a uniform and easy-to-read bill for customers. The new bill template will be flexible to work for residential as well as commercial utility customers. The delinquent and door hanger notices will benefit from a similar user-friendly format.
2. **Standardized Processes** – Standardized automated processes provide the capability to easily manage a large volume of bills including the delivery process and provide Oceanside staff with necessary billing data.
3. **Data Validation and Document Review** – City staff will be able to preview the bills through Infosend's web portal to ensure the accuracy of the bills and confirm the billing information is formatted correctly. This function also saves a significant amount of resources in paper cost, electricity and time. Bills will no longer need to be printed, then corrected and reprinted. The staff time savings is very significant.
4. **Data Security** – Infosend is PCI compliant, meaning their data security standards and procedures meet the Payment Card Industry's twelve (12) standards for data security and compliance. Data files will be transferred to Infosend in a secure format, and Infosend will maintain the data in a secure environment.
5. **Archiving and System Redundancy**– Infosend has a fully redundant processing facility in Chicago, Illinois, and additional mirrored production facilities in other areas. All data will be archived for an agreed-to period of time.
6. **Bill Printing and Quality Control** – Infosend will be responsible to maintain an adequate amount of bill-print stock to ensure all bills are generated and mailed on the required mail date. Infosend is also responsible to maintain the same level of quality control currently realized or higher. Again, City staff will be able to view the printed bills from Infosend's web portal to ensure appropriate quality control standards are maintained.

The Infosend billing solution is a complete, proven, flexible technology practice that includes quality controlled print, mail and delivery services, with tools that enable City staff to provide required reporting.

It is anticipated that the project will start within thirty days from the date the contract is signed. An internal staff committee will be assembled for the implementation and design of the new utility billing system. From the kickoff date, it is estimated that the scope of work, project timeline and the initial design process will take approximately 90 days. From the approval of the design to the implementation date, a timeline including project

milestones and critical paths will be implemented and closely monitored by the City's project team and the InfoSend project manager.

The InfoSend proposal is attached as Exhibit A.

FISCAL IMPACT

Total three-year cost of the project will not exceed \$846,528 based on unit volume. The Finance Department is funding the contract in the upcoming FY 2011-2012 budget. The Business Services business unit is budgeting \$271,700 in 212010101.5305 (professional services account). This reflects an on-going savings to the budget of approximately \$50,000 annually due to the reduction of personnel and business equipment.

COMMISSION OR COMMITTEE REPORT

Does not apply.

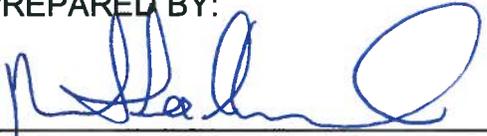
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

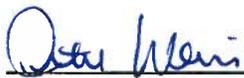
Staff recommends that the City Council approve a three-year professional services agreement with Infosend, Inc., of Anaheim, California, in the total contract amount not to exceed \$846,528 based on unit volume, which includes \$634,557 for postage and delivery and \$211,971 to redesign, implement, print and mail utility bills and notices; and authorize the City Manager to execute the agreement.

PREPARED BY:



Michael Lee Sherwood
Chief Information Officer

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle-Skaggs Lawrence, Deputy City Manager

Teri Ferro, Financial Services Director





CITY OF OCEANSIDE

PROFESSIONAL SERVICES AGREEMENT

PROJECT: Infosend Print and Distribution Services

THIS three year AGREEMENT, dated from May 18, 2011 to May 18, 2014 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and Infosend Inc., a California Corporation, hereinafter designated as "Infosend."

This agreement utilizes the CITY of Oceanside's Administrative Directive relating to the Procurement of Goods and Services, Section IX. Procurement Clauses; Subsection F. Cooperative Purchasing Agreements – referenced as; voluntary cooperative purchasing agreement. CITY will "piggy-back" on the CITY of Anaheim's agreement with Infosend to procure supplies and services based on the Anaheim agreement dated October 13, 2009, which includes the pricing schedule for the CITY of Anaheim's cost of services, referenced in Exhibit B attached hereto. The CITY of Anaheim's agreement with Infosend was approved based on Infosend's contract award through the RFP process.

