First·Choice·for·Service

FY08 RATE COMPARISON

OF GOODS AND SERVICES PROVIDED BY THE DIVISION OF CENTRAL SERVICES

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& Administration
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DIVISION OF CENTRAL SERVICES

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OVERVIEW

Created by statute in 1976[1], The DIVISION OF CENTRAL SERVICES (DCS) exists to provide business support services to state agencies. Focused on creating economies of scale, cultivating strong and sustainable partnerships, and emphasizing quality, the mission of DCS is to promote the highest possible value for customers and earn our reputation as Colorado's "First Choice for Service."

Housed within the Department of Personnel & Administration, DCS consists of four main program areas: Integrated Document Solutions (IDS), State Fleet Management Program (SFM), Capitol Complex, and State Travel Management Program (STMP). Each of these units provides an innovative mix of services tailored to the unique needs of each customer, including:

- Graphic design and project management
- Digital and off-set printing
- Large scale copying services and onsite copier equipment programs
- Internal and external mail processing and security screening
- Courier services
- Data entry
- Imaging and microfilm
- Online application development
- Data warehousing
- Leased space and facility management
- Building security and identification programs
- Special event permits
- Information resources and referral services
- Travel programs
- Short-term vehicle rentals (Motor Pool)
- Vehicle acquisition and lifecycle management

Agencies within the four-county, core service area of Adams, Arapahoe, Jefferson and Denver are required to participate in the program unless they are granted a project-based waiver from DCS. All state agencies except for institutions of higher education as allowed under HB 04-1009 are required to participate in the State Fleet Management Program.

In order to achieve the highest value and ensure the fulfillment of its mission, DCS maintains a policy of surveying service rates every two years. This bi-annual study enables DCS to ensure pricing is competitive or offered at lower rates than private industry in each of its key service areas.

[1] §24-30-1101

PROCEDURE FOR COMPARING RATES

DCS HAS ADOPTED THE FOLLOWING PROCEDURES when conducting rate comparisons:

1) When obtaining pricing from the private sector, standard rates will be requested.
2) When comparing costs, commonly used goods and services will be compared.
3) Services to be compared must be comparable. For example, the rate charged by IDS for data entry includes storing data, yet the private sector rate is for keystrokes only. Graphic design service rates are compared to lower level "house designer" rates, whereas the quality of professionals employed by DCS would more typically be charged at a higher "agency designer" rate. In these scenarios, DCS must a) not compare services, b) determine what percentage of the rate is due to the additional service not provided by the private sector and adjust the rate accordingly; or c) err on the side of comparing the DCS service rate to the lowest private sector rate.
4) DCS rates include statewide indirect costs when those costs would be redistributed to other cash-funded agencies were DCS not in existence.
5) Although "value added" cannot be quantified, statements that illustrate convenience, efficiency and other benefits will be included. DCS also publishes a complementary "Cost Savings Study," which includes detailed information on value added and real cost savings components achieved through the use of DCS services.

GOODS AND SERVICES COMPARED

Goods and services selected for comparison in FY08 include:

Capitol Complex Facilities Maintenance
The Capitol Complex group offers full service facility management within 18 core State buildings, including the State Capitol building, the Governor's Residence, State Services Building, Human Services Building, and other state-owned office facilities. The group provides building maintenance including HVAC, plumbing, electrical, lights, general maintenance, day and evening custodial services (in-house and contractor), grounds maintenance, snow removal, and building security. The group also provides the public with special event permits and information resources.

Services compared include:

- Lease rates

Integrated Document Solutions
From design and print to imaging, mail and delivery, IDS partners with state agencies to deliver creative, cost effective solutions for every stage of a document's life. Blending subject matter expertise at all staffing levels, strong private sector partnerships, and the convenience of integrated service delivery, IDS maintains two campuses, one in Denver and one in Pueblo, to provide services to state agencies along the Front Range.

The full spectrum of IDS services includes: graphic design, offset and digital printing, copying, bindery, copier equipment management, USPS mail sorting and processing, special delivery and courier services, interoffice mail and package delivery, imaging services, microfilm, data entry, online application development, and online content management through the State's Electronic Data Warehouse.

