



M E M O R A N D U M

Date: February 1, 2008

To: All Agency Secretaries
All Board and Commission Heads
All Department Directors

From: Department of General Services
Office of State Publishing

Subject: DGS MANAGEMENT MEMO 07-06 (updated Frequently Asked Questions)

The purpose of this memorandum is to provide further clarification for Management Memo 07-06 regarding the acquisition of printing services as a consequence of the recent court decision, which overturned a statute that determined printing was not a personal service.

What has changed at this time?

The procedure for entering into printing service contracts has changed. As a result of the Court's decision, state agencies that contract for printing must do so under the services contract provisions of Public Contract Code 10335 et seq. and must justify contracting out for those services subject to the conditions of GC Section 19130 (a) or (b).

What printing projects must I send to the Office of State Publishing (OSP)?

All printing projects must now be submitted to the OSP. The OSP will offer to produce all printing that conforms to the OSP's equipment, available inventory, and scheduled resources. Printing projects that are not suitable may be procured through the OSP or a requesting agency will be provided a numbered authorization for exemption to procure the printing project individually. Printing services can also be contracted with an outside vendor when Government Code Section 19130 (a) or (b) conditions have been satisfied.

How will OSP schedule agencies work?

Agencies are responsible to provide OSP with complete job specifications in accordance with OSP's Production Timeframes (Attachment A). This should include any substantiation for statutory, legal or mandated deadlines. These timeframes allow OSP to review the specifications of each individual printing project and establish a schedule in advance of beginning production. Customer changes in scope, and schedules, will be conveyed through the assigned Customer Service Representative (CSR) as soon as practical.

Can I contract with a private printer instead of the OSP?

Only when an exemption is given by OSP. Agencies are responsible to provide OSP with complete job specifications in accordance with OSP's Production Timeframes (Attachment A). This should include any substantiation for statutory, legal or mandated deadlines. OSP will issue exemptions on an individual basis, for projects that do not conform to the OSP's equipment, available inventory, and scheduled resources. To contract with a private printer you must have a numbered authorization for exemption from OSP.

How do I request an exemption?

Your requests for exemption should be directed through your Customer Service Representative (CSR). If you do not know your CSR's phone number, you may also contact the Customer Service unit by calling (916) 445-5386 or toll free (800) 963-7860 or visit our website at www.dgs.ca.gov/osp

How long does an exemption decision take?

The OSP has established an internal process to review agency requests and respond to their request within two business days after receipt of complete job specifications. OSP's goal is to provide a same day response when possible. The OSP will partner with the agency to see that their printing needs are met. The intent is to provide customers with the best printing options to meet their needs.

What happens if I contract with a private printer without an OSP authorization for exemption?

All exemptions will be recorded and reported to the DGS Office of Legal Services (OLS). Non-compliance with Management Memo 07-06 may result in non-approval of a contract by the OLS and non-payment of your contract invoices. In the best interest of your vendor and your agency, it is imperative that you obtain a numbered authorization for exemption from the OSP.

What happens if OSP commits to a project and then decides to vend the project out?

If OSP determines that the project is best suited for OSP equipment but later is governed to produce another project, OSP will vend the committed project on your behalf and will waive the OSP procurement fee. A requesting agency can also be provided a numbered authorization for exemption to procure the printing project individually.

Does this management memo apply to printing only?

The management memo and the court decision specifically address printing contracts, however other services provided by the OSP, such as mass mailing are also subject to GC 19130. See the Office of State Publishing Services (Attachment A) or contact your assigned CSR for further information. The court decision and GC 19130 are the controlling factors, not the management memo.

How does this impact GC14838.5, permitting small business purchases?

GC 14838.5 does not supercede GC 19130. You must first comply with GC 19130 (a) or (b). You must obtain an exemption from the OSP before any application of GC 14838.5 may be considered.

Now that printing is considered a service rather than a commodity and my printing project is vended out to a private printer, will I be charged sales tax?

Yes, even though printing will be procured as a service, sales tax must still be applied and itemized separately on the agency's invoice or procurement document per Revenue and Taxation Code 6006.

Can printing projects worth less than \$5,000 be contracted out?

No. All printing projects must be submitted to the OSP for retention or exemption.

Can I send printing projects to Prison Industry Authority (PIA) without getting an exemption from the OSP?

Yes. A numbered authorization for exemption is not required from the OSP before sending printing projects to PIA.

Enclosure: Management Memo 07-06