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IOWA'S PUBLIC UNIVERSITIES
COST-SAVINGS AND EFFICIENCIES REVIEW PROJECTS UPDATE

Action Requested: Receive the report on inter-institutional cost-saving and efficiency review projects.

Executive Summary: At the March 24, 2010 Board of Regents telephonic meeting, President Miles acknowledged the significant work Regent institutions have done to increase efficiency and enhance productivity and, with support of the Board, directed the institutions to continue their pursuit of excellence. At the following Board of Regents meeting in April, the Regent institutions proposed a number of areas to explore for further inter-institutional initiatives for cost savings and efficiencies. The results of those efforts are included in this report in the areas of Information Technology (IT), Purchasing, Human Resources (HR), and Facilities. This report also ties to the Board of Regents 2010-2016 Strategic Plan Goal #8, "Iowa's public universities and special schools shall be increasingly efficient and productive."

PROJECT	TIMELINE	PROJECTED SAVINGS
Information Technology Software Licensing Joint Software/Hardware bids Consolidated E-mail	Complete Complete Complete	\$25,000 annually \$262,000/3 years \$200,000 annually
Purchasing Joint Purchasing Contracts SciQuest Spend Director/Sourcing Manager DAS Implemented ProTrav Procurement/Travel system	Completed Ongoing July 2010 Fall 2012	Over \$2 million TBD Minimum \$75,000 \$50,000 annually
Human Resources Leave Management Workers Compensation Life and AD&D Products	Complete Ongoing 18-24 months (extended)	No savings \$500,000 - \$750,000 annually TBD
Facilities Standing Contracts for Equipment Electronic Bid Documents Alternate Delivery	3-6 months 12-18 months (extended) 3-6 months	\$50,000 annually \$500,000-\$600,000 annually \$5,000,000 annually

TBD – To Be Determined

Background: University personnel and Board Office staff convened two inter-institutional retreats to share best practices and discuss ideas on collaborations/consolidations based on the March 2010 directive and guidance. Leaders from each of the major operating units (IT, Purchasing, HR, and Facilities) evaluated project recommendations for potential savings/efficiencies based on the principles and processes outlined below. A third retreat was held with Vice Presidents of Business and Finance, University Directors and Board Office staff to discuss and prioritize the proposals; these proposals were brought to the Board's April 2010 meeting. Over the past year, these ideas were more fully explored; some were implemented and others are still under study.

Statement: The Regent Universities continue to enthusiastically support collaborative initiatives that yield efficiencies within and between the Regent institutions. The Regent universities will continue to effectively engage in efforts to substantially reduce university costs and/or enhance the quality of services and programs. The principles and process will guide the evaluations of proposed initiatives and focus each using data to drive decisions. This will ensure that limited resources will legitimately produce substantial savings, and/or enhance quality of services and programs.

Guiding Principles:

- Collaboration/consolidation efforts must maintain or improve the quality and effectiveness of each university.
- Collaborations/consolidations should not introduce complexities or risks to infrastructure, business processes, or end-user experiences.
- No university should pay more for a service or product than they could otherwise obtain on their own.
- Collaborations/consolidations should occur where they make sense. Given the differing missions of the universities, some projects may only involve two institutions.

Process:

- A limited number of projects will be selected for evaluation, based on the interinstitutional assessment of a project's likelihood for success.
- Each proposed project will be evaluated for:
 - Potential cost savings and time to recoup investment
 - Impact on staff effort to complete project
 - Project timeline
 - Impact on existing infrastructure
 - Impact to university business processes
 - Impact to students, faculty, and staff
 - Impact on Board of Regent policies, state statutes, existing contracts with vendors, and organized labor agreements
- Selection of projects for implementation will be approved by each university; funding and staff will be identified, and a detailed work plan will be developed to achieve the specified outcomes.

Presented in the following pages by operational area is the status of the proposed projects.

