

Contact: Patrice Sayre

INTERAGENCY COOPERATION PLAN
ANNUAL REPORT

Action Requested: In compliance with Senate File 2088, receive the annual report for the year ended June 30, 2010 on cooperative efforts between the Board of Regents and its institutions, the Department of Administrative Services, the Chief Information Officer of the State, and other state agencies.

Executive Summary: Senate File 2088, known as the Reorganization bill, as passed during the 2010 Legislative Session and signed by the Governor, directs the Board of Regents and the institutions under its control to coordinate interagency cooperation with state agencies in the area of purchasing and information technology. The goal is to annually increase the amount of joint purchasing by engaging the Department of Administrative Services (DAS), the Chief Information Officer of the State, and other state agencies authorized to purchase goods and services in pursuing mutually beneficial activities relating to purchasing items and acquiring information technology.

The legislation states that the Board of Regents and Regent institutions shall assist the Department of Administrative Services in:

- Identifying best practices that produce cost savings and improve state government processes.
- Exploring joint purchases of general use items that result in mutual procurement of quality goods and services at the lowest reasonable cost.
- Exploring flexibility, administrative relief, and transformational changes through procurement technology.

The Board is to convene at least quarterly an interagency purchasing group and an interagency information technology group. The Board shall, before July 1 of each year, prepare a plan that identifies specific areas of cooperation between the Regent institutions and the Department of Administrative Services for the next fiscal year.

On or before November 1, the Board of Regents shall submit a report to the General Assembly and the Governor providing information on the cooperative purchasing plan, the results of quarterly interagency meetings and any specific cost savings or efficiency gains that resulted.

This report contains the accomplishments of interagency meetings for the year ended June 30, 2010.

Background: The Board of Regents accepted the first annual plan at the June 9, 2010 meeting. http://www.regents.iowa.gov/Meetings/DocketMemos/10Memos/June2010/0610_ITEM4u.pdf.

For the first two quarters of FY 2011, Interagency meetings were held on:

- July 22, 2010 – at DAS offices in Des Moines. Present were representatives of the three public universities, Board of Regents staff, DAS, Department of Transportation (DOT), and Iowa Communications Network (ICN).
- October 1, 2010 at the Board of Regents Office in Des Moines. Present were representatives of the three public universities, Board of Regents staff, DAS, and DOT.

Prior to the legislated schedule of meetings, the Regent institutions, Board of Regents staff, DAS, DOT, and ICN met regularly throughout FY 2010 on:

- September 23, 2009 at Iowa State University
- January 12, 2010 at University of Iowa
- April 13, 2010 at University of Northern Iowa

FY 2010 was a continuation of efforts to jointly-bid purchasing contracts using best practices in collaborative purchasing, and recognizing the unique purchasing environment in which each agency operates. The approach of pursuing development of master contracts was not used if the resultant master purchasing agreement would cause pricing to increase for one or more purchasing entities, unless those entities can opt out of the contract without penalty and loss of existing contract pricing. During FY 2010, ongoing collaborative efforts among the Regent institutions, DAS, DOT and other state agencies continued. Existing contracts used by one or more state agencies and/or the Regent institutions are listed in the charts that follow (pages 7-8).

Purchasing staff identified three areas of focus for further analysis and potential collaboration - technology, green products, emergency services – in hopes that these areas might yield opportunities for further efficiencies and other cost containment measures. Three joint task forces convened in FY 2009 and made their recommendations in FY 2010.

- 1) **Technology** - this group identified opportunities for consolidation or collaboration of purchases related to information technology, business efficiencies, and shared resources. Through a series of conference calls starting in July 2009, the Task Force was able to identify a number of vendors amenable to consolidated purchasing. If successful, entry into a consolidated, or master, purchasing agreement would affect current purchases of over \$38M from seven major information technology vendors. This constitutes almost 44% of purchases from the 29 vendors supplying 2 or more entities.

