



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 12-991, **Version:** 1

- a. Receive a report on United States Postal Service's Intelligent Mail Barcode system; and
- b. Approve updating the County's Mail Services machinery with the new Intelligent Mail Barcode system to allow for the continuation of discounts for full-service mailings by January 2013.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Receive a report on United States Postal Service's Intelligent Mail Barcode system; and
- b. Approve updating the County's Mail Services machinery with the new Intelligent Mail Barcode system to allow for the continuation of discounts for full-service mailings by January 2013.

SUMMARY/DISCUSSION:

On March 2, 2012, the United States Postal Service (USPS) published a proposed rule in the Federal Register (77 FR 12764-12769) to discontinue price eligibility for Postal Numeric Encoding Technique (POSTNET) barcodes. POSTNET barcodes were USPS developed methods to encode Zone Improvement Plan (ZIP) code information on mail that could be read for sorting by automated machines. For automation letters and flats and for Qualified Business Reply Mail (QBRM), an Intelligent Mail Barcode (IMB) will be required. Intelligent Mail is not just about barcodes, as the USPS has developed this new system to enable end-to-end visibility and reporting on mail as it travels through the mail system. On May 3, 2012, the POSTNET Barcode discontinuation final rule was posted on the Federal Register (77 FR 26185-26191) which amends 39 CFR Part 111. The final rule discontinues the automation price eligibility based on the use of POSTNET barcodes on all types of mail effective January 28, 2013. Currently, the County receives discounted pricing for using POSTNET barcode equipment associated with full-service mail which equates to \$0.10 per piece of mail processed. In FY 2011-12, the County's Mail Service staff processed 545,898 pieces of mail through POSTNET which resulted in \$56,819 in postage savings. Staff recommends replacing the POSTNET barcode equipment with the Intelligent Mail Barcode equipment prior to January 28, 2013.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

There were no funds identified in the FY 2012-13 Adopted Budget for the Resource Management Agency (RMA) to cover the costs associated with the purchase of the Intelligent Mail Barcode equipment. The estimated cost of this new equipment is \$25,000 which would allow for continued discounts received for pre-sorting mail. If the Board approves the recommendation to replace the bar coding equipment, RMA will work closely with its assigned CAO Budget and Analysis Analyst during the course of FY 2012-13 to determine if a budget modification will be required to increase appropriations for this effort. Should it be determined that RMA's approved budget is unable to fully absorb currently unbudgeted costs related to the bar coding equipment, a request for budget modification to maintain fiscal balance will be presented through the Board's Budget Committee prior to year-end. RMA will capture the expenditures specific to this activity in its Mail

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Services Unit 8178, Appropriation Unit RMA005.

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Approved by:

Robert K. Murdoch, P.E., Director of Public Works

Benny J. Young, RMA Director

Dated: October 26, 2012