Internal Printing Services - Feasibility Study
Selection Report
File GL-5.6.1 (Vol. 6) [c/r GP-1.30 (Vol. 1)]

2. Prior to the formation of "Unicity" in 1971, Internal Printing Services reported to the City Clerk's Department. Under the new "Unicity" structure, the responsibility for Internal Printing Services was transferred to the Purchasing Department.

In 1995, this responsibility was again transferred to the Corporate Services Department. During these changes, Internal Printing Services continued to provide low-cost, quick and confidential print reproduction services to the organization.

Larger volume and more complex jobs are currently being contracted out to the private sector.

On March 20, 1997, Council adopted a directive called Reshaping Our Civic Government. Various alternative service delivery initiatives were identified for administrative review.

On March 25, 1998, Council adopted the Policy and Framework for Alternative Service Delivery in the City of Winnipeg that sets out a framework for reviewing City services and delivery mechanisms on a case-by-case basis.

On February 24, 1999, Council approved a list of 15 potential ASD initiatives to proceed to the next stage of the ASD review process. Internal Printing Services was one initiative approved to develop a feasibility study.

The scope of the feasibility study was defined as those services provided by the Corporate Services Department's Internal Printing Services section of Printing and Mail Services. Of the total print volume managed by Printing and Mail Services, "quick copy" or black and white and spot colour reproduction, amounts to 21% or 12,000,000 impressions annually. The other 79% is specialized printing services currently contracted out to the private sector.

A separate review was conducted as to whether the scope of the review should be widened to include all departmental convenience (fleet) copiers and all departmental networked lasers. The result of a presentation to the senior management team was that the scope of the review was to remain as is - Internal Printing Services only.

It was acknowledged, however, that much of the large volume copying and laser printing currently being produced within departments, could be redirected to a centralized print facility if the issues relating to speed, quality, convenience and accessibility were addressed. Based on the information presented at this meeting, the scope of the review was assumed to increase by 5,000,000 impressions to a total of 17,000,000 impressions annually. The RFP will ask for various solution options at various production volume levels.

The study provides a comprehensive review of Internal Printing Services operations and analyses the feasibility of several ASD options. It evaluates each option and reports on the practicality, effectiveness, and feasibility for implementation in the City of Winnipeg. The study also identifies the advantages and disadvantages, both conceptual and practical, of the ASD options. The options under review are:

- Innovations (Enhanced Status Quo)
- Special Operating Agency (SOA)
- Facilities Management (On-Site Contracting Out)
- Contracting Out (Off-Site Contracting Out)

The detailed feasibility study provides an assessment of the economic feasibility of each option and recommends the course of action necessary to implement the preferred option. Both qualitative (customer survey) and quantitative (financial forecasts) information was used in the evaluation of the ASD options. The study concluded that the Innovations option is the preferred option as it is the least expensive at the volume anticipated and predicts high customer satisfaction.

Financial Summary

The following table summarizes the total five-year cumulative present value of options. The analysis reveals that the Innovations option has the lowest cost of operation - $4,414,396.00 in Year 5. This is $381,287.00 less than Facilities Management, $316,155.00 less than Contracting Out, and $253,711.00 less than SOA.

TOTAL 5 YEAR PRESENT VALUE OF OPTIONS		
OPTIONS	Year 5	Ranking of Options
Innovations	4,414,396	1
SOA	4,668,107	2
Contracting Out (Off-Site Contracting Out)	4,730,551	3
Facilities Management (On-site Contracting Out)	4,795,683	4

Conclusion:

In summary, the Innovations option has:

- The lowest cost of operation over a five year period at the predicted volumes
- The best ability to predict, control and reduce future costs
- The best level of service in terms of reliability, security/confidentiality, acceptable price and access to technical expertise
- The least internal disruption in terms of staffing and labour issues

- Potential to reduce overall city-wide costs in the long-term through connectivity
- Ability to maintain control of service delivery
- Minimal start-up time and disruption of service
- Strong staff support

The Innovations option provides the City of Winnipeg with:

- a high level of print reproduction capabilities and services
- new levels of convenience by providing city-wide access to high-speed print reproduction and bindery finishing directly from any desktop
- print reproduction capabilities from various computer platforms throughout the City
- a significant increase in quality through reproduction of first generation digital originals (not a copy of a copy)
- increased production speeds that translate into reduced turnaround times on deliverables and increased overall capacity (estimated at 17,000,000 impressions annually).