As a result of initial contacts, the following seven major vendors (with FY 2009 purchase amounts shown) indicated their willingness to pursue an Iowa-wide consolidated purchasing agreement which could be utilized by 3 or more entities:

- Dell - \$15,547,582 (PCs, storage, and servers). This vendor was competitively bid by the University of Iowa in April 2009, and is willing to extend pricing to all state entities.
- HP - \$7,773,773 (PCs, storage, and servers). This vendor is willing to extend pricing to all state entities.
- Insight - \$6,509,634 (computer supplies, MS Exchange server). This vendor is currently under contract to the University of Iowa and is willing to extend pricing to state entities; however, this may be reconsidered at the scheduled renewal in 2013. This vendor is also currently under contract to the State of Iowa and is willing to extend pricing to state entities. Consolidating these two contracts should be explored.
- Oracle - \$2,893,183 (database licenses). Oracle offered DOT access to their General Services Administration (GSA) pricing; other entities would be offered the same discount. However, the Regent institutions have been more successful waiting until Oracle's year end to receive even higher discounts than GSA or MHEC.
- Open Technologies - \$2,847,857 (Sun servers and support). This vendor is amenable to collaborative purchasing but this may be limited to purchases that are bundled by all entities (versus made at irregular times by various entities).
- EmbarkIT - \$2,109,647 (non contract IT equipment & accessories, IBM servers, Nortel networking maintenance contracts, Cisco and Lexmark products). This vendor will extend pricing to any state entity without a master agreement.

- Pratt A-V - \$346,953 (AV Equipment, Projectors, Control Systems, Projectors, plasma TVs, projector bulbs, LCD monitors, lamps, repairs to equipment, speakers, audio equipment, AxisTV Software). Collaborative purchasing could be done through a joint RFP after determining areas of similar spend and high volume if no terms exist that would restrict collaborative purchasing.

These efforts are ongoing. Until this procurement process is complete, actual savings cannot be determined.

2) **Green Initiative** – this task force worked with the goal of identifying green products. Questions arose such as:

- What is a green product?
- How are green terms and conditions written into purchasing contracts?
- Can this information be identified in existing purchase history?
- How can vendor and spend analysis based on green purchasing be tracked in current software systems?

Creating systems for tracking green purchasing is challenging. DAS is testing the use of National Institute of Governmental Purchasing (NIGP) green commodity code numbers which were just created in the last year. This coding can recognize the common certifications such as Green Seal, Energy Star, EPEAT, etc. and still leave room for some interpretation of sustainable products where no certifications exist, such as “local” or “reduced toxicity.” Other coding systems include the CIRIS Federal certification listing of bio-based products; the Iowa DED list of Iowa manufacturers that could be used to seek out more local and state manufacturers

Areas for possible cooperative purchasing are:

- Cleaning chemicals – Some agencies, such as DAS and ISU buy these Green Seal products from Iowa Prison Industries (IPI), which is highly competitive in quality and price. UNI and SUI have recently entered into an extensive agreement with Amsan for green cleaning products and trash bags at a very competitive price.
- Trash liners – Some agencies, such as DAS and ISU purchase trash liners that are manufactured by IPI. These liners are competitive in price and are of consistent quality.
- Printing paper – Most agencies are at 90% or above in purchasing recycled content paper; recycled paper means a paper product with not less than thirty percent of its total weight consisting of post consumer material in accordance with Iowa Code 307.21. The Regents and DOT typically buy paper in truckload quantities, which offers pricing advantages. DAS and some other state agencies buy cartons or reams generally through office supplies contracts as available warehouse space does not exist. The office supplies contract will be reevaluated to determine whether restricting to recycled paper only may be a consideration.
- Fluorescent and LED lighting lamps and fixtures – Lighting systems varied greatly between the different agencies such that cooperative purchasing did not seem feasible. DOT has had success with a specialist analyzing every location to see if efficiencies could be gained by updating existing lighting.
DOT has reviewed fluorescent bulbs/fixtures and made recommendations to replace inefficient fixtures with energy efficient fixtures and environmental products with improved life-cycles

Future issues to be considered include:

- Developing contract language that would give preference to environmental materials and would use minimum standards and specifications concerning environmental criteria (e.g. certain percentages of post-consumer recycled content, EnergyStar compliance, third-party certified cleaning products).
- Reducing costs that might be expected from more sustainable products by collaborating on bids and using collective purchasing volume.
- Tracking all environmental benefits to show such benefits as total or system-wide CO2 reductions, avoided health costs, etc. and educating purchasing agents to gain expertise in “green” purchasing, perhaps through collaboration with the Iowa chapter of the National Institute of Governmental Purchasing.

3) **Disaster Recovery Services** – members of this group were asked to focus on emergency clean up; in particular securing services of vendors to clean up in an emergency situation.