INFORMATION TECHNOLOGY

Information Technology is deeply integrated into the core missions of the universities: teaching, research, and service. The technology required to support cutting-edge research or provide engaging educational experiences for tens of thousands of graduate and undergraduate students is complex and unique. To be successful, the universities must design, develop, integrate, and operate their systems in ways that are tailored to and focused on their core missions. T also plays a critical role in patient care and the efficient operation of the University of Iowa Hospital and Clinics.

The universities are successfully managing information technology and keeping pace with the explosive growth and use over the last 10 years. This has been accomplished with flat or reduced budgets by constantly employing new efficiencies and increased effectiveness. Long term, the most value will be in the continued collaboration and avoidance of future costs through reducing duplication of effort, sharing solutions and ideas, and jointly implementing new technologies.

All three universities consistently rank near the top in terms of productivity and efficiency.

IT Peer Comparisons	UNI Rank	ISU Rank	SUI Rank
ITS <u>funding</u> per faculty, staff and student	2nd Most Efficient of 9 Peers Reporting	3rd Most Efficient of 11 Peers Reporting	2nd Most Efficient of 8 Peers Reporting
<u>Headcount</u> supported per FTE ITS worker	3rd Most Efficient of 9 Peers Reporting	2nd Most Efficient of 11 Peers Reporting	1st Most Efficient of 8 Peers Reporting
<u>Computers</u> supported per FTE ITS worker	3rd Most Efficient of 9 Peers Reporting	2nd Most Efficient of 11 Peers Reporting	1st Most Efficient of 9 Peers Reporting

Project Update:

1. Software Licensing

Project - This project had two phases: 1) to review the software titles licensed by each campus and identify possibilities for cost savings via consolidation or standardization of licenses, and 2) to investigate the possibility of cost savings by utilizing concurrent usage licenses in bigger shared pools across the 3 campuses.

Result - A thorough review of the software titles that are licensed on each campus was completed and potential candidates for cost savings were identified. The vendors of these titles were then engaged to determine actual cost savings potential. This effort has been challenging due to differing vendor licensing policies and the confirmation that current pricing on most products at the 3 universities is already at the highest markdown offered due to educational discounts. The consolidated volume has not produced additional savings in most cases. Annual savings of about \$25,000 have been realized, primarily benefitting UNI as part of the Microsoft Campus Agreement.

The vendor negotiations have resulted in additional benefits in terms of more favorable license terms, such as upgrades to unlimited campus licenses, for the same cost and lower built-in annual cost increases for some titles than each university was able to get on its own. Additionally, SUI was able to persuade some vendors to allow ISU and UNI to receive pricing that was negotiated by the Committee for Institutional Cooperation (CIC), even though those universities are not one of the 13 university members of the CIC.

A major benefit of this effort is that a standardized process has been refined to collaboratively review software titles as they are up for renewal to determine if any economies can be gained. This assures that future savings and opportunities will be identified.

The second part of this project, to investigate concurrent license possibilities, has been disappointing. The cost savings from the licensing is not great and the complexity of providing a joint service means the increase in costs is greater than the savings.

An additional benefit of looking at the software needs at each campus has been that *iFolio*, an electronic portfolio software package that was developed at SUI, is now being used at UNI. This meant UNI did not have to buy this from another vendor, or build it themselves and the collaboration on the implementation and usage of the package have been beneficial to both UNI and SUI.

While the actual out of pocket savings for this project is modest, the relationships built and standardized processes that have been refined are beneficial for the long term and will continue to produce savings into the future.

2. Collaborative IT Purchasing and Contracts

Project - The Regent IT and purchasing departments currently collaborate and jointly bid major IT purchases for products used on all three campuses and, as a matter of standard practice, include provisions to pass on pricing obtained by individual institutions to the others.

