

City of Portland  
OMF/BGS  
Printing & Distribution  
Division  
ASR Framework Plan

NOTES: This document is approximately 10 pages long.

January 2001

## **PURPOSE**

Per City Code, P&D is charged with managing all reproduction, mail, distribution, and copy services required by city agencies. It is the division's responsibility to ensure City bureaus receive reproduction and mailing services on time, at a quality level that is appropriate to the task, and at a competitive price.

Printing, mailing, copying, microfilming, etc. are important communications tools. For the foreseeable future the City should continue to require both traditional and new technology reproduction and mailing services. Regardless of the technology involved with any specific job, Overall emphasis will continue to be on:

- Cost
- Appropriate Quality
- Service Level
- Service Availability
- Customer/Service Provider Communication

## **BACKGROUND**

Printing & Distribution was established 30 years ago as the City's Bureau of Central Services. It's purpose was to consolidate the various reproduction and mailing functions throughout city and county government into one agency that would more efficiently perform these functions. Through the years new services and technologies have been added, the volume of business has increased, traditional processes have changed, new customers have been added, and Central Services has become Printing & Distribution (P&D).

P&D does not actively police bureaus for adherence to City Code, but instead works to earn all business through its competitive pricing and high service levels.

Although City agencies are "required" to use P&D for these services, all other local government agencies use P&D by choice. Again, the division competes directly with the private sector for this work.

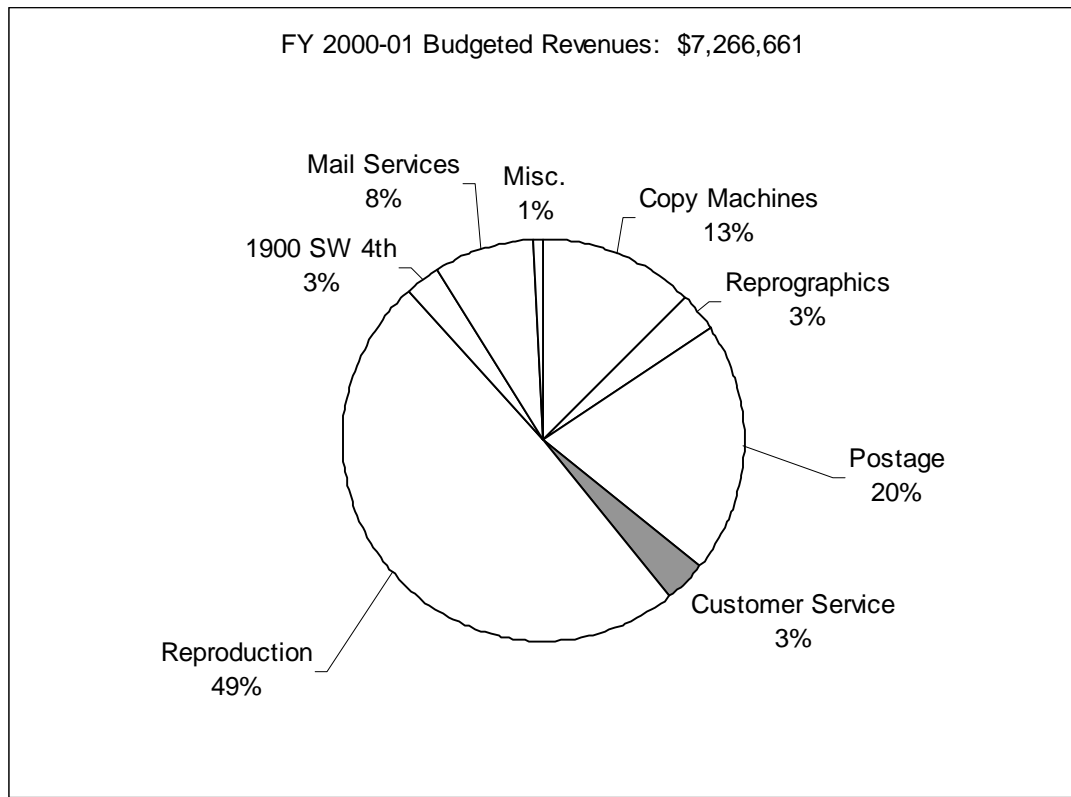
The division is an internal working capital fund and must recover all operating costs through its service rates. During the past 10-years rates for basic services have increased only once, the hourly rate has increased only three times, and all rates have increased significantly less than the rate of inflation.