When a disaster occurs, the need for response by an institution is immediate. Strategic partnerships with vendors for disaster recovery services are critical, as the University of Iowa realized during the flood of 2008. The University did have several vendor contracts available that were of value in the response, such as moving vendors, portable toilets and sandbagging supplies. However, it became apparent that the kind of contract that was necessary, but not in place, was a vendor to provide massive cleanup response. This was also true for UNI’s windstorm damage in 2009.

The overarching concern is to secure a contract that is competitive and meets the reimbursement requirements of the insurers, as well as FEMA, before a disaster occurs. Time is of the essence during and following a disaster, so the normal request for proposal (RFP) process isn’t adequate. Further, securing a contract at the time of a disaster may result in dramatically inflated pricing.

The team worked on specifications for a joint RFP with the goal of establishing contract(s) for Disaster Response and Recovery Services. The intent was to award multiple contracts to multiple vendors depending on the services offered. In the event the contract services are engaged, some variation in service requested should be expected depending upon the extent of the disaster and the response needed.

Types of disasters included, but were not limited to, the following:

Earthquake	Expansive Soils	Extreme Heat	Flash Flood
Enemy Attack	Public Disorder	Terrorism	Pandemic
Energy Disruption	Dam Failure	Structural Failure	Structural Fire
Grass or Timber Fire	Hailstorm	Landslide	River Flood
Severe Storm	Winter Storm	Thunderstorm/Lightening	Tornado
			Windstorm

Services and capabilities to be provided by contractor shall include, but are not limited to, the following:

- Stabilization of the building infrastructure and environment.
- Facilities, personnel and oversight to effectively and efficiently provide professional advice and packing, freezing, and drying services to campus units affected by a disaster.
- Air treatment, smoke neutralization, sanitation, deodorization and the treatment and removal of mold for document collections and facilities. Decontamination and restoration, mitigation, cleanup and containment resulting from chemical, biological, and radiological incidents.
- Expertise, equipment, and personnel to salvage facilities damaged by disasters.
- Ability to successfully salvage and recover damaged documents, books, artifacts, electronics, stored data, lab equipment, or other equipment.
- Ability to work closely with campus personnel, and local, State, and Federal agencies responding to a disaster in a manner that will ensure the successful recovery of damaged resources and the successful completion of any investigations, clean-ups, or other specialized situations.
- Ability and experience to safely, confidentially, and effectively handle classified or restricted documents, hazardous materials, animal research facilities, research, of data damaged in the course of a disaster.
- Ability to provide a standardized rate schedule for necessary services and the ability to obtain all necessary equipment.
- Waste disposal services in compliance with applicable State and Federal laws.

Not all services will be required in all situations. However, the contractor(s) must be particularly responsive to the security needs of a site. If a disaster site has been designated a crime scene due to a criminal activity or terrorism, security is vital and must be given full consideration without negatively impacting the interests of the University. Contractor(s) must also be responsive to the business and research continuity needs of the State entity.

This process will necessarily produce real dollar savings, since there currently are not any such contracts in place at any of the agencies. Volume of spend in this particular category of services is not relevant, since it is rare that all agencies will require such services at the same time for the same disaster. The savings from this process will result from the effort of reducing the time required for each entity to issue an RFP and also resource savings at the time of a disaster when time is of the essence.

The RFP for Disaster Recovery Services developed by the task force was bid out in late 2009. In August 2010, Iowa State University used the joint contract for major clean up after flooding damaged a number of campus buildings. ISU spokespersons state that recovery efforts are nearly one month ahead of schedule due to having large disaster service vendors immediately on campus.

New collaborations are listed below, with continuing joint contracts listed in the supplemental tables attached.

NEW COLLABORATION	VENDOR	EFFECTIVE DATE	PROJECTED SAVINGS/REVENUE
Office Supplies	Office Max	February 2010	\$300,000
Procurement Card Extension	US Bank	July 2010	\$153,000
Disaster Recovery Services	Cotton and Service Master West	July 2010	TBD
Green Cleaning Chemicals	AmSan	July 2010	TBD
Bio Safety Cabinets	NuAire	March 2010	\$47,600
Maintenance, Repair, and Operations Supplies	W.W. Grainger	July 2010	\$150,000
Maintenance Service Contracts	Speciaty Underwriters	July 2010	TBD
Hazardous Waste Disposal	Clean Harbors Environmental Services	July 2010	\$175,000
CISCO	AOS	October 2009	TBD
VMWare	AOS	March 2010	\$320,000
Sourcing Manager and Catalog Manager	SciQuest	DAS purchased Sourcing Manager in June 2010	NA
Florescent Lamp Recycling	WM LampTracker Inc	June 2010	\$8,000
Electronic Recycling	A-Tec	June 2010	\$21,380