Results - The IT units of the Regent Universities completed a review of hardware/software bids and forwarded a list of possible joint contracting opportunities to the Universities Purchasing staff to be included in their overall efforts at joint purchasing Regent wide. These items are now considered part of the purchasing efforts and will be prioritized appropriately. Regent IT personnel will assist the purchasing departments as needed.

A new joint contract to obtain VMware virtual server software has already been completed. The 30% discount represents savings of about \$262,800 over three years. Contracts with total expenditures of \$18.8M have been identified for further review. If half of those contracts ultimately result in better negotiated pricing at an average 2% savings, the result is annual savings of \$188,000 per year.

3. Consolidated E-mail

Project - This effort is to identify opportunities to reduce costs by consolidating services or developing joint strategies for outsourcing. The Regent universities individually provide e-mail service for students, faculty, and staff - nearly 100,000 constituents.

Results - The Regent Universities have had considerable success standardizing and consolidating email services on their campuses. Savings of more than \$200,000 have been realized Regent-wide and resulted in single, campus-wide email systems at each University, as well as one for the University of Iowa Hospitals and Clinics. Analysis for savings to further consolidate Regent-wide does not show potential for efficiency or cost savings. The increased size and complexity of a much larger system actually increases costs.

Analysis of outsourcing email services is ongoing. There do not appear to be any efficiencies or cost savings to be realized by having a Regent-wide outsourcing effort. The cost to each university from the outsourcing vendors will be the same. Outsourced services to date are:

- Iowa State University has successfully outsourced its student email services and recorded savings of about \$25,000 annually, primarily by eliminating the need to replace end-of-life student email servers.
- The University of Northern Iowa is in the process of a complete evaluation of all email and calendaring for all constituents that would replace their aged systems. Potential annual savings at UNI are minimal, but savings of a few hundred thousand dollars could be recorded in lieu of replacing all the legacy email systems on campus.
- The University of Iowa is participating in a joint effort with 12 major research universities to engage the major email outsourcing vendors to redefine their service offerings to better meet the needs of universities. This effort is expected to be complete in the summer of 2011, at which point decisions can be made regarding outsourcing potential. Outsourcing student email is an expected outcome with potential savings in the same range as ISU, about \$25,000.

PURCHASING

Regent universities have engaged in collaborative purchasing for many years. These continued joint contracting efforts currently produce annual savings of \$44 million. An additional \$17.2M in combined savings in FY 2010 was derived from strategic sourcing efforts on the individual campuses by transferring purchases to master agreements, competitive bidding, negotiating additional rebates and standardization on products. The overall dollar savings of over \$61M, or 6.4% of the total combined Board of Regents purchases, is remarkably higher than the national Best Practice in Higher Education of 2% savings on annual procurement spend. In addition, it far exceeds the Average Best Practice in the Private Sector of 3.75% savings on annual procurement spend.

Over 65% of the total Regent purchasing spend is managed through strategic partnerships with vendors (strategic sourcing). On average, the Regent universities' cost to process a dollar of spend through central procurement is \$.004, under benchmarks in the private sector at one-half a cent (\$.005).

Project Update:

1. Joint Purchasing Contracts

The Regent universities have a long history of cooperative contracting efforts that began in 1989. Joint Regent contracting became a focused priority in 1992 at the Board's direction; since then purchases through joint contracting efforts have grown rapidly. In FY 2010, combined Regent contract spend through joint contracting totaled \$286 million, an increase of 165% over the previous ten years.

As multiple cooperative contracts have been developed over time, fewer opportunities exist as candidates for further collaboration. Spend analysis by each institution shows that only a small amount of spend may be a candidate for new cooperative contracting, and at most would result in a conservative savings of an additional \$700,000 of joint Regent contract savings spread over multiple projects, each with relatively smaller individual savings. On a conservative basis, the resource commitment increases by a factor of 4 for collaborative efforts and must be weighed against the need to respond appropriately and in a timely manner to campus customers. The resource commitment factor is due to the added complexity of multiple stakeholders compared to similar projects conducted on a campus-wide basis. This is also evidenced by the national trend for separate positions and departments for dealing exclusively with strategic sourcing activities.

