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October 25, 2013

Governor Terry E. Branstad  
State Capitol Building  
Des Moines IA 50319

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

Carmine Boal  
Chief Clerk of the House  
State Capitol Building  
Des Moines IA 50319

Re: Cooperative Purchasing Plan

To the Governor and Members of the Iowa General Assembly:

Pursuant to Iowa Code Chapter 262.9B, the report on the Cooperative Purchasing Plan for FY 2013 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

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, 2013 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 Regents are to convene at least quarterly an interagency purchasing and information technology group. 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, 2013.

**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:

- August 22, 2012 – at University of Iowa
- November 30, 2012 – at the Department of Administrative Services, Des Moines
- February 20, 2013 – at Department of Transportation, Ames
- May 31, 2013 – Telephonic

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 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 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. In FY 2013, combined Regent contract spend through joint contracting totaled \$369 million, an increase of 6% over the previous year, and a growth of more than 166% from ten years ago.

Results for FY 2013 are still being compiled. Reviewing the results for FY 2012, in the last five years, Regent purchases from Department of Administrative Services' state contracts have increased 66% to over \$16 million per year; Regent purchases from Iowa Prison Industries were over \$3.5 million.

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

Joint Purchasing Contracts explored FY 2012; Completed in FY 2013:

Joint Contract	Participants	Completion Date	Savings
<p>Procurement card services – expanded to other public entities.</p> <p>SUI has expanded program to provide student athletes with cards for meal per diem during semester breaks and travel</p>	<p>UNI,SUI, ISU – FY 2012 added DAS, City of Central City, DSM Area Regional Transit Authority, Mary Greeley Medical Center, Metro Waste Authority, Montgomery County, NE Iowa Community Colleges, SE Polk Community School District, Tama County</p> <p>NEW Additions FY 2013:: Bettendorf Community School District, Council Bluffs Community School District, Des Moines Area Community College, Iowa Association of School Boards, Newton Community College</p>	<p>Negotiated a 5-year renewal with US Bank</p>	<p>New renewal will add an additional \$425,000 in rebates for the first year and more than \$225,000 for the next 4 years, all agencies combined.</p>
<p>Telecommunications Supplies &amp; Cabling</p>	<p>SUI, ISU, UNI, DAS, DOT</p>	<p>Awarded August 2012 to Anixter (primary) and Graybar (secondary)</p>	<p>SUI had savings of \$218,000; ISU savings of \$47,790; UNI had savings of \$124,640 in FY13</p>
<p>Plumbing Supplies</p>	<p>SUI, UNI</p>	<p>Awarded to Ferguson Enterprises, Plumbers Supply Co, Schimerg Co. and First Supply LLC – May 2012</p>	<p>SUI had savings of \$54,062 in FY13; UNI had savings of \$14,079</p>
<p>Audio Visual Equipment</p>	<p>CICPC Members<sup>1</sup>, SUI, UNI</p>	<p>Vendors SKC and Midwest Computers selected</p>	<p>Through CICPC, not able to extend to state agencies. Savings yet to be determined.</p>

<sup>1</sup> CICPC is the Committee of Institutional Cooperation Purchasing Consortium. The members are University of Chicago, University of Illinois, Indiana University, University of Iowa, University of Maryland, University of Michigan, Michigan State University, University of Minnesota, University of Nebraska-Lincoln, Northwestern University, Ohio State University, Pennsylvania State University, Purdue University, Rutgers University and University of Wisconsin. As a member, SUI can extend the CICPC contract pricing to the other Regent Institutions.

Joint Purchasing Contracts explored FY 2012; Completed in FY 2013: *(continued)*

Joint Contract	Participants	Completion Date	Savings
IBA – Scientific Equipment & Supplies	SUI, ISU, UNI, DAS, DOT, IBA and private industry	Awarded to Fisher (primary) and VWR (secondary) for FY2013 business	SUI Savings \$350,000 from pricing adjustments and free shipping. ISU had savings of \$95,000; UNI had savings of \$127,343 from discount from no ice charges, fuel surcharge discounts and free shipping.
Maintenance service contracts	SUI, DAS UIHC will be reviewing all maintenance agreements in FY 2014	Awarded to Specialty Underwriters; DAS extended for one year	SUI had a savings of \$100,000
IBA – Lab Furniture (Casework Contracts)	SUI, ISU, UNI, DAS, DOT, IBA and private industry	Awarded to Wynn O Jones and Thermo Fisher for FY2013 business	Agencies receive higher discounts by participating with IBA due to volume. SUI had FY2013 savings of \$42,000; ISU saved \$109,850
Group Long-Term Care - insurance	SUI, ISU, UNI	Awarded to Genworth	No savings, but able to acquire policy enabling enrollment without proof of insurability. No cost to the universities for this coverage. SUI has 3 carriers with 1,345 enrollees; 485 with Genworth; UNI currently has 83 enrollees.
Fleet Overflow Vehicle Lease	SUI, ISU, UNI, DAS	Contracted with Enterprise, a subsidiary of National	ISU, SUI took advantage of higher volume vendor afforded to State and their competitively bid contract. SUI estimates savings of \$40,000 annually
Fleet Cards	SUI, ISU, UNI, DAS, DOT	Awarded to Wright Express; rebid to same supplier	Universities were able to retain the same rates as the previous contract.
Copiers	UNI, SUI	Awarded to Marco (previously Business Systems), Laser Resources, OCE, and IKON	SUI savings of \$169,890. UNI uses Ricoh and Marco, and has calculated a savings of \$97,914
Event Security	SUI, ISU, UNI	Whelan Security	SUI estimated savings of \$116,350