The CITY specifically reserves the right to reduce the Scope of Work and to delete a portion or portions of the services or terminate the Agreement in its sole discretion as determined necessary, by providing a thirty day written notice to Infosend. The CITY will compensate Infosend by the Agreement termination date for all actual outstanding postage expenses, and unpaid billed monthly services due to Infosend.

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **SCOPE OF WORK.** The CITY of Oceanside is purchasing printing, mailing and related billing design services for the CITY. Infosend represents that it is qualified to provide the services in a secure environment more specifically outlined in the project detail Scope of Work in Exhibit A.
 - 1.1 Infosend shall provide monthly print and distribution services, high-speed laser printing services, courier services and related services to produce approximately 43,000 – 44,708 bill printing and mailing services as well as approximately 5,500 – 5,795 delinquent notices, approximately 1,800 – 2,277 warning door-hanger tags and approximately 400 – 506 lock-off notices, and approximately 185,000 annual water quality reports.
 - 1.2 Infosend will design a new invoice format and include artwork approved and provided by the CITY. Infosend will provide a color design proof of the new invoice format with artwork for sign-off approval provided by the Chief Information Officer

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and the Director of Finance. Printing of the new invoices will begin after all required approvals from the CITY are received.

- 1.3 On an annual basis the utility bill artwork will be replaced with a new image provided by the CITY, if requested by the CITY. Infosend will replace the existing invoice image with the new image. The cost of this service is included in the total contract cost if the CITY provides at least three months advanced notice of stock changes to enable existing on-hand stock to be depleted. The CITY is responsible for the cost of stock on-hand if a change is made that must be implemented in less than three (3) months.
- 1.4 Infosend is not charging the CITY any additional project, invoice design/creation or data file set-up charges. All project costs are included in the not to exceed contract cost.
- 1.5 The data file will be sent to Infosend in an encrypted format approved by the CITY. Infosend in turn will upload and process the data file in a secure format and will maintain data security industry standards to protect the customer data. Refer to attached Exhibit A, which outlines the project and timeline milestones.
- 1.6 The CITY reserves the right to audit the facilities, and data security of Infosend and all Infosend sub-contractors.
- 1.7 The monthly billing statement must include cost details separated in column format. The separate cost headings must include postage, delivery and Infosend services.
- 1.8 All pricing changes must be submitted in writing to the CITY thirty (30) days in advance of any pricing changes.
- 1.9 Infosend will work closely with the Chief Information Officer in performing work in accordance with this Agreement in order to receive clarification as to the result which the CITY expects to be accomplished. The Chief Information Officer, under the authority of the Financial Services Director, shall be the CITY'S authorized representative in the interpretation and enforcement of all work performed in connection with this Agreement. The Chief Information Officer may delegate authority in connection with this Agreement to the Chief Information Officer's designees.

2. **PROFESSIONAL SERVICES PROVIDED BY INFOSEND.** The CITY hereby engages Infosend to perform custom and high-quality invoice design, upload and process the data file in a secure format, print and distribution services, high-speed laser printing services, courier services and related services to produce bill printing and mailing services as well as delinquent notices, warning door-hanger tags and lock-off notices, door-hanger tags, and the annual water quality report in accordance with the specifications described in Exhibit A (collectively the "Deliverables"). The Deliverables shall be delivered free of "Material Errors" and shall be delivered in accordance with the schedule and specifications set forth in Exhibit A. For purposes of this Agreement, "Material Errors" shall be defined as those material elements of the Deliverables that are not in compliance with the specifications or that do not function or execute properly in accordance with the specifications. As a matter of clarity, refining, modifying, correcting, and adjusting any deliverable such that it operates in accordance with the specifications, or correction of material errors, shall be deemed

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included within the services.

3. **SERVICES PROVIDED BY CITY.** CITY will be solely responsible for the accuracy, integrity, completeness, transmission file format and reliability of all data and information provided to Infosend for processing pursuant to this Agreement. CITY will transmit such data to Infosend's service facility where Infosend will convert it to Infosend's system.

4. **INDEPENDENT CONTRACTOR.** Infosend's relationship to the CITY shall be that of an independent contractor. Infosend shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the CITY Chief Information Officer. Infosend shall not be authorized to communicate directly with, nor in any way direct the actions of, any bidder for this project without the prior written authorization by the CITY Chief Information Officer. Infosend shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Any discrepancies must be reported to the CITY and the employee is not authorized to work on any project outlined in the agreement.