Current Ongoing Agreements:

State Contract - Regent Spend	FY 2010 Total Regent Spend
Batteries/Automotive Supplies/Tires	75,026
Books/Magazines	42,987
Building Automation products/services (Johnson Controls)	221,178
Chemicals	16,468
Computer Hardware/Supplies	2,098,666
Computers (Fujitsu)	2,313
Doors (Liberty Doors)	34,954
Fleet Card (Wright Express)	629,310
Gasoline/Gasohol/Diesel Fuel	2,743,323
Lamps	117,862
Maintenance Supplies	20,503
Mail Services Presort	37,408
Miscellaneous	589,178
Paint/Hardware/Tools (Sherwin Williams)	124,927
Vehicles	2,578,067
Total	\$ 9,332,170

Joint Regent Contracts	FY 2010 Total Regent Spend
Advertising (Des Moines Register)	115,182
Auto Glass/Repairs (Auto Glass Center - Safelite)	19,556
Book Binding (Heckman Bindery)	271,365
Bread/Buns/Rolls (Sara Lee Bakery Group)	103,588
Computer Equipment & Supplies (CDW-G)	3,692,904
Computer Equipment (Compucom)	1,800
Computer Equipment (Dell Computer)	14,197,704
Computer Equipment (Forsythe Solutions, now Alexander Open Systems)	3,018,188
Computer/Lab Equipment (Hewlett-Packard)	1,260,046
Copier Cost per Copy (Laser Resource, SUI, Ikon, ISU)	704,400
Copier Purchases (Ikon, Laser Resource, Koch Brothers, Oce)	617,886
Copy Paper - Recycled (JP Gasway)	1,000,286
Electrical Lighting (Stitzell Electric, now Echo)	102,344
Electronics Recycling (HTR)	4,484
Explosive Stabilization (Focus Environmental)	3,178
Fleet Overflow Vehicle Rentals (Enterprise)	104,026
Fluorescent Lamp Recycling (HTR)	12,791
Freezers (So Low Environment Equip Co, Sanyo North American Corp)	311,065
Freight (Federal Express, UPS)	2,310,512
Grease recycle (Darling Intl)*	-

Joint Regent Contracts (cont'd)

FY 2010 Total Regent Spend

Hazardous Waste Disposal (Pollution Control, Inc.)	359,880
Infant & Adult Food Formula (Various Vendors)	374,173
Janitorial Chemical Supplies (Ecolab)	201,669
Laboratory Equipment (NuAire)	90,674
Library Delivery Service (RPS, Lanter)	22,828
Medical Supplies (Various Vendors)	37,229,850
Milk, Milk Products	549,888
Moving Services (ACE Moving)	106,690
Moving Services (Allied Van Lines)	12,000
Office Supplies (Office Max)	4,603,027
Office Systems Furniture (Storey Kenworthy)	1,370,304
Paper Tissues/Towels, Etc. (AmSan, Baker Paper)	1,032,227
Pharmaceutical Drugs (Various Vendors)	71,458,948
Photo/Projection Lamps (Sitler Electric)	4,745
Power Plant Chemicals (Nalco Chemical Co.)	1,592,632
Professional Services (Ethics Point, Inc.)	18,955
Purchasing Card (US Bank)	109,037,927
Scientific Caseloads (Fisher Hamilton, Wynn O Jones)	5,610,031
Scientific Equipment/Supplies (Agilent Technologies)	599,733
Scientific Equipment/Supplies (Percival)	101,799
Scientific Equipment/Supplies (Varian)	376,598
Scientific Supplies (Fisher Scientific)	11,700,810
Software VMware (Alexander Open Systems)	302,453
Software Licensing Fees (Microsoft/Zones/SHI)	2,376,197
Travel Agency (various)	8,895,341
Video Tape (Data Media Inc.)	34,030
Total	285,914,714

*The Universities receive revenue based on the volume of grease collected at each location.