Services compared include:

- Graphic design
- Mailing projects
- Printing, digital and offset press
- Delivery and courier Services
- Imaging
- Data entry

State Fleet Management

Managing the state's current and future vehicle needs, State Fleet Management (SFM) is driving change for Colorado through efficiency and innovation. SFM supports the state's fleet of approximately 6,000 light duty vehicles throughout their life cycle. SFM orders new vehicles, disposes of older ones through public auction, and arranges for purchase funding. SFM authorizes maintenance and repairs, and manages the State's fuel card program. The program also provides extensive support to agencies in order to achieve compliance with the State of Colorado's "25-in-5" petroleum use reduction.

The State Motor Pool rents fully equipped, late-model cars and vans to state agencies on a daily, weekly or monthly basis. Rates for State Motor Pool vehicles include mileage, insurance and fuel.

Services compared include:

- Vehicle rentals

State Travel Management Program

Offering value-added, travel-related programs and resources to state and participating local agencies, the program coordinates all travel-related contracts and vendor relationships. As the program does not charge rates for its services, there are no comparisons offered in this report.

COMPARISONS

Capitol Complex Program

Lease Rates
Based upon a lease rate comparison with the private sector, the Capitol Complex saved the State $11,063,064 in fiscal year 2007-08.

Given their historic and ornate nature, or their participation in the "Greening of Government" initiatives, the following buildings are considered Class A: the State Capitol Building, Legislative Services Building, State Office Building and State Services Building. The buildings at 690 and 700 Kipling Street are viewed as Class A/B due to the technological capabilities associated with the State's computer center and CBI crime lab.

Private Sector Lease Rates Per Square Foot (psf)

Greater Denver Market – Class A	$26.75
Greater Denver Market – Class B	$21.94
Greater Denver Market – Class C	$16.90

Source: Grubb & Ellis, October 2008

	Capitol Complex Area	690 & 700 Kipling	Pierce Street	North Campus
Building Classification	Greater Denver Market – Class A & B	Greater Denver Market – Class A & B	Greater Denver Market – Class B & C	Greater Denver Market – Class C
Square Footage	650,123	105,318	116,448	42,871
Capitol Complex Lease Rate psf	$12.54	$12.54	$5.77	$3.91
Private Sector Lease Rate psf	$24.34*	$24.34*	$19.43**	$16.93
Savings psf	$11.80	$11.80	$13.66	$13.02
Total Savings in FY08	**$7,671,451**	**$1,242,752**	**$1,590,680**	**$558,180**

* This figure represents the average of private sector rates for Class A and Class B
** This figure represents the average of private sector rates for Class B and Class C

Integrated Document Solutions

Graphic design
As the cost of design services is often built into a larger project cost and only "house" or basic design projects are bid by the hour, it is difficult to separate this service for a true rate comparison. IDS designers are award-winning professionals who supervise both complex and

basic projects, although their rate is compared here to the lower, "house" standard rates. Additionally, IDS often absorbs portions of service that would otherwise be billed hourly by an outside vendor. Using a simple hour-to-hour basis for comparison, IDS offers the highest quality design staff at the lowest price – saving state agencies from $7 to $17 per hour.

Vendor	Hourly Rate
FedEx Kinko's	$95.00
Signal Graphics	$85.00
Office Depot	$85.00*
Integrated Document Solutions	**$78.00**

*This is an average based on their quote of $75 to $95 per hour. Office Depot was unable to provide an exact quote as their rate is based on the complexity of the project bid. Prices as of October 2008

Mailing Projects

A large component of IDS services include mailing projects. Mailing projects vary from small mailings of 100 pieces to large mailings of 100,000 pieces or more; and from simple projects that include affixing postage and delivering to the post office, to more complex projects that include hand-inserting mail into envelopes, printing addresses on envelopes, and sorting mail for postage discounts. As IDS custom tailors solutions based on each agency or project's unique needs, we have included a variety of ongoing or representative projects for cost comparison purposes. Please note that all project prices include pick-up and delivery with IDS and there are no minimum pieces for mailings, as there are often with outside vendors. All prices quoted are as of October 2008.