Over the last five years, Regent purchases on Department of Administrative Services state contracts have increased 23% to almost \$10 million per year. In the same time period, Regent purchases from Iowa Prison Industries have tripled to approximately \$2 million annually.

Joint Purchasing Contracts explored:

Joint Contract	Participants	Completion Date	Savings
Bio safety cabinets	All	Awarded to NuAire	\$47,600
VM Ware software	UNI, SUI, ISU	Awarded	\$1.6 million over 5 years
Office supply contract	UNI, SUI, ISU, DAS, DOT	Awarded to Office Max	Minimum of \$300,000
Procurement card services	UNI,SUI, ISU - Adding DAS and political subdivisions	Awarded to US Bank	\$100,000 additional rebate for extending to DAS
Emergency Disaster Services	UNI, SUI, ISU, DAS, DOT	Awarded to ServiceMaster & Cotton USA	\$944,000*
Green cleaning supplies and trash bags	UNI,SUI - ISU under contract	Awarded to AmSan	TBD
Maintenance service contracts	SUI, DAS	Awarded to Specialty Underwriters	TBD
Strategic partnership for furniture	UNI, SUI -ISU under contract	Awarded to Multiple Vendors	TBD
Cell phone service contracts	UNI, SUI, ISU, DAS	Awarded to Multiple Vendors May 2011	\$107,000/year**
Maintenance, repair and operations(MRO)	UNI, ISU added; SUI under contract	Awarded to WW Grainger	\$150,000
Fleet Overflow Vehicle Lease	SUI, ISU, UNI	Rebid June 2011	TBD
Copiers	UNI, ISU, DOT, DAS	Rebid June 2011	TBD
Desktop/laptops	SUI, UNI, ISU	Rebid June 2011	TBD
International Travelers Insurance & Evacuation (new)	UNI, ISU, SUI	June 2011	TBD
Flex Spend Administration (new)	UNI, ISU	June 2011	\$100,000
Library Book Binding	UNI, ISU, SUI	Rebid June 2011	TBD

* Emergency Disaster Services – ISU used this collaborative contract for the flood of August 2010. After reviewing the competitive rates of the ServiceMaster contract with non-contract rates in the marketplace, a conservative estimate of savings is \$944,000.

** ISU’s savings will be dependent on actual contract usage. Improved coverage and additional build out of cellular capacity on campus was offered at no charge, which will benefit users of cellular technology.

To explore in FY 2012:

Joint Contract	Participants	Completion Date	Savings
Confidential document destruction	UNI, ISU, SUI, DOT, DAS	Fall 2011	TBD
Recycling (study possibilities)	UNI, ISU, SUI, DOT, DAS	Fall 2011	TBD
International General Liability Insurance	UNI, ISU, SUI, DOT, DAS	Fall 2011	TBD
Audio/Visual Equipment	UNI, ISU, SUI, DOT, DAS	Fall 2011	TBD
Cabling and Connectors for Phone/IT Systems	UNI, ISU, SUI, DOT, DAS	Fall 2011	TBD

Additional Joint Regent Contract Efforts from FY 2010

Joint Contract	Participants	Completion Date	Savings
Hazardous Waste/Cylinder Disposal, Explosive and reactive stabilization	SUI, ISU, UNI	Rebid April 2010	TBD
Pit Sludge Removal	Regents, DOT	Rebid Feb. 2010	TBD
Lamp Recycling	Regents, DOT, DAS	Rebid April 2010	\$50,000
Electronics Recycling	ISU, UNI, DOT, DAS	Rebid April 2010	\$150,000

2. SciQuest Spend Director and Sourcing Manager

Project -

- o *Spend Director* is a third-party software that is designed to host existing master contracts and provide a market place for purchases. This system is currently operational at ISU and SUI. Both DAS and UNI are interested in this technology; however, this is a lower priority for UNI as resources are being dedicated to ProTrav (see below). Discussions with the vendor do not appear to find additional savings in a joint pricing model.
- o *SciQuest Sourcing Manager* is a third-party software designed to provide an end to end electronic bidding system. SUI currently uses this system. DAS implemented Sourcing Manager in July 2010. UNI continues to evaluate the benefits of the system for possible future implementation.