These benefits can be delivered through a secure, central location with improved security options, staffed with knowledgeable employees that are dedicated to producing a quality image for the City of Winnipeg.

The intention would be to implement the full recovery of the direct human resources, operations, maintenance and facilities costs from Departments.

The following administrative steps are specific to implementing the Innovations option:

- Complete a detailed cost/benefit analysis of equipment options prior to purchase in consideration of scalability and flexibility to accommodate anticipated increases in volumes and manage future needs by:

    - Clarifying the existing and anticipated production volumes over time
    - Establishing the best technology solution at various production volumes
    - Establishing set levels (production volumes) at which technology should be scaled-up to accommodate future growth

- Revise the existing purchasing/requisition process to streamline the approval process and improve accessibility throughout the organization by creating an on-line requisition process for the production and purchasing of creative and printing services.

- Implement full recovery of direct costs from client departments excluding overhead costs (divisional, administration, financial services, human resource services, information technology, and General Government Charges).

- Re-organize the existing financial structure within Internal Printing Services to eliminate the Company 02 account (General Revenue Enterprise Fund – which is not part of the tax supported system) and show all costs and recoveries in the Company 01 account (Tax Base Supported Account).

Report of the Alternate Service Delivery Committee dated December 3, 2001

Note: Implementing the recommended delivery model does not preclude evaluating other forms of ASD in the future.

The Alternate Service Delivery Committee recommends:

I. That approval be given to adopt an Innovations (Status Quo with Improvements) model for the Internal Printing Services section of the Corporate Services Department.

II. That implementation to be referred back to administration. Implementation and ongoing operation to be based on the following guiding principles:

A. That Internal Printing Services identifies and fully charges back to client departments, the direct costs of the services provided.

B. That clients are provided with high quality print reproduction, through cost effective means with the convenience of instant access to high-speed, high volume printing and complete bindery services, including the highest level of security possible.

C. That the operation pursue "best practice" arrangements including contracts, strategic alliances, external partnerships, etc. where and when it is appropriate to do so and proper approvals have been given.

D. That new technology in Digital Reproduction Systems to be acquired and implemented with consideration for future value, and compatibility with existing and planned City IT Infrastructure.

III. That Council direct the Administration to enter into an RFP for the purchase of new technology as noted above.

IV. That funding for new technology to come from depleting the full amount in account # 02 333002 108101 (surplus sundry – printing equipment replacement and operations) of approximately $250,000.00.

V. That additional funds for new technology, if needed, of up to $500,000.00 come from the Idea Bank at the City's cost of borrowing rate over five years.

Appendix "A" referred to in Clause 2 of the Report of the Alternate Service Delivery Committee dated December 3, 2001

Financial Impact Statement

Date: June 6, 2001

Project Name:

First Year of Program

2002

Internal Printing Services - Feasibility Study Selection Report

	2002	2003	2004	2005	2006
Capital					
Expenditures Required	$ 650,000	$ -	$ 100,000		
Less: Existing Budgeted Costs	-	-			
Additional Budget Required	$ 650,000	$ -	$ 100,000	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus	250,000				
Other - Idea Bank	400,000		100,000		
Total Funding	$ 650,000	$ -	$ 100,000	$ -	$ -
Total Additional Budget Required	$ 750,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Funding of $250,000 is from the printing equipment replacement and operations reserve. The balance of $500.000 from the idea bank at the City's cost of borrowing rate over five years. The cost of borrowing will be paid from the operating budget.

Original Signed By Radhika Abeysekera

Manager of Finance & Administration