Joint Purchasing Contracts explored FY 2013:

Joint Contract	Participants	Completion Date	Savings
Vehicles	ISU, SUI, UNI, DAS, DOT	Institutions continue to work through a joint bid process, as has been done for many years.	Contract for FY 2013 extended through FY 2014 for certain vehicles. Other vehicles will be bid.  No new savings to report. Continue to receive excellent new vehicle pricing as in the past.
International Liability Insurance	SUI, UNI	Awarding soon	
Ware Washing Chemicals	SUI, UNI	Awarded to EcoLab	Able to retain same provider rate as previous contract
Farmer-Bocken Food/dining operations	SUI, UNI	Awarded May 2011; negotiating extension to State Agencies	Pricing has remained flat; but State may benefit if extension successfully negotiated.
HyVee/Fareway procurement card	SUI, ISU, UNI, DAS, DOT	Not able to negotiate savings with stores.	
Furniture	SUI, UNI, DAS	Awarded in 2011 to multiple distributors. DAS has recently requested that this contract be extended to them. FY 2014	
Elevator Services	SUI, ISU, UNI	Due to complexity of services and elevator design no savings in joint bid	
Dry Sorbent Injection Monitoring (harmful gas)	ISU, UNI	Awarded to Nol- Tec Systems Inc.	ISU savings of \$16,000; UNI savings of \$77,000 through FY14
Cloud Hosting	Done through DAS; all state agencies may use through WSCA		Determined it did not provide advantage to Regent institutions
Adobe Creativity Cloud Agreement	SUI, ISU, UNI	Joint purchasing will not produce price advantages	
Non-owned Car Rental in Foreign countries	SUI, ISU, UNI	Currently under consideration	



Joint Purchasing Contracts explored FY 2013: *(continued)*

Joint Contract	Participants	Completion Date	Savings
Background Check	CICPC members, SUI, ISU, UNI	Awarded to GIS by CICPC via SUI	ISU conducting pilot; savings in FY 2014 yet to be determined. SUI and UNI switched to GIS through the CICPC agreement in July 2013. Savings yet to be determined
Cost-per-Copy	SUI, UNI, DAS, DOT	RFP in process	
Paper	SUI, ISU, UNI, DOT, IPI	RFP in process	
Waste Cooking Oil Disposal	SUI, ISU, UNI	Awarded to KCI for ISU and Darling for SUI and UNI	This contract creates revenue by sale of waste cooking oil. Revenues for ISU \$7,700. Savings for SUI and UNI to be determined

Joint Purchasing Contracts to explore FY 2014

Joint Contract	Participants	Completion Date	Savings
Vehicles and Fuel	SUI, ISU, UNI, DAS, DOT, IPI	Will re-bid in FY 2014	
Random Drug Testing Services	SUI, ISU, UNI, DAS, DOT	To bid in FY 2014	
Fastenol – vending/lockers	SUI, ISU, UNI, DAS, DOT		Early review of pilot at DOT did not provide additional savings
Fleet Disposal	SUI, ISU, UNI, DAS, DOT		DAS offered their contract with GovBids.com
Electrical Supplies	SUI, UNI	RFP in process	
Milk and Bread contracts	SUI, UNI	To be rebid in FY 2014	
Fleet Management Software	SUI, ISU, UNI	RFP in process	
Confidential Document Destruction	Not established	Under review	
Managed Print Services	Not established	Under review	

**Additional Information:**

**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 with a proposed implementation in FY15.

*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.

*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 servers in ISU's data center as an off-site location for critical data for disaster recovery purposes. This strategy provides physical separation of backup data without a need to lease commercial facilities and provides savings. UNI is also reviewing space needs with SUI. Costs run approximately \$10,000 per rack; a private data center would cost closer to \$30-\$40,000 per year.

**Purchasing Efforts –**

*International Liability Insurance*

The University of Iowa has issued a proposal for International Liability Insurance coverage which provides the universities with an insurance broker that was previously not in place. The selected broker may be requested to provide potential insurance which includes but is not limited to: General Liability, Property and Workers Compensation Insurance for international exposures. This proposed contract will allow the universities to have a broker that can identify and recommend procedures for their international needs. Currently SUI and UNI are interested in this service. The contract has not yet been awarded, and will be reviewed fully once potential cost is known.

*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 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: Bettendorf Community School District, Council Bluffs Community School District, Des Moines Area Community College, Iowa Association of School Boards, and Newton Community College. The aggregate spend has grown from \$108M to \$168M, or 56% in three years.

SUI along with ISU, UNI and DAS has reviewed an offer for a 5 year extension that will increase rebate revenue by \$425,000 the first year and a potential of \$225,000 each subsequent year.

*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.