



MINUTES

State Government Efficiency Review Committee

Thursday, October 29, 2015

MEMBERS PRESENT

Senator Jeff Danielson, Co-chairperson
Senator Jake Chapman
Senator Robert E. Dvorsky
Senator Robert Hogg
Senator Jack Whitver

Representative Guy Vander Linden, Co-chairperson
Representative Mary Mascher
Representative Dawn E. Pettengill
Representative Ralph C. Watts

LSA CONTACTS: Organizational staffing provided by: Andrew Ward, Legal Counsel, (515) 725-2251; Minutes prepared by: Jack Ewing, Legal Counsel, (515) 281-6048

CONTENTS

- I. Procedural Business
- II. Information Technology Efficiencies
- III. Cost-Benefit Analysis Model and Recommendations
- IV. Transparent, Inclusive Efficiency Review (TIER) Overview and Implementation
- V. Design-Build Contracting at Regents Institutions
- VI. Efficiencies of Design-Bid-Build
- VII. Committee Recommendations
- VIII. Materials Filed with the Legislative Services Agency



I. Procedural Business

Call to order. The first and only meeting of the State Government Efficiency Review Committee was called to order at 9:30 a.m. on Thursday, October 29, 2015, in Room 116 at the State Capitol Building in Des Moines, Iowa, by temporary Co-chairperson Danielson. Representative Lensing was not present. The meeting was adjourned at 3:25 p.m.

Election of Permanent Co-chairpersons. Members of the committee unanimously elected temporary Co-chairperson Danielson and temporary Co-chairperson Vander Linden as permanent co-chairpersons.

Adoption of Rules. Members of the committee adopted procedural rules which are posted on the committee's Internet site.

Welcome. Co-chairperson Danielson and Co-chairperson Vander Linden welcomed members of the committee and reviewed the history and charge of the committee.

II. Information Technology Efficiencies

Mr. Robert von Wolfradt, Chief Information Officer, reviewed the efforts of the Office of the Chief Information Officer (OCIO) related to the standardization of state records retention and the security of the state's information technology (IT) infrastructure. Mr. von Wolfradt discussed the impact of Iowa's record retention laws on the state's information storage practices, noting that state agencies maintain over 15,000 suspended e-mail accounts from former employees, requiring over 10 terabytes of data storage and potentially translating to 858 million pages of printed text. He discussed certain state contracts with Google, Inc. and the progress of litigation over past contracts with Microsoft Corporation. He discussed matters in which the OCIO would like assistance from the General Assembly, including statutory changes relating to various IT matters and the authority of the OCIO, additional funding, and encouragement of other agencies to better coordinate their operations with the OCIO. He noted the operability of a new public comment Internet site for agency policy documents, available at: <https://comment.iowa.gov/>. He discussed additional issues related to IT security, state spending on IT, centralized purchasing, centralized printing, centralized payroll systems, and statewide broadband coordination under 2015 Iowa Acts, chapter 120.

Co-chairperson Danielson asked how much of the state's IT spending is controlled by the OCIO, and Mr. von Wolfradt stated about one-third, although the OCIO would like to collaborate with other agencies on the remaining two-thirds. Senator Dvorsky urged the OCIO to seek further collaboration with the other branches of state government and with local governments. Co-chairperson Danielson urged the committee's public comment Internet site to be coordinated with the OCIO's public comment Internet site.

Committee discussion also centered on implementation of the public comment Internet site, how the OCIO compares with similar entities in the private sector, document imaging, privacy protections in state data, state defenses against hacking, centralized purchasing, centralized printing, state use of cloud computing, payroll system consolidation, and implementation of a state broadband map.

III. Cost-Benefit Analysis Model and Recommendations

Ms. Monica Sharma, Senior Associate, Pew-MacArthur Results First Initiative, and Ms. Sarah Galgano, Senior Associate, Pew-MacArthur Results First Initiative, presented information on the work of the Pew-MacArthur Results First Initiative (RFI) with the Iowa Department of Corrections and with other states. Ms. Sharma noted RFI's collaborative approach in working with Iowa and other states to build capacity



for developing and reviewing performance of public policies. Ms. Galgano explained the uses, benefits, and limitations of statistical outputs from RFI's public policy modeling software.

