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universities and special schools**

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Iowa State University
University of Northern Iowa
Iowa School for the Deaf
Iowa Braille and Sight Saving School
Lakeside Laboratory Regents Resource Center
Northwest Iowa Regents Resource Center
Quad-Cities Graduate Center
Southwest Iowa Regents Resource Center



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October 27, 2014

The Honorable Terry E. Branstad
Governor of Iowa
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

Dear Governor Branstad and Members of the Iowa General Assembly:

Pursuant to Iowa Code Chapter 262.9B, the report on the Cooperative Purchasing Plan for FY 2014 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, 2014 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 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, 2014.

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 17, 2013 – at Iowa Prison Industries
- December 13, 2013 – Telephonic
- March 25, 2014 – at University of Northern Iowa
- June 11, 2014 – 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. Results for FY 2014 are still being compiled. From FY 2009 to FY 2013, Regent cooperative purchases results show:

- A growth in Joint Regent Contracts of 42% to \$365 million (and a growth of more than 166% from ten years ago)
- Department of Administrative Services' state contracts nearly doubled to over \$19 million
- Iowa Prison Industries doubled to over \$4 million

Additionally, purchases from Targeted Small Businesses were \$9 million, while purchases from Iowa-based businesses were \$375 million in FY 2013.

Wherever possible, university procurement staff seek to make contracts available to other agencies. One example of the outreach effort done by university procurement staff is a competitively bid contract for All-Steel modular office furniture through Storey Kenworthy. The universities obtained discounted pricing and made it available to other public and non-profit entities as follows:

K-12

Des Moines Schools
North Polk School District
Ames Community School District
Audubon Community School District
Ankeny Community Schools
Urbandale Community Schools
Waukee Schools
Nevada Community Schools
Iowa Falls Community Schools

Secondary Education

Ellsworth Community College
Iowa Valley Community College
Marshalltown Community College
Drake University
Indian Hills Community College
Iowa Central Community College
Prairie Lakes AEA

City Governments

City of Ames
City of Nevada (Nevada Public Library)
City of Grimes (Grimes Public Library)
Hardin County Sherriff
Polk County Courthouse
Cerro Gordo County Courthouse
Story County Courthouse
Boone County Sherriff
City of Boone

Other Agencies

Ames Lab
Iowa DCI Crime Lab
Story County Veterans Affairs
Youth & Shelter Services

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

Joint Purchasing Contracts Concluded:

Joint Contract	Participants	Completion Date	Savings
IBA – Lab Furniture (Casework Contracts)	SUI, ISU, UNI, DAS, DOT, IBA and private industry	Awarded to Wynn O Jones and Thermo Fisher for FY 2013 business	Agencies receive higher discounts by participating with IBA due to volume. SUI had FY 2014 savings of \$84,345; ISU savings were \$158,766.
IBA – Lab Supplies	SUI, ISU, UNI, DAS, DOT, IBA and private industry	Awarded to Fisher Scientific and VWR in FY 2013	Agencies receive higher discounts by participating with IBA due to volume. SUI had FY2014 savings of \$3.8M; ISU savings were \$117,575 over the previous contract pricing.
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. No new savings to report. Continue to receive excellent new vehicle pricing as in the past. FY 2015 bid for vehicles is currently underway.
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 and ISU estimate savings of \$40,000 each annually.
International Liability Insurance	SUI, ISU, UNI	Awarded to CISI for traveler’s insurance and evacuation	Primary benefit under this agreement is risk avoidance. SUI’s FY 2014 savings through CISI was \$59,552 under this agreement and ISU had savings of \$48,562.
Cost-per-Copy	SUI, UNI, DAS, DOT	Awarding to Laser Resources and Marco Inc.	Not all entities will pursue.
Kronos – automated timekeeping system	DAS, UNI	Closed; no common benefit	

Joint Purchasing Contracts Concluded (continued)