3. ProTrav – SUI Procurement and Travel System

Project – Review procurement management software.

ProTrav is an SUI internally-developed application designed to manage procurement card and travel expenses. A group of individuals reviewed the system capabilities to determine if the system could be made portable and delivered to others for their custom use.

Result – Determined to be feasible and project will begin in Summer 2011 and will be rolled out to UNI in a phased approach starting Spring 2012.

Savings – Conservative estimate of savings for UNI is \$50,000 annually. Savings to be determined for DAS.

HUMAN RESOURCES

Project Update:

1. Leave Management

The most common Best Practice in leave management being implemented across all industries is a Paid Time Off (PTO) program. According to 2009 data, nearly one-third of U.S. companies now use a PTO bank for annual leave as opposed to overseeing separate accrual and use programs for sick, vacation, personal days, and in some instances, named holidays. Progressive companies have gravitated to PTO solutions in that it offers employers clear financial and administrative advantages including reducing unscheduled absences and providing employees with enhanced flexibility - an important driver of employee satisfaction and engagement.

The three universities conducted a literature review about leave programs, benchmarked with other universities and community employers, and assessed current university practices, environments, and process considerations/obstacles that would need to be addressed in making changes to time off benefit programs.

Overall, the three universities have very similar time off programs (vacation, sick leave, emergency/family care giving leave, bereavement, and holiday) that are consistent with other peer institutions. Many large employers in the local labor market also have many of these programs. The universities must be competitive in their benefit offerings in order to recruit and retain the caliber of employees needed to meet university goals.

The universities are challenged in regard to absence management in the following ways:

- To manage workload and potential replacement costs when unplanned absences occur
- To manage the costs associated with chronic illness absences on both a short and long term basis
- To control costs associated with termination of employment when large vacation accrual payouts occur
- To comply with federal and state law
- To be consistent across decentralized units in application of absence recording

Based upon this initial review, it is recommended that the universities focus on improving the management of absences by:

- Collaborating on and coordinating leave management practices that include supervisory and management tools, training resources and consistent communiqués in order to increase effectiveness and the consistent application of leave programs
- Enhancing leave reporting mechanisms
- Using common terms and definitions among the universities and employee groups (i.e., family care giving leave versus emergency leave) for leave programs to assist in common training and administration
- Assessing return to work programs to more effectively manage long term costs of chronic health conditions
- Evaluating the interrelationships between leave programs, workers compensation and long-term disability insurance.

Further steps will require amending sections of the Iowa Code. At this time it is projected that a PTO program will not find cost savings in a modified leave management plan, and that the recommended steps above will find efficiencies.

2. Workers Compensation

The University Human Resources Business Units explored uncoupling from the State's workers compensation system and contracting with a common vendor specifically for the Regent institutions to produce savings and greater effectiveness in managing institutional faculty and staff.

The current workers compensation system is managed by the State of Iowa Department of Administrative Services (DAS). DAS uses a third party vendor, Sedgwick CMS, to administer the claim system. DAS charges each agency and department a premium based upon their experience, management fees and payroll. DAS has assigned oversight of workers compensation to the Risk and Benefits Department for day to day administration of all of the State of Iowa agencies.

Iowa Code 8A establishes DAS and outlines its responsibilities. Section 8A.122 (3) states explicitly that the BOR and BOR institutions are not required to "obtain any service ... provided by [DAS] pursuant to this chapter..." This language supports the Regent institutions legal ability to opt out of the DAS workers compensation program if it proves feasible.

