

June 20, 2005

MEMORANDUM TO: Timothy F. Hagan, Director  
Office of Administration

FROM: Mark J. Flynn, Director **/RA/**  
Division of Administrative Services  
Office of Administration

SUBJECT: SIGNAGE ASSESSMENT

The purpose of this memorandum is to advise you of our proposed plan for the future production of signage for NRC Headquarters. This documents our assessment of the signage issue as identified in the Office of Administration's (ADM) FY 05 Operating Plan.

#### BACKGROUND

Signage for NRC HQ, which includes those used for office identification (Name, Title, Office/Division, Room Number), directional signs and hallway designations, has been acquired from the Federal Prison Industries (FPI)/UNICOR, a former mandatory source of signage for Federal Government agencies. Agencies could, however, produce signage if it was accomplished with in-house resources. Also, it should be noted that the Federal Acquisition Council issued an interim rule on April 11, 2005 that requires agencies to begin competing for the acquisition of FPI services/products with commercial sources.

Under the interagency agreement with FPI, the NRC Project Officer (PO) submits a price quote request to FPI's subcontractor, which results in the submission of a cost estimate to NRC based on the agreement's rate schedule. Upon review and acceptance of the estimate from FPI, the PO issues a call/order for the signage. The entire process, including production of the signage, can take a minimum of three months to approximately six months for the order to be completed. On an annual basis, the Division of Administrative Services (DAS) receives about 325 requests for signage and spends approximately \$20K to acquire the products from FPI.

In addition to the lengthy lead time currently being experienced for these orders, the lack of quality products compounds the delivery problem. Specifically, when signs are received with errors, the customer must wait additional time to receive the corrected sign. Some errors are the result of sub-quality workmanship. In other situations, the signage may become obsolete due to organizational or other changes. Overall, the level of service provided by FPI has been poor.

#### DISCUSSION

We have reviewed NRC's past experience with FPI for the acquisition of signage to determine how best to improve the current process with the goal of providing better customer service. Based on feedback from staff, the current level of service is not adequately meeting customer needs based on the unpredictable and lengthy FPI process. As an interim solution, we have been furnishing temporary signage produced by the Graphic's staff to help meet these needs. However, given the continued uncertainty regarding FPI's ability to provide high quality timely products and the continued demands for signage, a permanent solution is needed.

A solution that addresses both the quality and delivery issues is to purchase a signage machine and perform the activity with in-house resources. We have reviewed this alternative and believe that performing this activity in-house is viable. A primary source of information for this review was the Federal Communications Commission (FCC). FCC is an organization similar in size to NRC (2,000 HQ people and 800 on-sight contractors), which has been producing their own signage for the past 13 years. Prior to that, FCC acquired signage from FPI/Unicor and experienced many of the same performance and delivery problems. However, since producing signage with in-house resources, their experience in meeting the needs of their organization and reducing costs has been positive. Based on discussions with FCC staff, they recovered the cost for the purchase of the original signage machine within 5 years. Signs are now produced in minutes, rather than months, at a fraction of the cost. They produce signs for offices, directional signs, award plaques, and for the FCC symbol. Further, FCC recently purchased a new signage machine for the additional capabilities it offers, however, the original machine is still in service. FCC's overall experience with this approach has been very positive and successful.

In considering overall cost and resource issues associated with this approach, we used historical annual costs of signage purchases through FPI/Unicor, the costs FCC has experienced using in-house resources, and our in-house cost projections. The annual costs for agency signage from FPI has been approximately \$20K. The estimated cost for a signage machine similar to the one used at FCC (which we determined will satisfy our specific signage requirements), including installation and training, is approximately \$21K. Further, based on discussions with the Publishing and Distribution Branch, there is adequate space to house a signage machine in the NRC print shop, and no space alterations would be necessary. FCC also advised that their experience demonstrates that the cost of supplies required to operate the signage machine are nominal, and a preliminary estimate for the material needed to produce office signage for approximately 5,000 employees (name and organization insert) is \$3K. Finally, the individual signs will be made by staff as a collateral duty given the ease of operating the equipment. While a direct cost comparison of current FPI costs for signage production and projected in-house NRC production costs is difficult, these estimates indicate that it would be cost advantageous for NRC to produce these items in-house.

The internal process we envision for production of signage will be efficient and easy for the employee. Conceptually, the customer will submit their signage request from their desktop computer using the ADM Service Request System. The request will be routed to a desktop computer that is integrated with the signage machine. DAS staff will download the signage requests, perform the appropriate review of the request and produce and distribute the new signs to the customer. The entire process can potentially take days, versus months, to complete. The level and quality of this service will be significantly enhanced under this approach.

## RECOMMENDATION

Based on the above, DAS plans to develop the in-house capability to produce NRC's signage as it will allow us to provide improved services at reduced costs. Implementation will begin with the competitive acquisition of a signage machine, and coordination with the Office of Information Services Printing Shop, which is planned to be merged with DAS in November 2005, for the set up and operation of this activity. Funds for the acquisition of the machine and

necessary production material and supplies are available within the current DAS budget and future requests. We will proceed with these actions following your approval of this plan.

APPROVED:

(Signed: Kathryn O. Greene for 6/20/05  
Timothy F. Hagan Date

necessary production material and supplies are available within the current DAS budget and future requests. We will proceed with these actions following your approval of this plan.

APPROVED:

(Signed: Kathryn O. Greene for 6/20/05  
 Timothy F. Hagan Date

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