Joint Contract	Participants	Completion Date	Savings
Paper	SUI, ISU, UNI, DAS, DOT	Awarded to Office Max	SUI had savings of \$52,177; ISU of \$32,061; UNI had savings of \$6,818 in FY 2014.
Random Drug Testing – CDL drivers	SUI, ISU, UNI, DAS, DOT	Award made to First Lab	
Electronic and Florescent Lamps and Bulb Recycling	SUI, ISU, UNI	Awarded to Midwest Electronic Recycling-ISU, UNI; A-Tech Recycling for Florescent Lamps and Bulb Recycling (SUI, ISU, UNI)	
Fleet Management Software	SUI, ISU, UNI	Awarded to Agile Access Control, Inc.	No FY 2014 savings to report, primary benefit will be improved systems and consistency of reporting.
Fastenol – vending/lockers	SUI, ISU, UNI, DAS, DOT	Under consideration	
Food-Grease Recycling	SUI, ISU, UNI	Awarded to KCI for ISU and Darling for SUI and UNI	This contract creates revenue by sale of waste cooking oil. FY 2014 revenues for SUI were \$5,500; ISU \$7,740; UNI received \$2,013.
Background Check	CICPC members, SUI, ISU, UNI	Awarded to GIS by CICPC via SUI	Savings in FY 2014 for SUI were \$9,743; ISU saved \$43,766; UNI realized savings of \$8,231 over an 8-month period and expect savings to be greater for a full year.
International Services	SUI, ISU, UNI	Awarded to High Street (now Radius GGE USA) for legal, accounting, etc.	No savings to report, benefit is the availability of additional services for the University and risk avoidance.
Fleet Disposal	SUI, ISU, UNI, DAS, DOT		No significant savings when transit costs, etc. factored in.

Joint Purchasing Contracts Open:

Joint Contract	Participants	Completion Date	Savings
Vehicles and Fuel	SUI, ISU, UNI, DAS, DOT, IPI	Will re-bid in FY 2015	
Furniture	SUI, UNI, DAS	Awarded in 2011 to multiple distributors. DAS has recently requested that this contract be extended to them. FY 2014	SUI reported savings of \$1.8M for FY 2014.
Office Supplies	SUI, ISU, UNI	Currently on hold due to the TIER initiative	
Electrical Supplies	SUI, UNI	Under consideration as part of the TIER initiative	
Procurement Cards	SUI, ISU, UNI, DAS	Jan 2014	Reported rebates for FY 2014 were: SUI - \$1.5M; ISU - \$666,527; UNI - \$215,610. An increase in rebates is expected in FY 2015
Milk and Bread contracts	SUI, UNI	To be rebid in FY 2015	
Confidential Document Destruction	Not established	Not viable for joint bid	
Managed Print Services	Not established	Under review for TIER initiative	
Cisco Communications Supplies	SUI, ISU, UNI	Award made Forsythe Solutions Group	Savings will be reported in FY 2015.
Auto Glass & Repairs	SUI, ISU, UNI	Award made to Safelite AutoGlass in late FY 2014	Savings to be reported in FY 2015

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. The goal of TIER is to transform the universities so they are sustainable for the long term and to reduce reliance on tuition increases and state funding.

A major component of the TIER study is Sourcing and Procurement. Deloitte will be 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.

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 FY 2015. Fit gap and design meetings have been completed. UNI has created a workflow application that will be integrated with ProTrav@UNI for the electronic approval of transactions.

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 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: Cedar Rapids Community School District, City of Central City, City of Council Bluffs, City of Dubuque, City of Lohrville, Dubuque County, Indian Hills Community College, Mary Greeley Medical Center, Metro Waste Authority, Northeast Iowa Community College and Southeast Polk Community School District, bringing the total to 20 members. There are nine additional entities interested and they will be participating in a joint consortium meeting on November 5th to discuss best practices.. The aggregate spend has grown from \$108M to \$187M, or 73% in four 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. All participants in the Procurement Card Program realize administrative savings through the delegation of low dollar transactions.

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.