



December 1, 2006

The Honorable Wesley Chesbro, Chair
Joint Legislative Budget Committee
State Capitol, Room 5035
Sacramento, CA 95814

Dear Senator Chesbro:

Pursuant to the requirements of the Supplemental Report of the 2005 Budget Act, Item 1760-001-0666, the Department of General Services (DGS) is submitting the Report on the Transformation of the Office of State Publishing.

In keeping with our commitment to encourage conservation, we have posted this report to our website. The report can be viewed at <http://www.legi.dgs.ca.gov/Publications/2006LegislativeReports.htm>. The report is entitled Report on the Transformation of the Office of State Publishing.

If you wish to receive a printed copy of this report, please contact Geoff Brandt, State Printer, at (916) 445-5378.

Sincerely,

Ron Joseph
Director

cc: See attached distribution list
Geoff Brandt, State Printer, Department of General Services

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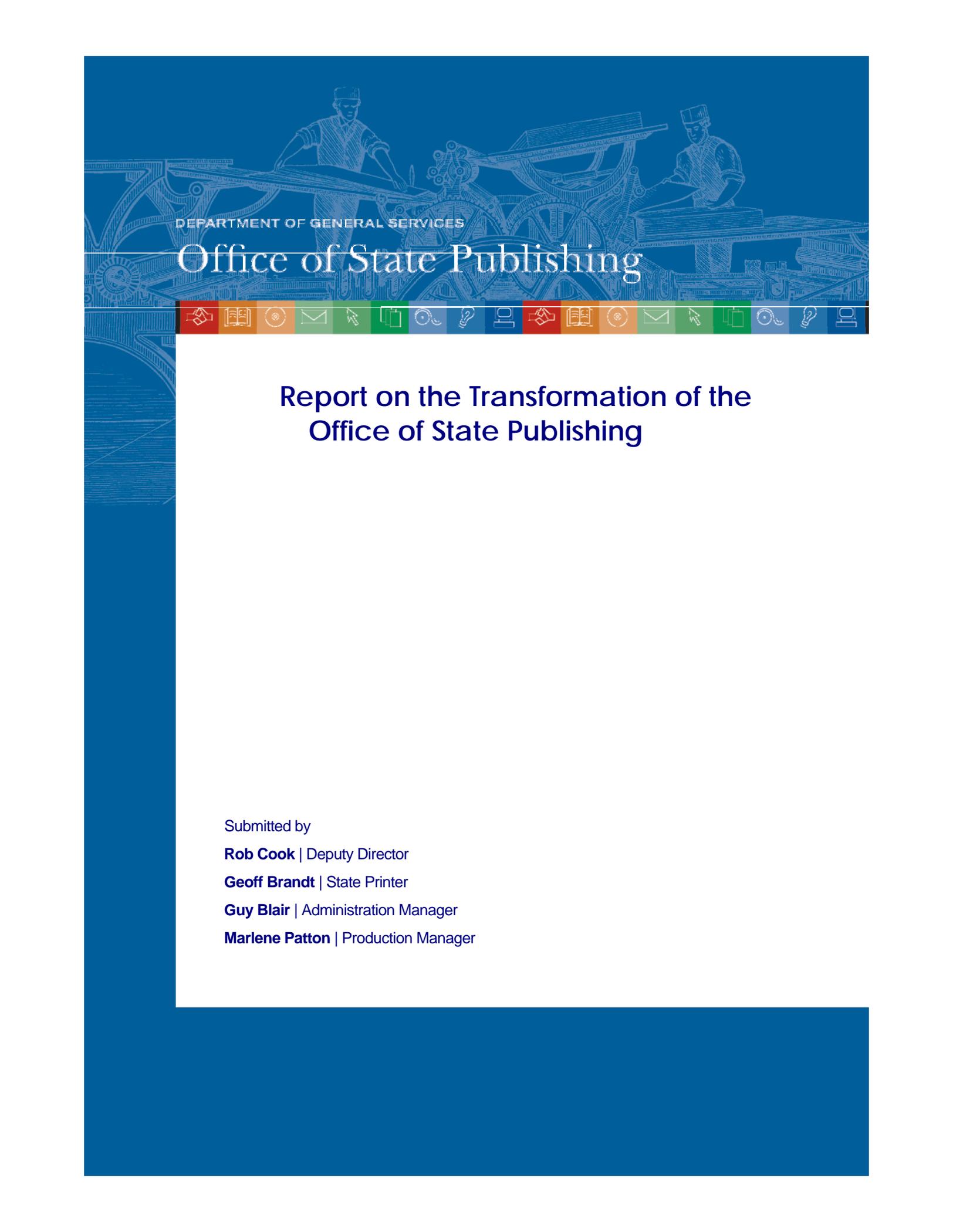
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Originating Office