P&D has actively sought new customers during the past several years to further spread fixed operating costs and to more fully utilize its resources. Within the last year both Multnomah County and the State have signed long term intergovernmental agreements with P&D after comparing the division's service levels and pricing to other alternatives.

## **CURRENT SERVICES**

Printing & Distribution Services provides traditional copying and printing, bindery; digital reproduction, pre-press; reprographics; office copiers and copier/printers, interoffice mail, and US Mail processing services.

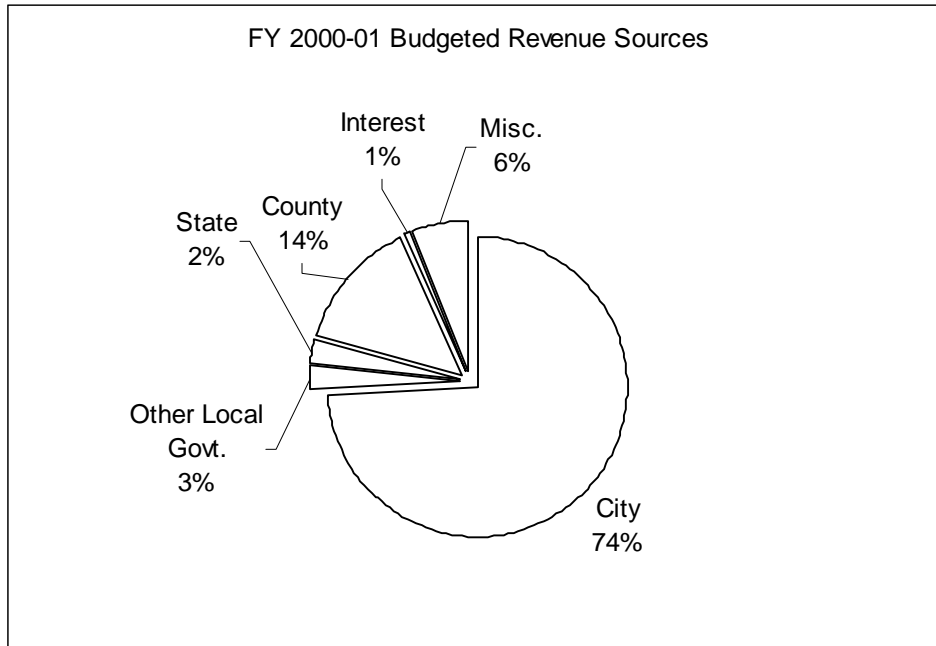
These services are offered both in-house and on a vended basis. The decision to produce individual projects in-house or buy them from the marketplace is based upon production capabilities, cost, and service requirements.



## **CURRENT MAJOR CUSTOMER LIST**

- City of Portland – All Agencies
- Multnomah County – All Agencies
- State of Oregon – All Portland Area Agencies
- Portland Development Commission
- Housing Authority of Portland
- CARE Oregon

- A.P.P.
- Local Neighborhood Associations



## **MISSION STATEMENT**

**To improve the effectiveness of local area government agencies by meeting or exceeding their expectations with cost effective, convenient, comprehensive, and technologically appropriate document processing products and services.**