5. **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, Infosend hereby certifies that Infosend is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and Infosend will comply with such provisions, and provide certification of such compliance as a part of this Agreement.

6. **LIABILITY INSURANCE.** Infosend shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of Infosend, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.
 - 6.1 Infosend shall maintain liability insurance in the following minimum limits:

<u>Comprehensive General Liability Insurance</u>	
(bodily injury and property damage)	
Combined Single Limit Per Occurrence	\$ 1,000,000
General Aggregate	\$ 2,000,000*
<u>Commercial General Liability Insurance</u>	
(bodily injury and property damage)	
General limit per occurrence	\$ 1,000,000
General limit project specific aggregate	\$ 2,000,000

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Automobile Liability Insurance

\$ 1,000,000

*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of Infosend under this Agreement.

- 6.2** If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by Infosend to restore the required limits. Infosend shall also notify the CITY'S Chief Information Officer promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the Infosend resulting from any of Infosend's work.
- 6.3** All insurance companies affording coverage to infosend for the purposes of this Section shall add the CITY of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the CITY as additional insured shall be primary insurance and other insurance maintained by the CITY of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 6.4** All insurance companies affording coverage to Infosend pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 6.5** All insurance companies affording coverage shall provide thirty (30) days written no-notice to the CITY should the policy be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 6.6** Infosend shall provide evidence of compliance with the insurance requirements listed above by providing a Certificate of Insurance and applicable endorsements, in a form satisfactory to the CITY Attorney, concurrently with the submittal of this Agreement.
- 6.7** Infosend shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by Infosend to provide such a substitution and extend the policy expiration date shall be considered a default by Infosend and may subject Infosend to a suspension or termination of work under the Agreement.
- 6.8** Maintenance of insurance by Infosend as specified in this Agreement shall in no way be interpreted as relieving the Infosend of any responsibility whatsoever and Infosend may carry, at its own expense, such additional insurance as it deems necessary.

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7. **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this Agreement and four (4) years thereafter, Infosend shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of One Million Dollars (\$1,000,000.00). Infosend shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.
8. **INFOSEND'S INDEMNIFICATION OF CITY.** Infosend shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of the negligent acts, errors or omissions or wrongful acts or conduct of Infosend, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. Infosend's indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, Infosend at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees resulting or arising from the conduct, tortious acts or omissions of Infosend.
- Infosend's indemnification of CITY shall not be limited by any prior or subsequent declaration by Infosend.
9. **COMPENSATION.** Infosend's compensation for all work performed in accordance with this Agreement over the next three years shall not exceed the total contract price of \$ 846,528. Refer to Exhibit A for per unit costs. All postage for this agreement will be paid by Infosend and itemized on the monthly billing to the CITY for reimbursement. Compensation is set forth as follows: Infosend services: \$211,971, Postage and Delivery: \$634,557.

Additional services not included in Exhibit A may only be added through a contract amendment approved by the CITY of Oceanside CITY Council. Compensation for such additional services shall be paid as set forth in Infosend's contract rates in effect at the time the additional services are approved by the CITY Council.

No work shall be performed by Infosend in excess of the total contract price without prior written approval of the CITY Chief Information Officer or the Financial Services Director. Infosend shall obtain approval by the CITY Chief Information Officer prior to performing any work, which results in incidental expenses to CITY.

