

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Resolution No. 8716 authorizing the execution of a four-year General Services Agreement with Retail Lockbox, Inc., for a two-year term in an amount not to exceed \$90,000, with an option to extend the contract for an additional two years, for a contract total not to exceed \$180,000.

FISCAL IMPACT:

This contract obligates the City to pay up to \$45,000 per year for the first two years and up to \$45,000 per year for the last two years for processing of business tax returns and payments remitted by mail. Beginning in April 2014, the total cost over the expected four-year contract period is \$180,000. This amount is budgeted and available in the 2013-2014 Adopted Budget for the first year and will be requested in future biennial budgets.

STAFF CONTACT:

Jan Hawn, Director, x6846
Sara Lane, Assistant Finance Director, x7247
Finance Department

POLICY CONSIDERATION

Should the City Manager or his designee be authorized to enter into an agreement for the lockbox processing of Bellevue's business tax returns and payments?

Bellevue City Code

Chapter 4.28 provides for the fair and equitable treatment of persons in the purchasing process. Because of the amount of the contract, Council approval is required.

BACKGROUND

The Tax Division has historically outsourced lockbox processing of business tax returns and payments. This service is currently provided by Retail Lockbox, Inc. Taxpayers remit payment via mail to a post office box. These payments are collected, processed, and a payment file is transmitted electronically to the Tax Division. Tax payments are deposited into the bank by the lockbox provider.

The vendor for lockbox processing was selected using an open and competitive Request for Proposal (RFP) process. The RFP was published by the Finance Department seeking proposals to provide lockbox process for business tax (B&O and miscellaneous tax) returns. Responses were received from Retail Lockbox, Inc. and Automatic Funds Transfer Services. The responses were evaluated by staff.

Retail Lockbox, Inc. was selected as the preferred vendor for lockbox processing based on the following criteria:

- They have thorough procedures and provisions for disaster recovery.
- They have experience in providing lockbox services for Bellevue and other local jurisdictions.
- They have a good quality control program to minimize the potential for error.

VENDOR SELECTION

An RFP was conducted in January 2014 for lockbox processing of Bellevue's business tax returns and payments. Overall, two submittals were received and reviewed, evaluated and scored by the Selection Committee. Review was based on criteria identified in the RFP including qualifications, service prices, and experience. Only one vendor was able to meet all of the requirements of the Tax Division's lockbox processing. Staff recommends awarding the contract to Retail Lockbox, Inc.

The Finance Department expects that the total fees paid to the vendor for these services during the upcoming contract period will be higher than the fees paid during the prior contract period. Two factors have resulted in the increase: recent updates to the City's tax software that caused more data to be collected from the tax returns, causing a corresponding increase in keying for the vendor, and an increase in the technology and staff costs for vendors in this industry. The total fees are estimated to increase by 20 percent during the contract period. For periods fourth quarter 2014 and later, the increase will likely be offset by lower volume of tax returns and payments processed by the vendor due to the availability of an online filing with the go-live of FileLocal.

EFFECTIVE DATE

If adopted by Council, this Resolution will become effective immediately. The Agreement will be effective April 1, 2014 through March 31, 2016 with an option to extend the contract for an additional two years.

OPTIONS

1. Adopt Resolution No. 8716 authorizing the execution of a four-year General Services Agreement with Retail Lockbox, Inc., for a two-year term in an amount not to exceed \$90,000, with an option to extend the contract for an additional two years, for a contract total not to exceed \$180,000.
2. Do not adopt Resolution No. 8716 and provide alternative direction to staff.

RECOMMENDATION

Move to adopt Resolution No. 8716 authorizing the execution of a four-year General Services Agreement with Retail Lockbox, Inc., for a two-year term in an amount not to exceed \$90,000, with an option to extend the contract for an additional two years, for a contract total not to exceed \$180,000.

MOTION

Move to adopt Resolution No 8716 authorizing the execution of a four-year General Services Agreement with Retail Lockbox, Inc., for a two-year term in an amount not to exceed \$90,000, with an option to extend the contract for an additional two years, for a contract total not to exceed \$180,000.

ATTACHMENTS

Proposed Resolution No. 8716

AVAILABLE IN COUNCIL OFFICE

Copies of General Services Agreement

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8716

A RESOLUTION authorizing the execution of a four-year General Services Agreement with Retail Lockbox, Inc., for a two-year term in an amount not to exceed \$90,000, with an option to extend the contract for an additional two years for a contract total not to exceed \$180,000.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or his designee is hereby authorized to execute a two-year General Services Agreement with Retail Lockbox, Inc., in an amount not to exceed \$90,000, with an option to extend the contract for an additional two years for a contract total not to exceed \$180,000, for lockbox processing of Bellevue's business tax returns and payments, a copy of which agreement has been given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2014, and signed in authentication of its passage this _____ day of _____, 2014.

(SEAL)

Claudia Balducci, Mayor

Attest:

Myrna L. Basich, City Clerk