

Contact: Patrice Sayre

INTERAGENCY COOPERATION PLAN
ANNUAL REPORT

Action Requested: In compliance with Iowa Code 262.9B, receive the annual report for the year ended June 30, 2016 on cooperative purchasing 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: Iowa Code 262.9B directs the Board of Regents and the institutions under its control to coordinate interagency cooperation with state agencies with the goal of annually increasing the amount of joint purchasing. Engaging the Department of Administrative Services (DAS), the Chief Information Officer of the State, and other state agencies authorized to purchase goods and services, Regent institutions are to pursue 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 Regents are to convene an interagency purchasing and information technology group at least quarterly. The Board Office shall, before July 1 of each year, prepare a cooperative purchasing 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, 2016.

Background:

The participating state agencies have followed the following set of guiding principles:

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

Interagency meetings were held on a regular basis with representatives of the three public universities, Board of Regents staff, DAS, Department of Transportation (DOT), Iowa Prison Industries (IPI), and Iowa Communications Network (ICN) on:

- September 15, 2015 – at University of Iowa
- December 15, 2015 – Telephonic
- March 28, 2016 – at Department of Administrative Services
- June 22, 2016 – at Iowa Department of Transportation

Using best practices in collaborative purchasing, and recognizing the unique purchasing environment in which each agency operates, Regent institutions and state agencies continued to jointly-bid purchasing contracts and search for new areas for collaboration. The development of master contracts was not used if the resultant master purchasing agreement would cause pricing to increase for one or more agency, unless those agencies could opt out of the contract without penalty and loss of existing contract pricing.

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. Results for FY 2016 are still being compiled. From FY 2011 to FY 2015, Regent cooperative purchases results show:

- A growth in Joint Regent Contracts of 42% to \$466 million (and a growth of more than 135% from ten years ago)
- Department of Administrative Services' state contracts grew \$5 million to a total of nearly \$15 million
- Iowa Prison Industries more than tripled to over \$4.4 million

Additionally, purchases from Targeted Small Businesses were over \$11.4 million in FY 2016, while purchases from Iowa-based businesses were \$409 million the year before.

Wherever possible, university procurement staff seek to make contracts available to other state agencies.

Tables of joint purchasing efforts are found on the following pages.

Joint Purchasing Contracts Concluded:

Joint Contract	Participants	Completion Date	Savings
Alek Math Test (freshman placement test.)	SUI, ISU, UNI, DAS (DOE), Community Colleges	OPEN - Seek better pricing with collaborative contract. Agreements valid through 12/31/16.	SUI – no savings to report FY2016.
Biological Safety Cabinets	SUI, ISU, UNI	Awarded to NuAire.	SUI – savings of \$4,257; UNI has not had an opportunity to use new contract yet.
Cisco Communications Supplies	SUI, ISU, UNI	Award made to Forsythe Solutions Group.	SUI - >\$3,507,549 saved in FY2016; ISU saved \$3,507,575. UNI experiences efficiency savings by purchasing from Regents wide agreement and avoiding effort for individual bids.
Collection Agencies	SUI, ISU, UNI	UPDATE – Awarded to nine companies*.	SUI, ISU – no savings to report FY2016. UNI is saving 5% -8.5 % per referral.
Computer hardware	SUI, ISU, UNI	Awarded to Dell.	FY 17 Estimates SUI \$807,000 - \$1,119,000 ISU \$380,000 - \$516,000 UNI \$116,000 - \$155,000
Computer peripherals	SUI, ISU, UNI	AWARDED to CDW- G.	FY 17 Estimates SUI \$165,000 - \$181,000 ISU \$83,000 - \$89,000 UNI \$42,000 - \$45,000
Cost Per Copy (leasing copy machines)	SUI	AWARDED to Laser Resources and Marco.	SUI – no savings to report FY2016.
Disaster Recovery Services	SUI, ISU, UNI	OPEN – Contract with Cotton Commercial and Service Master extended through June 30, 2017.	SUI, ISU, UNI – no savings to report FY2016.

Joint Purchasing Contracts Concluded (continued)

