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November 1, 2011

Michael E. Marshall
Secretary of the Senate
State Capitol Building
Des Moines IA 50319

Mark Brandsgard
Chief Clerk of the House
State Capitol Building
Des Moines IA 50319

Re: Cooperative Purchasing Plan

Dear Members of the Iowa General Assembly:

Pursuant to Iowa Code Chapter 262.9B, the report on the Cooperative Purchasing Plan for FY 2011 is attached.

If there are any questions concerning this report, please do not hesitate to contact us.

Sincerely,

Robert Donley

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cc: Robin Madison
Legislative Liaisons
Legislative Log

INTERAGENCY COOPERATION PLAN
ANNUAL REPORT

Action Requested: In compliance with Iowa Code 262.9B, receive the annual report for the year ended June 30, 2011 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: Now incorporated in Iowa Code 262.9B, the Reorganization bill Senate File 2088 enrolled during the 2010 Legislative Session 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 Board is to convene at least quarterly an interagency purchasing and 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, 2011.

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), and Iowa Communications Network (ICN).

on:

- July 22, 2010 – at DAS offices in Des Moines.
- October 1, 2010 – at the Board of Regents Office in Des Moines.
- January 5, 2011 – at University of Iowa
- April 14, 2011 – at IDOT in Ames
- Additional joint conference calls were held throughout the year

FY 2011 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.

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.

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.

Tables of joint purchasing efforts follow.

Joint Purchasing Contracts explored FY 2011:

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

* 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.

Additional Information:

Emergency Disaster Services – An inter-agency task force began meeting in FY 2010 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 was to secure a contract that was competitive and met 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 wasn'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 Winter Storm	Thunderstorm/Lightening	Tornado	Windstorm

Services and capabilities to be provided by contractor included, but were 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.

Shortly after a contract was negotiated with two emergency disaster services vendors, Iowa State University experienced severe flooding in August 2010. Having these vendors in space allowed the university to respond quickly to the disaster and after reviewing the competitive rates of the ServiceMaster contract (chosen from the two vendors as the one best meeting ISU's needs) with non-contract rates in the marketplace, a conservative estimate of savings was \$944,000.

Cooperative Technology Efforts –

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

SciQuest Spend Director and Sourcing Manager

- *Spend Director* is a third-party software designed to host existing master contracts and provide a market place for purchases. This system is currently operational at ISU and SUI. SUI has demonstrated this software to DAS. Both DAS and UNI are interested in this technology and seek the funds to purchase. Discussions with the vendor do not appear to find additional savings in a joint pricing model.
- *SciQuest Sourcing Manager* is a third-party software designed to provide an end to end electronic bidding system. SUI currently uses this system and demonstrated its capabilities to DAS. In July 2010, DAS implemented Sourcing Manager. UNI continues to evaluate the benefits of the system for possible future implementation.

ProTrav – SUI Procurement and Travel System

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.

It was determined to be feasible to share this university-developed software with DAS and UNI. The project with DAS will begin in Summer 2011 and will be rolled out to UNI in a phased approach starting Spring 2012.

Data Storage – Regent institutions and DAS discussed the expanding need for data storage. At this time, no joint construction projects are under discussion.

Mainframe Consolidation – Some large applications still run best on a mainframe, however as technology moves towards servers and virtualized servers, consolidation of mainframes may save on operating costs. The three Regent universities and DAS discussed the possible benefits of sharing mainframe resources. Iowa State University and DAS explored moving applications to one shared mainframe but determined that due to the numerous programs and the complexities involved in moving to one site would not be feasible at this time.

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.