The University Human Resources Business Units looked at the national landscape for workers compensation systems and found it mixed. In review of the conferences associated with the three public universities, 12 are under the State system and 11 are under University control. According to Sedgwick, on a national level, their university business is equally split between state and university control.

Comprehensive data is not available as yet, however, projected savings may be as much as \$500,000 - \$750,000 in the first year and considerably higher in the following years.

The Vice Presidents of Business and Finance met with DAS Director Mike Carroll and briefly outlined the project. Director Carroll gave permission for university HR staff to contact DAS staff to initiate a more formal data analysis. If data shows material savings, further meetings would be held with DAS to gauge the financial impact on them as well.

If projections remain positive, the universities would:

- Create an RFP for a 3rd party claim provider
- Negotiate relationship and fee structure with the State Attorney General's Office in handling legal issues
- Develop a timeline for completion targeting conversion to occur at the beginning of calendar year 2012.

3. Life and Accidental Death & Dismemberment (AD&D) Products

The universities currently use a common insurance vendor, Principal Financial Group, for life insurance with unique design features under each university plan. All three universities contribute towards the cost as follows: UNI \$850k, ISU \$2.06M, and SUI \$9.9M annually.

The universities have unique funding arrangements with Principal Financial Group on its insurance products. For example, under the UNI and SUI plans, an annual dividend and interest payment is received based on actual experience. This return has proved advantageous to UNI and SUI over the years vs. the reduced-rate option that ISU has selected to fit their respective needs. All three schools wish to find a future funding model with the most potential to successfully hold institutional costs down at each respective institution.

Working with Principal Financial group, the universities will determine if there are potential advantages to combining into one large group for rating purposes, and whether any change would yield significant financial savings. There is interest in evaluating a reduction to the life insurance benefits for faculty and staff. The primary obstacle to a reduction in benefits is union contract language.

Under AD&D, ISU and UNI use Principal, while SUI uses Zurich. Each university has unique plan design features. There is interest in looking at a common vendor and evaluating the employer contribution practice that occurs at ISU and UNI. SUI currently has a voluntary plan with no employer contribution for the AD&D plan.

Result - Effective July 1, 2011, UNI will have a voluntary plan for faculty and professional and scientific staff, that is, no employer contribution for the AD&D insurance. ISU contributes approximately \$361k towards the cost for all employees. The primary obstacle to the elimination of an AD&D employer contributions at ISU and UNI continues to be the past practice for employees covered by the AFSCME contract.

The universities have:

- Completed a joint review and submitted finding to the Board office
- Identified potential savings to individual institutions
- Outlined recommendations for RFPs
- Identified changes to negotiated benefits in bargaining contracts
- Recommended an implementation timeline

Timeline - Project is expected to take 18 to 24 months.

Savings – A common vendor for Life insurance yields minimal savings, if any. Effective July 1, 2011, UNI is reducing the employer paid life insurance for faculty and staff from 2.5 times salary to 1.5 times salary, a savings of \$458k annually. If further changes at the universities could be made to coverage of one times salary, a savings of approximately \$4.1M would occur.

UNI also eliminated the employer-paid AD&D for faculty and staff effective at the start of the new fiscal year for a savings of \$80k annually. Changing AD&D to a voluntary plan at ISU and UNI for all employees may save as much as \$375,000 per year.

4. Administrative Systems Collaboration

This added project has the University of Northern Iowa working collaboratively to implement the University of Iowa's applicant tracking system. This is a web-based system for managing the application and hiring process for faculty and staff positions and will replace UNI's existing paper-driven system. Functional specifications are near completion. UNI's central IT staff and its University of Iowa's counterparts are assessing technology requirements, each department's role, and the overall project timeline. Faculty and P&S search procedures are projected to go live July 2012.