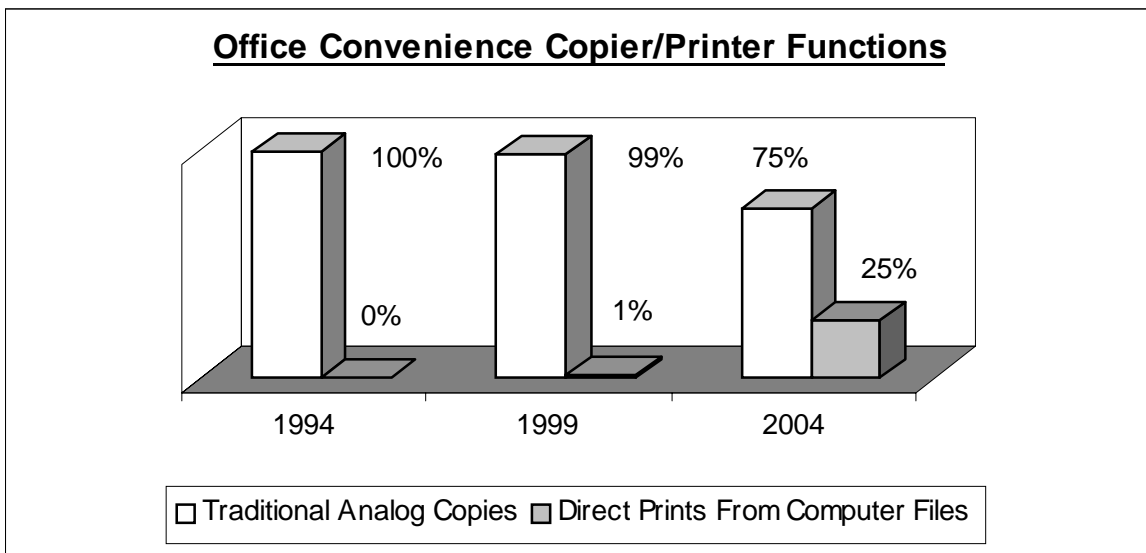
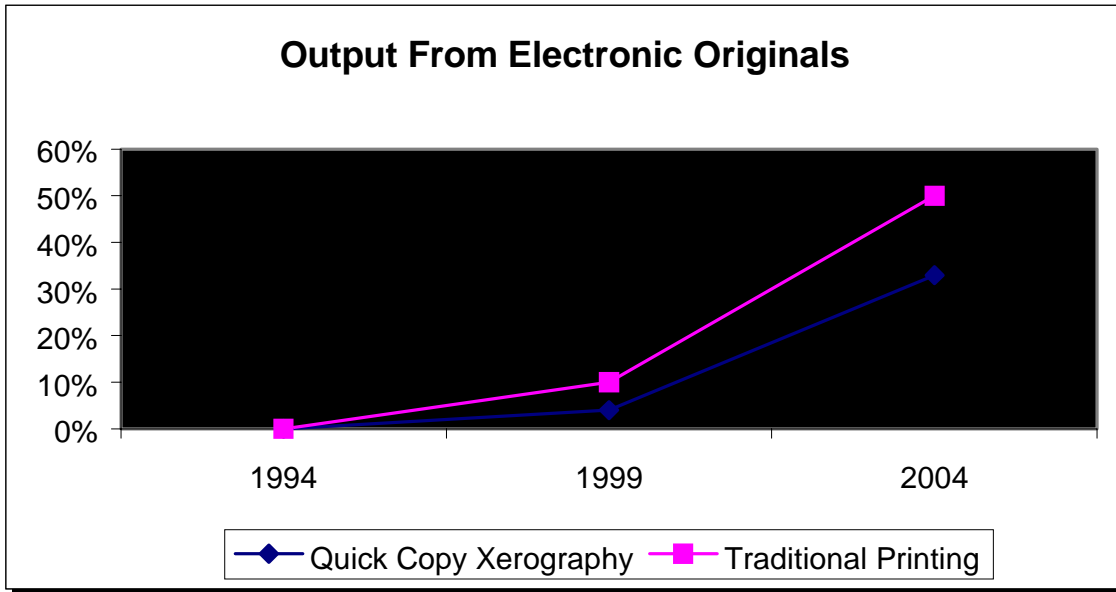
## **CURRENT SITUATION**