DEPARTMENT OF GENERAL SERVICES

Office of State Publishing

Report on the Transformation of the Office of State Publishing

Submitted by

Rob Cook | Deputy Director

Geoff Brandt | State Printer

Guy Blair | Administration Manager

Marlene Patton | Production Manager



Transforming the Office of State Publishing

The Office of State Publishing (OSP) is submitting this report required by the Supplemental Report of the 2005 Budget Act language:

Item 1760-001-066-Department of General Services

1. Office of State Publishing. On or before September 30, 2006, the Department of General Services' Office of State Publishing shall report to the chair of the budget committees in each house of the Legislature and the Chair of the Joint Legislative Budget Committee on activities needed to improve the State's publishing technologies. The report shall include, but is not limited to (1) descriptions of the activities completed to date, (2) identification and costs of the necessary equipment and technology improvements, and (3) additional steps needed to improve efficiency at the office.

Since 1850, the mission of the OSP has been to create tangible documents for the Legislature and other State agencies by craftspeople trained in the art of typesetting, printing, and binding. The OSP has provided these expert publishing and printing services on a cost recovery basis to prevent duplication of services and avoid redundancy of additional government printing services. Major technological changes brought about largely as a result of the personal computer and digital technology have created a shift in how these services are provided and how information is delivered.

While the OSP's mission will remain essentially the same in the future, the introduction of digital technology is changing the way OSP creates its products and services to meet the ever-changing information needs of State government. The OSP will need to merge the skills of generations of craftspeople with the technological requirements of the digital age to transform the OSP into a modern, efficient, information production publishing environment.

To better define how to best prepare the future direction of OSP, OSP met with core customers to determine their current and future business needs and publishing requirements. Through these meetings, the OSP discovered its key competitive advantages – the core reasons that customers turn to the OSP. The OSP provides security, accountability, and flexibility within the envelope of government to meet critical business needs on behalf of our customers.

ACCOMPLISHMENTS TO DATE

Over the last three years, the OSP has implemented a number of improvements to begin transforming the OSP to meet the current and future publishing needs of the State of California. These improvements include:

- installation of a sophisticated system for cleaning lithographic blankets of excess paper debris – significantly reducing paper and plate waste on our large publication press;
- purchasing and installing a state-of-the-art saddle stitching finishing system to support the production of large projects such as the Voter Information Guide;

- purchasing and installing a six color press with inline aqueous coating capability and job description format (JDF) compliance;
- upgrading our EFI/Logic print management system to a structured query language (SQL) database;
- purchasing and installing two black and white cut sheet digital printers and one full color digital printer;
- approval of a feasibility study to implement a web storefront for streamlining processing of many digital print, business card, and envelope orders. Currently evaluating bids from vendors;
- expanding production capability for CD and DVD reproduction; and
- adding new units to the OSP's suite of services. Video services, Records Management and Document Destruction complete OSP's cradle to grave publishing solutions.

FUTURE PLANS

Immediate steps

The OSP production environment will look much different in the future. State-of-the-art digital equipment will replace much of the current lithographic machinery. The OSP is investing in upgrading its digital printers and mass mailing equipment to take advantage of the latest printing technology (see the attached appendix for equipment details). Approval is in place for the purchase of the proposed new digital technology over the next three fiscal years.

Our current digital print unit consists of two black and white cut sheet printers, and one full color cut sheet printer with an assortment of in-line, and near-line finishing equipment. The current monthly digital printing workload fluctuates between 2 to 4.5 million pages per month. The maximum capacity of the current printing equipment is 6 million pages per month. We have entered into an agreement with the Department of Child Support Services, (DCSS) that will require OSP to print and mail approximately 7.6 million pages of information and legal documents each month when fully implemented. As part of this agreement, the OSP has assured the DCSS that these legal written communication documents will be printed and mailed within federal guidelines.