This collaboration is estimated to save UNI \$30,000 to \$50,000 in the first year as compared to purchasing a similar software product. Subsequent savings are projected to be \$20,000 to \$40,000 per year through the elimination of annual maintenance fees associated with vendor-managed products.

FACILITIES

University facilities staff engages in effective facilities and utilities collaborations and consolidations regularly.

Project Update:

1. Standing Contracts for Equipment

Project - Equipment and services used by all of the Regent institutions includes custodial equipment, lawn equipment, maintenance tools, valves, meters, high voltage cables, limestone, ash disposal, engineering services, recycling services, etc. By identifying the types of tools and equipment purchased, and combining quantities for bids in collaboration with purchasing operations, the universities may be able to achieve lower prices and quantity discounts based on total estimated purchase volume.

Result –

Fuel - The Regent universities each have EPA requirements for fuels used to generate heat, cooling and electricity specific to the specific boilers in each university's utility plant. UNI, ISU and SUI dispose of coal combustion ash at the same location and the difference in costs are for the transportation element. Coal blends are specific to each University and are determined by the Title V permit. Each university purchases limestone from the same vendor and although there is not one contract, it's been determined that the pricing would be the same if there was one collective contract for purchase.

Maintenance, repair and Operation (MRO) - Repair parts are specific to each power plant and there does not appear to be a benefit for a standing contract given the differences in the boilers. Support equipment for the Utilities operations are either purchased through a competitive bid process or from the equipment manufacturer if it is a specialized item. Reported under the Purchasing section is a contract for MRO awarded to WW Grainger resulting in a savings of \$150,000.

2. Electronic Bid Documents

Project - The trend in the market has been to move to electronic bid documents and away from printed sets. Savings may be realized if bidders are provided with electronic documents downloaded from a web site. Significant savings are anticipated from vendor and specialty contractors who only need to print a few pages for their bids. This project assessed best practices at peer institutions, the market's receptiveness to change, and the potential cost savings. This would require a revision to the Iowa Code.

Result - Iowa Code 26.3 stipulates that a governmental entity shall ensure sufficient paper copies of plans, specifications and estimated total costs of the proposed improvements. During the 2009 legislative session, Master Builders of Iowa (MBI) worked to have paper plans distributed to prospective bidders at no charge; their efforts resulted in the signing of Senate File 2387 on April 26, 2010 that put this into law. The Board of Regent institutions comply with this code. Collectively, over \$700,000 was spent in 2009, and the institutions are on track to spend over \$1 million in 2010 to provide paper plans and specifications to prospective bidders.

The institutions each manage their process for providing paper plans to prospective bidders a little differently; ISU has an in-house printing service, SUI has an outside vendor printing service and UNI has its Design Professionals provide the plans and specifications to prospective bidders. All institutions have the capability to provide plans and specifications electronically to prospective bidders, and all are currently uploading plans and specifications to *iSqFt* website per the request of MBI. This website, *iSqFt*, is considered to be a comprehensive online preconstruction management service by MBI and offers contractors the ability to distribute project documents, perform take-offs for bid preparation, print documents and/or save documents.

Current status:

- (1) Paper plans are still requested by many and are required by state law. Contractors are not ready to give up paper, but want the convenience and new tools associated with electronic documents.
- (2) Regent institutions and the industry are moving to more electronic forms of document management including BIM, 3-D modeling, submittal exchange, Microsoft Projects scheduling, pay applications, change orders, bidding, etc.
- (3) Resources are needed to educate and support electronic document systems. Maintaining both paper and electronic systems does not save the Regents money, and could slow down the pace at which progress can be made with electronic systems.
- (4) SUI is working on a new RFP for printing services, and will be incorporating options for electronic documents. It is also planning to do more to educate contractors/vendors about the cost to the University of requesting documents when they don't need them.