Ms. Lettie Prell, Director of Research, Department of Corrections, discussed her department's relationship with RFI and returns on investment observed under Iowa corrections programming. Mr. Steve Michael, Administrator, Criminal and Juvenile Justice Planning Division (CJJP), Department of Human Rights, discussed RFI's capacity-building efforts with CJJP in program evaluation and the potential for expanding the state's program evaluation efforts. The presenters submitted additional requested information.

Co-chairperson Vander Linden asked how the presenters can precisely measure the value of a specific program in dollars. The RFI presenters explained that their data is derived from tens of thousands of studies and is averaged conservatively and compared to a baseline of Iowa taxpayer dollars. Each study included in the average is weighted based on its validity. Co-chairperson Vander Linden questioned whether the results of such a process could be objective. The presenters noted that their methodology has been peer-reviewed and that they encourage states to carry out their own program evaluations as well. Co-chairperson Danielson asked the presenters to submit Iowa-specific data and proposals for additional areas they could work on in Iowa in the future.

Committee discussion also centered on methods for measuring the costs and benefits of programs, zero-base budgeting, correlation between national data and Iowa data, the Pew Foundation and CJJP's work with the Department of Corrections, how that work could be applied to other public entities, and a recent results-based program model enacted in Mississippi.

IV. Transparent, Inclusive Efficiency Review (TIER) Overview and Implementation

Mr. Mark Braun, Interim Chief Operating Officer, Board of Regents (Board), discussed the process of establishing, completing, and implementing the Board's Transparent, Inclusive Efficiency Review and presented information on current trends and pressures in higher education. He noted the Board's contracting with consultants to complete the review and its implementation, and explained current efficiency efforts, specifically business cases in the areas of information technology, finance, and human resources. He then discussed enrollment management, e-learning, and space utilization as additional areas for efficiencies. Mr. Braun also noted the current operability of a uniform application platform for students interested in attending any of the state's three public universities. The Board submitted additional previously requested information.

Representative Mascher asked if the Board would be combining applications with community colleges and private colleges next, and Mr. Braun said the Board is laying groundwork for that.

Representative Mascher asked to be notified of how much the Board saves each year through its TIER efforts, and Co-chairperson Danielson agreed. Representative Watts asked how well the three Board of Regents institutions (Regents institutions) are coordinating between themselves and with the OCIO, and Mr. Braun detailed various efforts the institutions and the OCIO are working on together.

V. Design-Build Contracting at Regents Institutions

Mr. Dean McCormick, Director of Design and Construction Services, Iowa State University, discussed the different project delivery systems used in construction projects at Regents institutions and provided comparative information on the explicitly permissible use of design-build contracting at the federal level and in 46 states. He also provided information on the types of construction projects that merit



the use of design-build contracting, noting the benefits that such contracting provides for simple, repeatable, and time-sensitive construction projects. Mr. Rodney Lehnertz, Interim Senior Vice President for Finance and Operations and Director of Planning, Design, and Construction, University of Iowa, presented case studies contrasting university experiences with similar projects that were under design-bid-build and design-build contracting procedures. Mr. Lehnertz also noted that the Regents institutions currently utilize design-bid-build procedures in 96 percent of construction projects and only utilize design-build procedures in the remaining 4 percent of projects. Mr. McCormick and Mr. Lehnertz expressed confidence that the Regents institutions currently have the legal and statutory authority to use design-build procedures as an alternative delivery method. The Board submitted additional previously requested information.

Mr. Jim Simmons, Executive Vice President, Russell Construction, presented information on his firm's experience in fulfilling design-build contracts with Regents institutions and noted that alternative project delivery allows greater collaboration between architects and builders. He stated that design-bid-build and design-build contracting are both viable and that proper selection of a project delivery method can lead to better project outcomes.

Representative Pettengill asked how a Regents institution can utilize a design-build process when the Iowa Code requires the use of a design-bid-build process. She stated that she has an Attorney General's opinion from 1994 which states that the use of design-build was not authorized in the Iowa Code. The presenters explained that the Board decided to go forward with a design-build process for certain projects after review by the Board's counsel and the Attorney General's Office and explained that they believe the Board has the statutory authority to utilize a design-build process if certain steps are followed. Representative Pettengill asked to see the Board's legal reasoning in writing, and Co-chairperson Vander Linden agreed. She also noted that multiple bills permitting the Board to utilize a design-build process have been processed in the past and not enacted and that the Board began utilizing design-build after the failure of those bills. Co-chairperson Danielson asked the Board to provide the committee with a flow chart explaining how the Board would decide to use a design-build process. Co-chairperson Danielson also urged all relevant stakeholders to resolve this matter on their own rather than risk having the matter resolved in court instead.