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- 9.1** Notwithstanding the above, CITY will compensate Infosend on a monthly basis for Infosend's actual postage costs. Within thirty (30) calendar days of the Effective Date of this agreement, CITY will advance to Infosend the sum of Fifty Thousand Dollars and Zero Cents (\$50,000.00) for Infosend to draw against for actual postage costs only incurred in performance of the services provided herein, until such time as the parties have established a monthly billing cycle set forth in section 9.3 of this Agreement.
- 9.2** CITY shall be responsible for compliance with USPS standards to update mailing addresses for customers. Infosend shall pay all federal and state taxes (Infosend will collect sales tax from the CITY for all purchased materials), levies, duties and assessments of every nature due in connection with provisions of the Services pursuant to this Agreement and shall indemnify and hold harmless CITY from any liability on account of all such taxes, levies, duties, assessments and deductions.
- 9.3** CITY agrees to pay Infosend for services satisfactorily provided, and postage expenses paid during the preceding month within thirty (30) days after receipt of the monthly submittal. In no event will the sum of all monthly payments, including final payment be greater than the not-to-exceed fees outlined in section 9 of this Agreement. Upon termination or conclusion of this Agreement whichever occurs first, the parties will reconcile the sum advanced for postage costs against Infosend's remaining actual postage costs, if any. In no event later than thirty (30) calendar days following such reconciliation, Infosend shall reimburse CITY the balance of any and all sums remaining, if any, from the CITY's original postage costs advanced to Infosend.
- 10.** **WARRANTY.** Infosend warrants that all services, work product, maintenance and deliverables performed or provided under this AGREEMENT shall be performed consistent with generally prevailing professional standards. Infosend shall maintain during the course of this AGREEMENT the standard of care, skill diligence and professional competency for such work product deliverables and services. Infosend agrees to require all of Infosend's agents, by the terms of its contracts, to provide services, work products, and deliverables at the same standard of care, skill diligence and professional competence required of Infosend.
- 10.1** The CITY must report any deficiencies in the work product or deliverables of Infosend in writing within ten (10) working days after the acceptance of the delivery of the work product or deliverable to the CITY, as acceptance and delivery are defined particularly as to that service or task in the Scope of Work Exhibits A.
- 10.2** The CITY's primary remedy for any breach of the above warranty shall be the re-performance of the service without additional cost to the CITY.
- 11.** **INTELLECTUAL PROPERTY.** All software, computer programs, source code, processes, techniques, trade secrets or other intellectual property rights used or relating to Infosend's provision of the services other than those developed by Infosend specifically for the purpose of processing the CITY's data shall be and remain the sole and exclusive property of Infosend. Notwithstanding the above, the CITY shall retain all rights to utilize the bill design developed as part of the services

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without additional compensation to Infosend. CITY shall not copy, modify, distribute, display, sublicense, rent, reverse engineer, decompile or dis assemble any such software or intellectual property or permit anyone to do so on the CITY's behalf.

- 11.1** Compliance with Laws. In the performance of this Agreement, Infosend shall abide by all and conform to (and shall ensure that Infosend's subcontractors, if any shall abide by and conform to) any and all applicable laws, statues, safety rules, and practices of the United States, the State of California, the Charter and Ordinances of the CITY of Oceanside, and any other local laws (hereinafter referred to as "Laws and Practices"). Further, Infosend warrants that all work done under this Agreement shall be in strict compliance with such Laws and Practices, including, but not limited to, Cal/OSHA regulations.
- 11.2** Infosend shall dispose of all materials used in conjunction with the performance of this Agreement in strict compliance with all local, state and federal environmental and/or waste management rules, regulations, laws, statues and practices.
- 11.3** Infosend and CITY hereby acknowledge and agree that all confidential information is highly confidential and to be used solely as authorized by this Agreement. At all times during the performance of the Agreement and after its termination Infosend; Infosend sub-contractors, and CITY shall maintain the confidentiality of all confidential information and shall not disclose to any third party other than in accordance with this Agreement. Prior to disclosure of any confidential information to its sub-contractors or agents, Infosend and CITY shall inform them of their duties of confidentiality. Infosend and CITY shall effect and maintain all reasonable security measures to safeguard all confidential information and prevent access to or use of or copying of it by any unauthorized person. Notwithstanding the above, any party shall be free to disclose confidential information: (a) which was already lawfully in its possession prior to receiving it from the other party, (b) which is independently received from a third party and said party has no reason to believe that said third party received or disclosed said information unlawfully or in violation of the terms of this Agreement. (c) that which was in the public domain at the time of disclosure through no breach of this Agreement. (d) was independently developed and without reference to the other party's confidential information (e) is required to be disclosed pursuant to a court order or as otherwise compelled by law or (f) is identified by a party as no longer being proprietary.
- 12. TIMING REQUIREMENTS.** Time is of the essence in the performance of work under this Agreement and the following timing requirements shall be strictly adhered to unless otherwise modified in writing as set forth in Exhibit A. All work shall be completed in every detail to the satisfaction of the Chief Information Officer. The CITY will provide the first data file to Infosend by the end of the third week after the contract is approved by the CITY Council and signed by the CITY Manager. Failure by Infosend to strictly adhere to the timing requirements may result in termination

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of this Agreement by the CITY and the assessment of damages against Infosend for the delay.