Project 1: Colorado Department of Human Services FIDM notice using first-class mail.
This project has a volume of 100 pieces. These costs are calculated using hourly rates (estimated at one hour) for hand inserting and collating, and per piece charges for folding, metering and postage costs.

Service Components	IDS	Address Pro	Rocky Mountain Mail
Folding	$3	$1	$1
Folder Set up	$0	$30	$20
Hand Insert	$30	$40	$40
Collate	$105	$40	$40
Metering	$63	$35	$35
Postage	$42	$42	$42
Minimum charge	$0	$250	$175
Post office drop	$15	$40	$40
Total Cost	$258	$250*	$218

* Total cost was actually $228, listed as $250 due to their minimum charge.

Project 2: Colorado Department of Labor and Employment daily mail using pre-sort. This project has an average daily volume of 6,000 pieces. These costs are calculated using per piece rates for inserting, inline metering, postage, and sorting – bar coding.

Service Components	IDS	Address Pro	Rocky Mountain Mail
Insert Machine Set Up	$0	$30	$25
Inserting	$23	$24	$51
Inline metering	$24	$0	$0
Postage	$2,076	$2,076	$2,076
Sorting- Bar coding	$138	$165	$165
Post office drop	$15	$40	$40
Total Cost	$2,276	$2,335	$2,357

Project 3: Colorado Department of Labor and Employment's Unemployment Insurance Handbook. This project has a volume of 400 pieces. These costs are calculated using an hourly rate for tray/bagging (calculated using one hour) and per piece rates for inkjet address printing and postage.

Service Components	IDS	Address Pro	Rocky Mountain Mail
Inkjet Set up*	$12.50	$50	$100
Inkjet	$24	$10	$15
Tray/Bag	$105	$40	$40
Postage	$328	$468	$468
Post office drop	$15	$40	$40
Total Cost	$485	$608	$663

*Assumes two heads.

Project 4: Colorado Department of Human Services' Combined Benefits Monthly Statement, 1 ounce presorted letters. This project has a volume of 18,750 pieces. These costs are calculated using per piece rates for inserting, inline metering, postage, and sorting-bar coding.

Service Components	IDS	Address Pro	Rocky Mountain Mail
Insert Machine Set Up	$0	$30	$25
Inserting	$731	$750	$1,594
Hand collating *	$0	$3,760	$3,760
Inline Metering	$75	$0	$0
Postage	$6,488	$6,488	$6,488
Sorting – bar coding	$431	$515	$0
Minimum charge	$0	$250	$175
Post office drop	$15	$40	$40
Total Cost	$7,740	$11,583	$11,907

*IDS has the only intelligent inserter machine that is capable of reading CBMS codes, so if this were outsourced, the vendors have an additional cost of hand collating each piece. IDS

estimates that approximately 200 pieces can be hand collated per hour, requiring approximately 94 hours of hand collating at a rate of $40 per hour.

Printing

Printing projects vary in size and are either offset (engraved or plate printing) or digital copies. For digital printing, all commercial vendors include paper in their impression charges. IDS charges by the piece of paper, not the impression count which creates additional savings when printing double sided. All prices quoted were obtained in October 2008.

Project 1: This is a typical two-color, double-sided single sheet of 70# gloss book paper without bindery. This project has a volume of 5,000 pieces.

Vendor	Project Cost
FedEx Kinko's	$661.73
Signal Graphics	$782.75
Office Depot	$702.24
Integrated Document Solutions	**$432.68**

Project 2: This is a typical four-color, double-sided single sheet, tri-fold brochure printed on 80# gloss white paper. This project has a volume of 5,000 pieces.

Vendor	Project Cost
FedEx Kinko's	$769.73
Signal Graphics	$837.00
Office Depot	$839.10
Integrated Document Solutions	**$768.48**

Project 3: This is a typical 500 piece digital copy job in either black/white or color.

Vendor	Black and White Copies	Color Copies
FedEx Kinko's	$37.50	$395
Signal Graphics	$30	$195
Office Depot	$40	$245
Copy Max	$42.50	$245
Integrated Document Solutions	**$12.50**	**$175**

Project 4: This is a typical 1,000 piece digital copy job in either black/white or color.