This increase in workload will require the purchase of two high-speed roll-fed digital printers, two high-speed mail inserters, one mail zip code pre-sorting machine, and a closed loop file based integrity system. Authorization for this equipment is included in the 2006-07 Budget Act.

The OSP also anticipates having the web storefront in place by December 2006. This will allow customers to submit digital files via the Internet, reducing the amount of time needed by staff to typeset incoming jobs.

Additional Steps

The OSP produces legislative printing using lithographic print technology. The Legislative Data Center transmits digital files to OSP and OSP identifies and batches files by means of its proprietary System for Tracking and Ripping (STAR) that rips, imposes, and images an aluminum printing plate. Production then shifts to one of three lithographic presses to produce documents. The OSP's Bindery then cuts, folds, collates, stitches, drills, trims, and ships bills and other legislative documents.

The OSP of the future will go direct to digital for legislative printing. Digital files from the Legislative Data Center will print on high-speed roll/pin-fed digital printers with in-line or near-line finishing capabilities. We will continue to use a modified STAR system for identifying and batching print ready files. The criteria for batching will now include run amounts and will continue to prioritize files based on

criteria set by the Legislature and imposition information based on the size and finishing requirements of the bill/publication.

Converting legislative printing to digital print technology will eliminate more than 50,000 printing plates per year. The on-demand capabilities of digital will also reduce the number of copies produced thereby reducing paper consumption and warehousing costs.

Improving Efficiency

Since January 2006, the OSP has been incorporating Lean Manufacturing principles into the organization. Lean Manufacturing is a time tested business performance approach that teaches organizations how to identify and eliminate waste by focusing on enhancing quality, reducing costs, and improving on-time delivery. As a result, the OSP is increasing its ability to deliver products more timely and competitively – improving customer satisfaction. Each employee at the OSP underwent an introductory training program that introduced Lean principles and concepts. Management and select employees heading up Lean implementation received training that is more extensive.

Lean process improvement is initiated through "Kaizen Events." "Kaizen" is a Japanese word meaning, "change for good." An event consists of a focused group of employees (8-14) that form a cross functional team to address a predetermined process improvement opportunity. The event is 3-5 days in duration ending with a presentation of findings and recommendations. To date, OSP has conducted five Kaizen events. Kaizen teams have improved visual controls for production – dropping time needed to identify job status by 98 percent; streamlined legislative printing layouts to reduce unnecessary movement of personnel and materials by 57 percent; improved job specification processes to reduce rework on job tickets by 80 percent; created a new facility layout for a future building to reduce space requirements by 31 percent and reduce unnecessary movement of personnel and materials by 75 percent; and developed a plan to reduce paper inventory costs. These Kaizen sessions are having a substantial impact on improving the efficiency and effectiveness of OSP. Kaizen events will continue on an ongoing basis with the goal to conduct one each month.

As a result of a combination of efforts – investment in new equipment and technology along with a commitment to Lean Manufacturing – OSP is embracing its historic mission while transforming the organization to meet the digital future. The result is an information production enterprise that will continue to serve the needs of the Legislature and State agencies well into the 21st Century.

APPENDIX – PRODUCT LINES AND EQUIPMENT

Recently Purchased Equipment/Systems	Cost	FY Purchased
Saddle-stitching finishing system	\$ 865,672	2002-03
Heidelberg 6-Color Sheetfed Press	\$ 1,981,701	2003-04
Improved blanket cleaner on M1000 publication press	\$ 261,186	2004-05
Two black and white cut sheet printers	\$ 829,929	2005-06
One full-color production printer	\$ 480,108	2005-06
Expanded CD and DVD production equipment	\$ 8,830	2005-06

Future Equipment/System Acquisitions	Cost	FY Proposed
One high-speed digital printer and roll stand	\$ 1,263,000	2006-07 ¹
Mail presorting machine	\$ 765,000	2006-07 ¹
Mail inserting equipment	\$ 726,000	2006-07 ¹
File based Integrity and Control System	\$ 750,000	2006-07 ¹
Mail inserting equipment	\$ 540,000	2007-08
One high-speed digital printer and roll stand	\$ 1,107,000	2007-08
One high-speed digital printer and roll stand	\$ 1,107,000	2008-09
Smart binders	\$ 1,800,000	2008-09
Near-line perfect binder	\$ 75,000	2008-09

¹The funding for this equipment has been approved in the 2006-2007 Budget