- 12.1** For all time periods not specifically set forth herein, Infosend shall respond in the most expedient and appropriate manner under the circumstances, by telephone, e-mail, hand delivery or mail.
- 12.2** The CITY may charge Infosend up to \$0.50 per item that is not delivered, and is returned to the CITY as undeliverable if Infosend was responsible for the delivery failure. Infosend will notify the CITY upon completion of any outstanding contract item(s). For a period not to exceed thirty (30) calendar days in duration ("Final Test Period"), the CITY may evaluate the operation of the daily water utility bill printing and mailing services, in a test environment or using test data. If the CITY reasonably determines that the operational process of producing the daily water utility bill printing and mailing services are substantially impaired by one or more material errors in the design, graphics, code or programming, the CITY will so notify Infosend in writing within seven (7) calendar days of the completion of the Final Test Period ("Adverse Notification"), specifying in sufficient detail the nature of the error(s). Upon receipt of the Adverse Notification, Infosend will correct any identified and reproducible material errors in the design, graphics, code or programming within a reasonable time and the CITY may retest the daily water utility bill printing and mailing services for as many as fifteen (15) additional calendar days. Final Acceptance will be deemed to occur when a) The CITY notifies Infosend that the daily water utility bill printing and mailing services successfully passed the CITY's testing; b) the Test Period or subsequent retesting period(s) are completed without another Adverse Notification being received by Infosend from the CITY.
- 12.3** Infosend shall not be relieved of liability to the CITY for damages sustained by the CITY by virtue of any breach of Agreement by Infosend, and CITY may withhold any payments to Infosend for the purpose of set-off until such time as the exact amount of damages due CITY from Infosend is determined. In addition, CITY may pursue all remedies available under the law for breach of this Agreement. The waiver by either party of any breach to this Agreement shall constitute a waiver as to any succeeding breach.
- 13.** **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and Infosend concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
- 14.** **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY. Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

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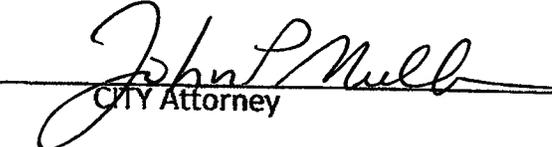
- 15. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by a signed amendment to the agreement. The signed amendment for additional services will require the approval of the Oceanside City Council.
- 16. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Infosend and the CITY.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

INFOSEND INC.
By: 
Name/Title

CITY OF OCEANSIDE
By: _____
CITY Manager

By: MAHMOD REZAEI, President
Name/Title DCE

APPROVED AS TO FORM:

CITY Attorney

33-0748516
Employer ID No.

NOTARY ACKNOWLEDGMENTS OF INFOSEND MUST BE ATTACHED.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Orange

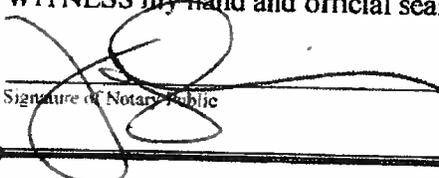
On 5-10-11 before me, Joey E. Heller-Ennis, Notary Public
(Here insert name and title of the officer)

personally appeared MAHMOOD Reza

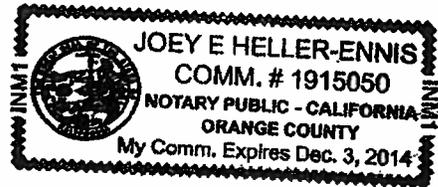
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he she they executed the same in his her their authorized capacity(ies), and that by his her their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


 Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Oceanside Service Agreement
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 9 Document Date 5-10-11

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual (s)
 Corporate Officer

(Title)

Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/~~she~~/~~they~~, is /~~are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

Utility Billing Outsourced Printing - Scope of Work

Project Background

In order to stabilize and standardize the cost and procedures for printing and mailing utility bills, staff has researched the idea of outsourcing the process. By going to an outside vendor, the cost per item is finite and predictable. When using a vendor that is tooled for high volume, the costs are also very reasonable.