Joint Contract	Participants	Completion Date	Savings
Electrical Supplies	SUI, ISU, UNI	Part of MRO bid under TIER. Contracts being finalized.	Approx. \$100,000 for Regent system.
Fastenol (vending/lockers)	SUI, ISU, UNI, DAS, DOT	CLOSED – not mutually beneficial, additional savings not found.	
Fleet Management Software	SUI, ISU, UNI	Awarded to Agile Access Control, Inc.	SUI and UNI are not using; ISU may use in coming year.
Hazardous Waste Disposal	SUI, ISU, UNI, DOT, DAS, DNR	AWARDED to Tradebe Treatment & Recycling and Seneca Waste Solutions (pit sludge only).	SUI using Tradebe agreement and reports \$38,653 in savings.
Investment Advisor	BOR, SUI, ISU, UNI	AWARDED to Marquette & Associates.	Expect to achieve effective collaboration and client involvement.
Library Software	SUI, ISU, UNI	AWARDED to Ex Libris Alma.	SUI, ISU, UNI – no savings to report FY2016.
Managed Print Services	Not established	TIER initiative. On Hold while other initiatives are addressed.	DAS has access to Ricoh contract through NASPO. Regents CIO council will be heavily involved in evaluating options. Anticipate action in FY 2017 & 2018 but path unknown at this time.
Merchant Card Processing Services	SUI, UNI	AWARDED to US Bank.	Implementation to be completed FY2017, no savings to report as yet.
Milk contracts	SUI, ISU, UNI	AWARDED to AE Dairy.	SUI reports \$29,120 in savings FY2016. UNI - savings of approx. 15% should be realized through this contract.

Joint Purchasing Contracts Concluded *(continued)*

Joint Contract	Participants	Completion Date	Savings
Moving/Relocations Services	SUI, ISU, UNI	AWARDED to Beltmann for household goods; multiple companies for inter-departmental.	<p>SUI reported \$7,214 in savings with Beltmann and \$243,370 across the four interdepartmental moving contracts.</p> <p>ISU reports \$32,469 in savings.</p> <p>UNI – no savings to report as yet.</p>
Office Supplies	SUI, ISU, UNI	Awarded to Office Depot/Office Max. Contract available to DAS, DOT and IBA .	<p>SUI reported \$105,179 in savings for Fiscal Year 2016 from the contract implementation in May.</p> <p>Huron estimates \$310-463,000 total savings for ISU for FY 17</p> <p>UNI transitioned to Office Depot e-procurement platform near end of FY2016. UNI's portion of the signing bonus is \$26,950. In addition, will receive a technology fee of 1% for e-procurement solution. Total first year savings estimated to exceed \$85,000.</p> <p>DAS still implementing; DOT reports transition went smoothly.</p>
Primary Food Supplier	SUI, ISU, UNI	AWARDED to Martin Bros; UIHC awarded to Sysco.	<p>ISU estimates \$155,000 in savings for FY 17.</p> <p>UNI - markup decreased from 4.9% to 4.75%. Annual savings estimated at \$100,000.</p> <p>Huron's estimates \$352,000 in savings for SUI for FY 17.</p>

Joint Purchasing Contracts Concluded *(continued)*

Joint Contract	Participants	Completion Date	Savings
Recycled Oil	SUI, ISU, UNI	AWARDED to Cedar Falls Oil Company.	SUI will report similar savings for Fiscal Year 2016 as in previous years with the \$.30 compensation per gallon. ISU – revenue of \$4,005 generated. UNI – revenue of \$234 for recycled oil; anti-freeze and other lubricants are picked up at no charge.
Software Operating System	ISU, UNI	AWARDED May 2015 to Red Hat.	SUI, ISU – no savings to report FY2016. UNI co-termed w/ ISU in April 2015; \$.84/FTE was saved in year 1 and \$5/FTE in the current year. In addition to savings, UNI gained features not available in prior contract.
Temporary Staffing	SUI, ISU, UNI	AWARDED to Remedy Intelligent Staffing and Express Employment Services. Available to state agencies.	SUI reported approximately \$1,500 in savings for Fiscal Year 2016. Contract went into effect March. UNI - The new contract is based on percent markup and should allow for operational efficiencies.
Travel Agencies	SUI, ISU, UNI	Current agreements through December 31, 2016.	Contract award to be completed in Fiscal Year 2017.
Vehicles - Fuel	SUI, ISU, UNI, DAS, DOT, IPI	AWARDED to six dealers.	Achieved streamlined specifications among agencies; improved bid documents. Efficiencies created in process. UNI estimated annual savings of \$33,000 on fuel.
Vehicles - Sedans	SUI, ISU, UNI, DAS, DOT, IPI		UNI continues to receive excellent new vehicle pricing
Vehicles – Light/Heavy Trucks	SUI, ISU, UNI, DAS, DOT, IPI		UNI continues to receive excellent new vehicle pricing

Joint Purchasing Contracts Open:

Joint Contract	Participants	Completion Date	Savings
Westlaw (online legal research)	SUI, ISU, UNI, DAS	DAS taking lead; in process.	
Large Scale Storage	SUI, ISU, UNI	Bid in process.	.
Penetration Testing	SUI, ISU, UNI	Bid in process.	
Scientific Supplies	SUI, ISU, UNI	Finalizing contract.	No savings at this time.
eWaste	SUI, ISU, UNI, DAS, DOT	One-year extension; currently contracted with Lamptacker.	Provides cost avoidance.
MRO	SUI, ISU, UNI	Finalizing contract.	No savings at this time
Event Security	SUI, UNI	Rebid.	UNI has not used before.
Cell Phone	SUI, ISU, UNI	Contract expires 11/30/16, being rebid.	
Communication & Supplies	SUI, ISU, UNI	Current contract with Anixter; expires July 2017.	
CISCO Equipment	SUI, ISU, UNI	Expires June 2017.	