3. Alternate Delivery

Project - Iowa is one of only a few states solely requiring a design-bid-build process for public capital improvement projects. There has been a significant shift in the manner in which many projects are constructed from the traditional design-bid-build to integrated delivery methods, including design-build and construction management at risk. The five states that adjoin and surround Iowa have statutes that allow the use of alternative delivery systems, and the majority of U.S. states allow the use of construction delivery methods other than design-bid-build.

The universities looked at multiple delivery strategies to see if they might improve the efficiency and productivity of the design and construction process, maximize the value of construction investments, shorten project timelines and better manage risk as a way to minimize costs. Currently, Iowa Code requires the Board of Regents institutions to procure construction services over \$100,000 by the design-bid-build method. This method serves most projects well and it is expected that the majority of the projects will continue to be constructed using this approach. However, there are instances where this process may not provide the best value for the Regents Institutions due to the size, complexity, specialized nature, or schedule of the project.

Additional delivery strategies would allow the universities to use a "best fit" approach to meet the needs of a wide variety of construction types and customer requirements. Facilities Management staff explored integrated project delivery, design-build, construction manager-at-risk, job order contracting, and other delivery methods used in higher education throughout the country.

Use of alternate delivery systems would:

- Provide options for delivering work on an accelerated schedule where project needs do not allow design to be completed before the start of construction.
- Allow participation of construction professionals in the pre-construction phases to take advantage of their knowledge of construction means and methods, current material and labor costs, material availability, industry workload, etc. during the preparation of contract documents, with the goal of optimizing the balance between construction cost, construction quality, and construction schedule.
- Allow the procurement of construction services on a qualification or value basis where specialized knowledge or expertise is required.
- Maximize the participation of Iowa based contractors by packaging the work appropriately on large or specialized projects where participation by Iowa contractors might otherwise be limited.
- Provide for continuity of management when schedule constraints, cash flow or other considerations dictate a phased schedule and prevent the award of a single prime contract.
- Allow the Board of Regents institutions to take maximum advantage of advances in technology and project collaboration methods such as building information modeling.

The combined annual expenditures on capital project construction at the University of Iowa, Iowa State University and the University of Northern Iowa are in excess of \$200 million. If alternative delivery systems are properly applied, cost savings may be realized by improving the effectiveness and efficiency of the project design and construction processes; these savings may be realized both on a first cost and life cycle cost basis. A conservative estimate is that overall costs could be reduced by 2 to 3%. This does not include any potential increases in grant revenue that may be realized by improving competitiveness with other institutions.

The 2010 General Assembly capital appropriations bill, SF 2389, included a request of the legislative council to establish an interim study committee on alternative project delivery at the Regent institutions. This interim study committee was not funded and did not meet.

The Regent universities would like to support the General Assembly in pursuing a study committee in the 2012 General Assembly. The exploration of the expansion of construction delivery methods is anticipated to take three to six months from the conclusion of the interim study committee process but may be impacted by the nature of the findings.

This item would require a revision to the Iowa Code Chapters 262.34 and 573 to allow selection of a project team on qualification or value based methods in addition to the lowest responsible bidder basis. Corresponding revisions to Chapter 9 of the Board of Regents policy manual would also be required.

Savings - Cost savings of \$5 million per year are possible.

4. Environmental Air Emission Regulations

During the time of this project, new and changing environmental air emission regulations are on the horizon. SUI, ISU, and UNI are cooperating on a study to determine options to meet these regulations. A common consultant (Burns & McDonnell Engineering Company) was hired to review all three campuses; noting that each campus is unique in their emission sources, but must meet a common set of regulations. Phase 1 of the study is nearing completion, and will address options to comply with a set of regulations known as Boiler Maximum Achievable Control Technology (MACT). Other regulations (e.g. National Ambient Air Quality Standards) will need to be addressed in future studies.

SUMMARY

The scope of the reviews focused on enhancing the operations of the Regent universities, with projects chosen for their savings potential. Further review of operations will continue as the Regent institutions explore cost-savings and efficiencies, and pursue collaborative arrangements whenever the opportunity exists.