Committee discussion also centered on whether one must be part of a design-build firm to work on a design-build project, how design-build projects are funded, design-build bridging, how design-build projects will be evaluated to determine if they generate any savings, and construction-management.

VI. Efficiencies of Design-Bid-Build

Mr. Doug Struyk, Legal Counsel, Iowa Competitive Bidding Alliance (ICBA), provided background on the legislative and judicial history of design-bid-build procedures in Iowa, and discussed the statutory provisions for public sector construction contracting contained in Iowa Code chapter 26 and Iowa Code section 262.34. Mr. Struyk asserted that the Regents institutions currently do not have the legal or statutory authority to use design-build procedures as an alternative delivery method. He then led the committee through a review of bidding and construction documents produced by Regents institutions and noted the benefits in design-bid-build procedures in public sector construction. Mr. Struyk also provided information on proposed legislation in the 2015 Legislative Session (HF 450 and amendment H-1159) that is supported by the ICBA.

Representative Watts asked if Mr. Struyk's clients intended to pursue litigation against the Board in order to end the use of what they assert is an illegal design-build process. Mr. Struyk responded that it would be problematic for contractors seeking work with the Board to sue the Board, that such litigation



would be expensive for all involved, and that legislative resolution would be a preferable solution. Co-chairperson Danielson and Representative Mascher urged stakeholders to resolve this matter on their own and present the General Assembly with a suggested solution. Co-chairperson Danielson urged the presenters to submit all their materials for the record.

Committee discussion also centered on the procedures for moving a project from a design-bid-build process to a design-build process and how quickly a project could be completed using each process.

VII. Committee Recommendations

The committee adopted the following recommendations:

- Allow LSA staff to receive additional presenter materials.
- Require LSA to coordinate usage of the OCIO's public comment Internet site, through January 14, 2016, for receiving public comment related to the efforts of the committee.
- Require LSA to compile and issue a final report to the General Assembly, as required under Iowa Code section 2.69, consisting of the materials received by the committee.

Members of the public may make recommendations for improving state government at either of the following Internet Sites:

<https://www.legis.iowa.gov/apps/feedback/respond?q=2>

<https://comment.iowa.gov/Info/Improving-State-Government>

VIII. Materials Filed with the Legislative Services Agency

The following materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "Committee Documents" link on the committee's Internet Site: <https://www.legis.iowa.gov/committees/meetings/documents?committee=578=ALL>

1. LSA — Fiscal Topic — Improving State Government Website.
2. LSA — Materials Distributed — Iowa Code Section 2.69.
3. LSA — Materials Distributed — Iowa Code Chapter 8B.
4. LSA — Materials Distributed — Iowa Code Section 262.34.
5. LSA — Materials Distributed — Attorney General Opinion 94-4-2.
6. LSA — Interim Committee Documents — Span of Control Update — October 2015.
7. LSA — Interim Committee Documents — Span of Control — Board of Regents — 2015 Report.
8. OCIO — Handout — 10-29-2015.
9. OCIO — Public Comment Background.
10. OCIO — Presentation.
11. OCIO — IT Governance Organization Chart — October 2015.
12. OCIO — Connect Iowa Broadband Maps.
13. RFI — 2015 Overview.
14. RFI — Results First Iowa Progress Report.



State Government Efficiency Review Committee

15. RFI — Presentation.
16. RFI — Model Outputs Handout.
17. RFI — Legislation Brief — March 2015.
18. RFI — Defining Levels of Evidence.
19. RFI — DOC Handout on ROI of Offender Programs.
20. RFI — CJJP Handout.
21. BOR — TIER Presentation.
22. BOR — TIER Letter.
23. BOR — FY 2016 TIER Briefing.
24. BOR — Design-Build Discussion Outline.
25. BOR — Design-Build Comparison Handout.
26. Design-Build — Legal Analysis.
27. 2015 Design-Build Update.
28. Presentation Materials.
29. Exhibit A — BOR Policy Manual 9.07(F).
30. ICBA — Exhibit B — BOR Prop and Fac Committee — 9-12-12.
31. ICBA — Exhibit C — Design-Build-Bid Tabs.

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