Additional Information:

TIER (Transparent, Inclusive Efficiency Review) Initiative

The Board of Regents contracted with Deloitte Consulting to perform an independent review of the academic and administrative expenses across Iowa's three public as well as the regent system as a whole.

A major component of the TIER study is Sourcing and Procurement. Huron Consulting is working with the universities to transform how this operation is handled, which may have an effect on relationships with other state agencies, higher education consortia, and other entities. The Board of Regents universities have jointly negotiated and/or bid seven major areas of spend: Office Supplies, Prime Food Vendor, Computers, Computer Peripheral Devices, Scientific Supplies, MRO and Janitorial Supplies. Many of these contracts involve and/or are available to other state agencies including Office and Scientific Supplies, which are also available to the IBA. Annual savings have been estimated in the range of 6 to 7 million dollars.

Cooperative Technology Efforts –

The Regent institutions and DAS explored areas concerning information technology as follows:

ProTrav – SUI Procurement and Travel System Implementation at UNI. ProTrav is an SUI internally-developed application designed to manage procurement card and travel expenses. SUI and UNI have a signed Memorandum of Agreement and the project was kicked off in March 2013. In the spring of 2016, ProTrav was successfully launched at UNI, helping to streamline the travel payment and credit card process.

Cyber Security – A joint Regents/DAS group meets quarterly to discuss security standards to minimize the number of successful cyber-attacks. This collaboration reviews standards, discusses lessons learned and explores the possibility of sharing technologies. The universities are currently involved in a joint bid to award for Penetration Testing Software designed to improve security.

Regents Chief Information Officer (CIO) Council – The CIOs of the universities formed a Council to share information and enhance collaboration on software licensing agreements, technology decisions, procurement and common applications.

Regents Database – Designed by SUI, a database was developed for use by SUI, ISU, UNI and the Board Office to track legislative requests for information, legislative studies and bills in a timely and effective manner. Modifications are made annually.

Data Offsite for Disaster Recovery – UNI has located data protection appliances in the University of Iowa's Information Technology Facility (ITF) which replicate backups of critical data housed at UNI. This strategy gets the critical data far enough from UNI's two on-campus datacenters to ensure its survival in the event of a disaster without the need to lease any commercial facilities or construct additional datacenters. UNI also has emergency communication resources located at Iowa State University.

Purchasing Efforts –

International Liability Insurance – Regent universities awarded a contract to CISI for International Liability Insurance coverage which provides the universities with an insurance broker that was previously not in place. The selected broker is providing General Liability, Property and Workers Compensation Insurance for international exposures.

Developing Best Practices – The Regent universities and state agencies have been discussing common contract language and terms to improve vendor communications. Common bid language has been worked on in the past as part of the Iowa Biotech Association's Office Supplies request for proposal, and these terms have been used on other bids to minimize the time spent developing a joint bid process. Universities also worked with the state and the Attorney General's office to develop a set of terms for use when DAS and DOT are part of the bid process.

Plans are underway to bring more procurement team members from the universities together to discuss topics of interest and align best practices; also under discussion is a purchasing agent exchange at the universities to share knowledge on specific areas of expertise.

Procurement Card Program – The consortium contract was developed in 2011 through a joint Regents effort. An amendment to the existing contract developed by SUI, working with US Bank, was instrumental in extending the program to DAS and others. The program continues to grow in membership. The following agencies have been added this past year: City of Bettendorf, Hamburg School District, Iowa School for the Deaf and Blind and the City of Ankeny, bringing the membership to twenty-four participants.

Copier and Printing Paper – The University of Iowa issued an RFP for a contract for truck load copier paper as well as various paper products for printing operations. Initially the contract included only SUI, ISU, UNI and DOT. IPI has subsequently inquired and is interested in potentially utilizing the award for their printing operations. The contract has not yet been awarded and will be reviewed fully once potential cost is known.

Continuing Work – The Regents Universities are currently engaged in numerous joint projects to collaboratively work to leverage shared areas of spend. These areas include the completion of a recent contract for milk, many IT projects, travel and cell phones. Where previous contracts do not align the universities are seeking to synchronize the end date of contracts to allow for future collaboration. Procurement leads from each university are also working to utilize the Spend Compass Data Tool so that data can be jointly assimilated, savings estimated and future strategic opportunities analyzed.