

APPROVAL REQUIRED TO PURCHASE PRINTING EQUIPMENT

(New X/2019)

A. Overview

No state agency may acquire printing equipment, including, but not limited to, offset printing, digital printing, bindery, or mailing equipment (in support of a printing operation), valued in excess of \$50,000, without prior approval from the State Printer.

Agencies seeking to acquire new or replacement printing equipment are required to submit a Printing Equipment Acquisition Request (PEAR) (see SAM Section 2876(B)) to the State Printer for approval. The agency should use the PEAR to demonstrate that the agency has the capacity to operate the printing equipment efficiently and cost-effectively, and that the acquisition and use of this equipment will not be unnecessary duplicative of OSP services (or those services provided by other state agency in-plant printing operations as authorized under SAM Section 2875). To assist with this analysis, a Recovery of Investment Template (RIT) (see SAM Section 2876(C)) must be included with the PEAR.

The agency submitting the PEAR must affirm that the print work performed on the equipment will only support the printing needs of the acquiring agency (referring to the office, department, division, bureau, board or commission that purchases and/or operates the equipment), and not that of other agencies, except when a Printing Services Exemption Request (PSER) has been approved by OSP (see SAM Section 2811 for OSP exemptions).

The agency must have a current In-Plant Printing Operations Report (IPPOR) (see SAM Section 2875(F)) on file with the State Printer before they may submit a PEAR for approval.

Agencies that have delegations of procurement authority, issued by the Department of General Services' (DGS) Procurement Division, are still required to submit and receive approval on a PEAR prior to exercising their delegated procurement authority.

B. Printing Equipment Acquisition Request Information

The PEAR standardizes the acquisition analysis with regard to the acquisition of printing equipment across state agencies. To ensure that the acquisition of printing equipment is cost-effective, the agency submitting the PEAR must provide a detailed account of its recovery of investment and estimated acquisition, overhead, operation, and maintenance costs.

The agency must complete each section of the PEAR in accordance with the provisions of the PEAR Instructions document.

Electronic copies of the PEAR and the PEAR Instructions can be found on OSP’s website at: <http://www.dgs.ca.gov/osp/services/inplants/resources>.

A PEAR will not be considered complete unless a complete and accurate RIT with supporting documentation is included.

C. Recovery of Investment Template Information

State printing operations must be budgeted for cost recovery (see SAM Section 8752 requiring departments that provide goods and services to fully recover their costs). An agency seeking to acquire printing equipment must be able to demonstrate that it can recover the cost of owning and operating that printing equipment over five years. The RIT is a detailed financial analysis tool used to evaluate whether the acquisition of printing equipment is a cost-effective investment.

To ensure that the agency can adequately recover its cost, the agency must complete a five-year fiscal analysis on the RIT in accordance with the provisions of the RIT instructions document. OSP will not accept a PEAR without a complete and accurate RIT.

State agencies must depreciate all printing equipment according to the following schedule:

Table 1	
Cost of Equipment (Before sales tax)	Depreciation Period
\$50,000 to \$1,999,999	May be depreciated up to five years
\$2,000,000 to \$4,999,999	May be depreciated up to seven years
Greater than \$5,000,000	May be depreciated up to ten years

State agencies may not exceed the depreciation schedule indicated in Table 1, but may choose a lesser depreciation period at their discretion.

Electronic copies of the RIT and the RIT instructions can be found on OSP’s website at <http://www.dgs.ca.gov/osp/services/inplants/resources>

D. Submitting the Printing Equipment Acquisition Request

Electronic copies of the PEAR, the RIT, and supporting documentation (as needed) must be submitted to the Statewide In-Plant Operations Manager at inplantopsmanager@dgs.ca.gov for review. OSP will not review a PEAR unless all sections of the PEAR and the RIT are filled out completely.

The PEAR and supporting documentation must be submitted to the State Printer for approval no less than ninety (90) days prior to the anticipated solicitation date. If the agency intends to use one-time acquisition services from the DGS Procurement Division prior to the end of the fiscal year, the PEAR must be received by the Statewide In-Plant Operations Manager no later

than the first business day of February. Agencies are not permitted to enter into a purchasing contract for printing equipment until a signed PEAR approval has been returned by the State Printer.

The State Printer may approve the PEAR as written, provide conditional approval through the recommendation of alternative equipment, or reject the PEAR with explanation. When PEAR approval is received, the submitting agency will be required to provide the PEAR to: 1) the DGS Procurement Division (if one-time acquisition services are required); 2) the DGS Office of Legal Services (OLS) (if OLS contract review is required); and, 3) the SCO (included with the invoice for processing of payment). Non-compliance with the PEAR approval process may result in non-approval of the contract and non-payment of invoices.

The amount on the solicitation or delegation of procurement authority to acquire the printing equipment may not exceed 10% of the purchase price indicated on Section 4, Item 1 of the PEAR without secondary approval from OSP.

Approval on a PEAR is valid for the duration of the fiscal year of issuance and the following fiscal year.

Electronic copies of the Scope of Work issued with the solicitation and the final purchase agreement must be provided to the Statewide In-Plant Operations Manager within sixty (60) days of a signed purchase agreement.