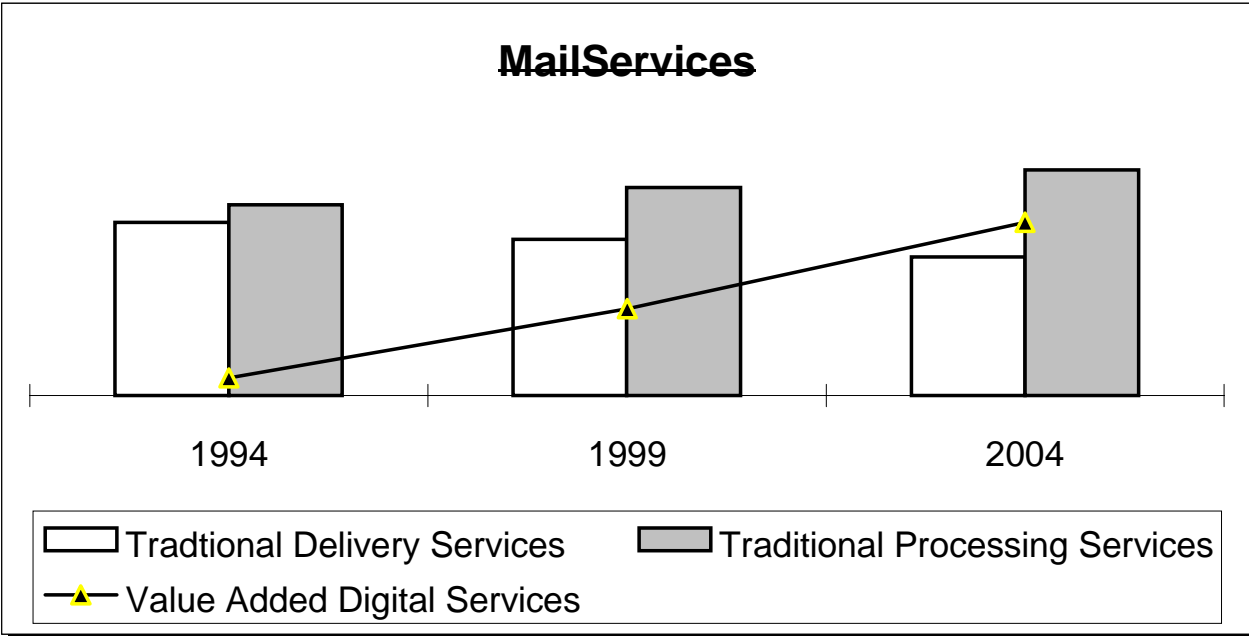
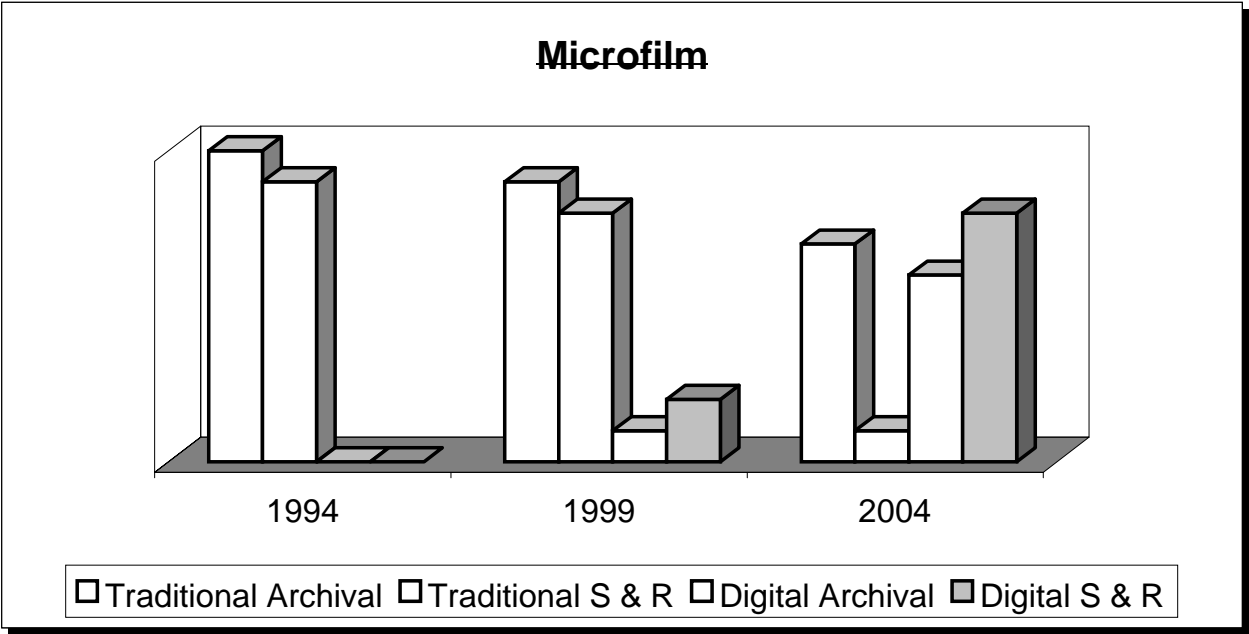
Services managed by P&D are highly centralized within the City to take advantage of the inherent efficiencies of centralized production and to minimize organization-wide management and supervision costs.

Most, not all, City dollars spent on reproduction and mailing services are spent through P&D regardless of how the work is produced. Bureaus have the ability, within certain limitations, to procure services independently of P&D from the private sector through the use of petty cash, LPO's, and consulting contracts.

Technology is expanding the number of ways in which many types of work is produced. An example would be basic short-run black on white copy center printing. Office copier/printers are now capable of producing output that is equal in quality to traditional production grade equipment, but at a higher price per copy.

**TRENDS**





## **RECOMMENDATIONS**

Based upon Council approval the following recommendations will be further developed. They are listed in order of current priority.

Recommendations one through three are a continuation of P&D's near term ASR cost reduction plan. These items will be reviewed for effectiveness during FY 2001-02 and updated as necessary.

Recommendations 4 through 6 are new. Implementation will require a detailed review of all associated costs, development and review of alternatives, estimated start requirements including all associated costs, and an implementation time table.