Vendor	Black and White Copies	Color Copies
FedEx Kinko's	$35	$790
Signal Graphics	$50	$390
Office Depot	$80	$490
Copy Max	$85	$490
Integrated Document Solutions	**$25**	**$350**

Delivery and Courier Services

Delivery and courier services are difficult to measure because IDS charges a flat rate for service while most courier services have fees schedules that vary by miles traveled, number of hours in the delivery window, package weight and number of pieces in the request. When factoring in surcharges for fuel, weight, and number of packages, IDS services remain lower than the private sector. Prices quoted in October 2008.

Vendor	Direct 1-2 hours	Economy 3 hours	Same Day 8 hours
Quicksilver[2]	$15.75 - $43.95	$22.10 - $39.00	$8.75 - $34.35
Speedy Messenger[3]	$14.70 - $25.50	N/A	$8.00 - $50.00
A-1 Express[4]	$28.55 - $61.52	$22.64 - $52.09	N/A
Direct Rush[5]	$50 - $87.50	N/A	N/A
IDS[6]	**$30 ($40 regional)**	**$30 ($40 regional)**	**$30 ($40 regional)**

Imaging Services

The average imaging project for IDS is approximately 6,000,000 pieces, as compared below. Although a project may often include other components, the rates shown below are for scanning only. Using the per piece basis for comparison, for the average project IDS saves the State of Colorado more than $30,000.

[2] Quicksilver pricing is based on government rates. All rates have an additional 18% fuel surcharge added to the base rate, which is quoted based on package weight and delivery timeframe. Additional regional delivery fees apply outside of the Denver Metropolitan area.

[3] All rates have an additional 12% fuel surcharge added to the base rate, plus a $1.30 per mile fee. Additional regional delivery fees apply outside of the Denver Metropolitan area. Packages over 10 lbs also have a $0.03 per lb surcharge. Drivers are not required to undergo background or drug screenings.

[4] A-1 Express also offers large truck service to Pueblo for a flat rate of $590.

[5] Pricing is for packages of up to $50. Each additional package is $2. There is a fuel surcharge of $2.50 per mile.

[6] IDS charges a flat rate, including fuel. Each additional package is $1.25.

Vendor	Per Piece Scanning	Total Project Cost
Uptown Imaging	$0.07	$420,000
National Imaging	$0.065	$390,000
Carlsbad Solutions	$0.07	$420,000
Integrated Document Solutions	**$0.06**	**$360,000**

Data Entry / Data Conversion Services

Using the same figure of 6,000,000 documents for an average sized data entry job, IDS will save the State of Colorado over $520,000.

Service Components	IDS	Statco	CCC & Assoc.	Air Academy
Data Entry	$0.0389	$0.004	$0.006	$0.0045
Key Verification	$0	$0.004	$0.006	$0.0045
Shipping Costs	$0	$0.12	$0.13	$0.14
Cost Per Document	$0.0389	$0.128	$0.142	$0.149
Total Cost	$233,400	$768,000	$852,000	$894,000

State Fleet Management

Vehicle Rentals

All motor pool vehicles include fuel, collision damage waiver insurance (CDW), and mileage. Rentals from private sector vendors that are leased using a State Travel Management Program travel card automatically include CDW, although fuel is not included and a per-mile fee may be levied depending on the vendor and mileage. According to data gathered by the State Travel Management program, the average cost of fuel per day of rental is $15.57, which assumes an average of $2.80 per gallon and includes taxes. Fuel costs have been added to the base daily rental fee in order to present an accurate comparison of rates.

	Economy	Compact	Midsize	Full Size	Minivan	4Wdrive	Van
Enterprise	$51.57	$52.57	$53.57	$54.57	$72.57	$72.57	$118.57
Hertz	N/A	$54.57	$56.57	$58.57	$84.57	$74.57	N/A
SFM	**$50.00**	**$50.00**	**$50.00**	**$50.00**	**$68.00**	**$68.00**	**$105**