Milestones and Responsibilities

[15 Business Days – From Project Kick-off Date] Set up and prototype the file transfer process

Based on documentation from the Utility Billing software vendor (HTE), Oceanside I.T. Staff will implement a user-friendly method to create a set of daily *billing cycle files* to assemble and transmit to the bill printing vendor (infosend) using a scripted and automated FTP/S (File Transfer Protocol with Security) method. The same process will be required for Delinquent Notices, and Door Hanger Notices.

[5 Business Days – From Set-up and Prototype Completion Date] Data validation and analysis

Using the data that is sent for each of the four file transfer types in the file transfer process (above), the bill printing vendor (infosend) will verify that the files in each of the four data sets will be acceptable for daily processing.

[10 Business Days – From Project Kick-off Date] Coordinate and design the correspondence forms based on the data content

Using data samples from the File Transfer and Data Validation processes, the bill printing vendor (infosend) will coordinate with Oceanside staff to design a bill template that will work for all of Oceanside's utility customers (residential, commercial, etc..). The same process will be required for Delinquent Notices, and Door Hanger Notices.

[14 Business Days - From the Data Validation and Analysis Completion Date] Rehearse a complete day's run of all printing types before Go-Live

On the scheduled rehearsal day(s) all four of the proposed job types will be sent to Infosend and the daily deadlines (below) will be used. The bill printing vendor (infosend) will bring the printed documents for quality control inspection by Oceanside Staff. For a period not to exceed thirty (30) calendar days in duration ("Final Test Period"), the CITY may evaluate the operation of the daily water utility bill printing and mailing services, in a test environment or using test data. If the CITY reasonably determines that the operational process of producing the daily water utility bill printing and mailing services are substantially impaired by one or more material errors in the design, graphics, code or programming, the CITY will so notify Infosend in writing within seven (7) calendar days of the completion of the Final Test Period ("Adverse Notification"), specifying in sufficient detail the nature of the error(s). Upon receipt of the Adverse Notification, Infosend will correct any identified and reproducible material errors in the design,

EXHIBIT A

graphics, code or programming within a reasonable time and the CITY may retest the daily water utility bill printing and mailing services for as many as fifteen (15) additional calendar days. Final Acceptance will be deemed to occur when a) The CITY notifies Infosend that the daily water utility bill printing and mailing services successfully passed the CITY's testing: b) the Test Period or subsequent retesting period(s) are completed without another Adverse Notification being received by Infosend from the CITY.

[5 Business Days – From Sign-off of Final Testing] Go-Live

On the scheduled Go-Live day, processing will begin exclusively at Infosend using the daily deadlines described below.

Daily Deadlines for File Transfers, Approvals, and Deliveries

Because the daily process has many features and dependencies, the schedule/deadline of each task is critical.

Utility Bills

- **[12:01am] - Utility Billing File Upload to Infosend (Oceanside)** – This will be completed by Oceanside Staff as part of the typical daily processing of the day's billing cycle from the previous evening.
- **[6:00am] - Utility Billing Document Preview Availability (infosend)** – After Infosend receives the data file, their equipment and software parses the data and arranges it on the billing template resulting in the bill that is sent to the customer. This is posted on a secure web site for Oceanside Staff to preview.
- **[8:30am] - Utility Billing Document Approval (Oceanside)** - For quality control purposes, Oceanside Staff will connect via a secure web site at Infosend verify that the bills appear as they should before they are released to the printing/stuffing/mailing process at Infosend.
- **[11:59pm] - Utility Billing Delivery (infosend)** – After the documents are printed and processed, they are to be submitted to the USPS for delivery.

Delinquent Notices

- **[12:01am] - Delinquent Notice File Upload to Infosend (Oceanside)** – This will be completed by Oceanside Staff as part of the typical daily processing of the day's billing cycle. This is processed after the payments are processed from the previous night/weekend (LockBox, Internet, Drop Box, Bank Drafts)
- **[6:00am] - Delinquent Notice Document Preview Availability (infosend)** – After Infosend receives the data file, their equipment and software parses the data and arranges it on the delinquent notice template resulting in the notice that is sent to the customer. This is posted on a secure web site for Oceanside Staff to preview.
- **[8:30am] - Delinquent Notice Document Approval (Oceanside)** - For quality control purposes, Oceanside Staff will connect via a secure web site at Infosend verify that the bills appear as they should before they are released to the printing/stuffing/mailing process at Infosend.
- **[11:59pm] - Delinquent Notice Delivery (infosend)** – After the documents are printed and processed, they are to be submitted to the USPS for delivery.

