COUNTY AGENDA REQUEST

Department:	Purchasing	Presenter(s):	Ted Burgess
Meeting Date:	Thursday, November 14, 2013	Type of Request:	Consent

Wording for the Agenda:

Approval of staffs' request to replace an existing postage machine with a Neopost IN-750 postage machine at the total first-year cost of $11,265.00, and to transfer $9,180.00 from Project Contingency funds to pay the unbudgeted balance of the cost.

Background/History/Details:

Departments located at 140 Stonewall Avenue (except the Tax Commissioner, Public Health, and County Extension) use one postage machine to determine the correct amount of postage, affix it to letters and packages, and seal them. The current machine was purchased in 2005. The technology is now outdated, and company representatives have said that they can no longer obtain repair parts.

The county can acquire a replacement machine by leasing it or purchasing it. Given the length of time we tend to use a machine, the purchase method would provide the greatest value over the life of the asset. As can be seen by the attached backup, the purchase would cost more in the first year. Each year after that, the purchase would incur lower costs. The break-even point would be reached in the fourth year, with the purchase method realizing additional savings each year thereafter.

It is recommended that the postage machine be purchased, rather than leased.

What action are you seeking from the Board of Commissioners?

Approval of staffs' request to replace an existing postage machine with a Neopost IN-750 postage machine at the total first-year cost of $11,265.00, and to transfer $9,180.00 from Project Contingency funds to pay the unbudgeted balance of the cost.

If this item requires funding, please describe:

A portion of the funds are available in the Purchasing Department's fiscal year 2014 budget: $1,083.00 in 10010517 522231 and $1,002.00 in 10010517 522321. Project Contingency Funds in the amount of $9,180.00 are available for this request.

Has this request been considered within the past two years?	No	If so, when?	
Is Audio-Visual Equipment Required for this Request?*	No	Backup Provided with Request?	Yes

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing	Yes	County Clerk's Approval	Yes
Administrator's Approval	Yes		

Staff Notes:

Fayette County
"Where Quality Is a Lifestyle"
Purchasing Department
140 Stonewall Avenue West, Ste 101
Fayetteville, Georgia 30214
Phone: 770-305-5420
www.fayettecountyga.gov

To: Steve Rapson

From: Ted L. Burgess

Date: October 28, 2013

Subject: Postage Machine

The county departments at Stonewall Avenue use a postage machine to weigh mail and affix the correct amount of postage. In Fiscal Year 2013, it was used to process mailings with $21,821 of postage. The majority was used by Elections (46%), Finance for occupation tax certificates (34%), and Purchasing (6%). Eleven other departments used the remainder.

The county purchased a Neopost Hasler WJ180 unit in 2005, which is still in use. Neopost representatives have advised us that they can no longer supply repair parts due to the age of the equipment, and that the software is outdated.

The current-generation equivalent machine is a Neopost IN-750. The cost would depend on whether we lease or purchase. A cost comparison of the two options is as follows:

	Year 1	Year 2	Year 3	Year 4	4 Year Total
48 Month Lease:					
Equipment	2,688	3,852	3,852	3,852	14,244
Software	720	720	720	720	2,880
Meter Rental	Included	Included	Included	Included	Included
Maintenance	Included	Included	Included	Included	Included
Total	3,408	4,572	4,572	4,572	17,124
Purchase:					
Equipment	8,463	-	-	-	8,463
Software	2,286	-	-	-	2,286
Meter Rental*	516	516	516	516	2,064
Maintenance	Included	1,083	1,083	1,083	3,249
Total	11,265	1,599	1,599	1,599	16,062

**The vendor rents the postage meter, regardless of whether customers lease or purchase the rest of the machine.*

As can be seen, the long-term best value for the county would be to purchase the machine. The break-even point would be reached in the fourth year of ownership, and savings would increase each year that the machine remained in service after that.

A portion of the funds to pay for the purchase are available in the Purchasing Department's Fiscal Year 2014 budget. With the Board's approval, the remaining funds would come from the Project Contingency fund, as follows:

$1,083	Budget for maintenance agreement for existing machine
1,002	Remaining budget balance for meter rental
9,180	Transfer from Project Contingency funds
$11,265	Total first-year cost to purchase

The Neopost IN-750 is available under state contract, and has undergone their competitive procurement process. If the Board approves this transaction, staff will transfer funds to the appropriate budget and procure the new postage machine.