### **1 – Continue to reduce paper consumption/ and promote sustainable practices**

- This recommendation supports the City's continuing commitment to sustainability. Reduced paper usage also means reduced chemical usage and reduced chemical and paper waste.
- Expand use of soy based inks and other eco-friendly products

### **2 – Continue printing & mailing standards**

- Savings would continue to result from reduced quality requirements for printing, lower postage costs due to improved mail machinability, and production economies associated with streamlined processes. Quality of work would remain high, but options would be restricted. Turn times for printing would continue to improve due to fewer custom requirements.
- Compliance would remain voluntary with exceptions to the standard being published each accounting period.

### **3 – Continue centralized purchasing requirement for commercial printing**

- This recommendation continues to only affect how reproduction and mailing services are purchased from the private sector, and does not affect production schedules and alternatives.
- Some bureaus currently by-pass P&D for a variety of reasons. Requiring P&D processing of all work completed by commercial vendors would allow for identifying all City costs, allow for reporting on compliance with the proposed printing and mailing standards, and ensure City purchasing requirements are being met. Bureaus would have complete flexibility to purchase copying and printing services from any vendor based on price and service, but all payments would be processed through P&D.
- Bureaus with tight turn times and limited access to P&D could continue to be able to have their service needs met by a private vendor, if desired. Bureaus with complicated projects could continue to be able to work directly with vendors to meet critical deadlines. Use of P&D would be by choice, however, all payments would be

made through P&D and work specifications would be measured and reported against City standards.

- Work being currently completed outside P&D's purview would become subject to review and would be included in P&D's reporting system. Again, bureaus can currently circumvent the review and reporting process by paying vendors directly with petty cash, LPO's, procurement cards, and through the use of consulting contracts.

#### 4 – Centralize digital output/Establish PDX bldg. copy shop

- Digital printing is currently produced on a volume basis by three different departments at different locations. Centralization of this function would better utilize both facilities and equipment, thus reducing some of the fixed costs associated with this function.
- This proposal would initially co-locate some, or all, current BIT paper output with a small quick copy center in the Portland Building. As a second phase, this proposal would merge Water Bureau output with P&D workflow.
- As P&D directly bills for all types of output on a per sheet or copy basis, the additional billable units would neutralize the increase in fixed operating costs to P&D associated with physical expansion, and would increase P&D's general fund support. Additional billing units would be generated by quick copy work that is currently being taken to other vendors for turn time reasons.
- Printing & Distribution's high service levels and low pricing would become more readily available to customers in City Hall, The Portland Building, and the County Courthouse. Customer service functions such as job planning and digital conversion would be more accessible.

#### 5 – Centralize office laser printers

- This is a longer term savings that would require capital expenditure over the next several years. It requires the de-centralized purchase and maintenance of office laser printers be phased out in favor of networked copier/printers that are managed centrally through Printing & Distribution.
- P&D would initially merge existing equipment into the office copier program, which requires bureaus to pay initial capital costs and a cost per copy thereafter that includes all maintenance, supplies, and capital replacement.
- When all costs are considered, laser prints cost over twice as much to produce as prints made on a networked copier/printer. A conservative annual savings estimate would be \$50,000 (1,000,000 prints at a savings of \$.05 per print).
- The new billable units would further spread fixed operating costs and would generate new general fund support.



- P&D would extend its highly responsive copier service plan as equipment was replaced. Equipment down time would decrease, and equipment productivity would increase.
- Currently there is no control over the number of laser prints made, and there are no cost controls in place. These machines have been decentralized to the extent that it is difficult, if not impossible, to determine annual volume and total operating costs. Through centralization, the P&D billing system would identify all volumes and costs on a per machine basis. Bureaus would be better able to manage their digital output by knowing their true costs and choosing between not printing at all, utilizing the convenience and responsiveness of office copier/printers, and the lower cost of using the division's central production facility.
- Identifying the true cost of making office prints will drive volumes down. Also, the new devices are able to print two-sided, while many laser printers are one-sided only. This would decrease paper and supply usage and waste.

#### 6 – Merge Police large volume copier to P&D

- This is another longer term savings. It would require near term capital expenditure to replace their aging equipment. Again, P&D would re-capitalize the machine on a per copy basis thus negating the need for additional lump sum capital expenditures by PPB in the future. Maintenance and supply per copy costs would also be lower.
- P&D would provide back-up to PPB's on site equipment through its central production facility across the street from Police Headquarters at 1<sup>st</sup> and Madison. This would decrease production down time.