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Warning Door-Hangers

- **[requires discussion] - Warning Door-Hanger File Upload to infosend (Oceanside)** – This will be completed by Oceanside Staff as part of the typical daily processing of the day's billing cycle. This is processed after the payments are processed from the previous night/weekend (Internet, Drop Box, Bank Drafts)
- **[requires discussion] - Warning Door-Hanger Document Preview Availability (infosend)** – After Infosend receives the data file, their equipment and software parses the data and arranges it on the delinquent notice template resulting in the notice that is sent to the customer. This is posted on a secure web site for Oceanside Staff to preview.
- **[requires discussion] - Warning Door-Hanger Document Approval (Oceanside)** - For quality control purposes, Oceanside Staff will connect via a secure web site at Infosend verify that the bills appear as they should before they are released to the printing/stuffing/mailing process at Infosend.
- **[requires discussion] - Warning Door-Hanger Delivery (infosend)** – After the documents are printed and processed, they are to an overnight courier service to be delivered at Oceanside Utility Billing (300 North Coast Highway, Oceanside, CA 92054) as a bulk package for Oceanside Staff to disperse the following day.

Lock-Off Door-Hangers

- **[requires discussion] - Discussion Needed Lock-Off Door-Hanger File Upload to infosend (Oceanside)** – This will be completed by Oceanside Staff as part of the typical daily processing of the day's billing cycle. This is processed after the payments are processed from the previous night/weekend (Internet, Drop Box, Bank Drafts)
- **[requires discussion] - Lock-Off Door-Hanger Document Preview Availability (infosend)** – After Infosend receives the data file, their equipment and software parses the data and arranges it on the delinquent notice template resulting in the notice that is sent to the customer. This is posted on a secure web site for Oceanside Staff to preview.
- **[requires discussion] - Lock-Off Door-Hanger Document Approval (Oceanside)** - For quality control purposes, Oceanside Staff will connect via a secure web site at Infosend verify that the bills appear as they should before they are released to the printing/stuffing/mailing process at Infosend.
- **[requires discussion] - Lock-Off Door-Hanger Delivery (infosend)** – After the documents are printed and processed, they are to an overnight courier service to be delivered at Oceanside Utility Billing (300 North Coast Highway, Oceanside, CA 92054) as a bulk package for Oceanside Staff to disperse the following day.

Exceptions and Special Cases

There are specific customers (agricultural customers and City of Oceanside properties) that have unique billing needs where the Utility Billing software (HTE) does not have the ability to properly display the charges and Oceanside needs to include a custom document to properly identify each item of the bill. Oceanside will provide Infosend a list of account numbers with this situation and

EXHIBIT A

Infosend will extract those bills from the daily mailing runs. Oceanside Staff will then study each bill on a case-by-case basis and decide how to deal with each special case.

Bill/Delinquent Notice Unit Cost

Processing Service (non-taxable)	0.068
PDF Archive (Scanning) Service (non-taxable)	0.004
Materials (taxable)	0.041
Orange County Sales Tax (Materials only 8.75%)	0.0035875
Total cost per bill	\$0.1165875
Total Annual Postage /Delivery	\$0.345

Description	Unit Cost	Postage	Estimated Annual Quantity	InfoSend Annual Cost	Annual Postage and Delivery ¹
Utility Bills	0.1165875	0.345	536500	\$62,549.19	\$185,092.50 ²
Delinquent Notices	0.1165875	0.38	69,544	\$8,107.96	\$26,426.72 ³
SubTotals			606044	\$70,657.15	\$211,519.22
Total Annual Cost					\$282,176.37

¹ Postage is based on the new first class rates, effective on April 17th, 2011. The postage rate is variable based on the concentration of mail going to the same zip code and the size of the batches.

² To estimate the annual postage cost an estimated average rate of \$0.345 was used for the Utility Bills (majority of mail pieces will have the 5-Digit rate).

³ An estimated average rate of \$0.38 was used for the Delinquent Notices (majority of mail pieces will have the MIXED AADC rate). Foreign destinations have higher postage rates.