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universities and special schools*

University of Iowa
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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November 10, 2015

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 2015 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, 2015 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, also known as the 2010 Reorganization Bill, 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, 2015.

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 16, 2014 – at Iowa State University
- December 9, 2014 – Telephonic
- March 4, 2015 – at Board of Regents Office
- June 16, 2015 – Iowa Prison Industries

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. From FY 2010 to FY 2015, Regent cooperative purchases results show:

- A growth in Joint Regent Contracts of 39% to \$397 million (and a growth of more than 130% from ten years ago)
- Department of Administrative Services' state contracts grew 65% to over \$15.7 million
- Iowa Prison Industries doubled to over \$5 million

Additionally, purchases from Targeted Small Businesses were \$10 million, while purchases from Iowa-based businesses were \$384 million in FY 2014.

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

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

Joint Purchasing Contracts

Joint Contract	Participants	Completion Date	Estimated Savings
Alek Math Test (Test incoming freshman take to place them.)	SUI, ISU, UNI, DAS (DOE), Community Colleges through the Dept. of Education	OPEN All three universities and some community colleges use this test Alek to consider better pricing if community colleges and Regents collaborate.	The extension provided to the community colleges is through February 2016. The vendor submitted a state wide pricing structure that if the majority of schools come on board there would be a larger pricing discount. This would require the majority of community colleges to join.
Auto Glass & Repairs	SUI, ISU, UNI	Award made to Safelite AutoGlass in late FY 2014.	SUI savings FY 2015. \$9,633. As this has been a long standing Regents contract, ISU has not seen any additional savings for FY15.
Biological Safety Cabinets	SUI, ISU, UNI	OPEN – Bid has been issued and will close on June 17 th when evaluations will begin.	This remains a joint Regent contract, and remains at 22% savings off list price. No additional savings for FY15.
Cisco Communications Supplies	SUI, ISU, UNI	AWARDED to Forsythe Solutions Group.	SUI has more than \$5,988,000 in savings to be reported in FY2015. ISU estimates 2015 total savings at about 1.6 million with about \$240,000 of that savings being attributed to the new Regents contract increasing discounts. UNI made one purchase for Cisco Support with a projected savings of about \$65,329.
Collection Agencies	SUI, ISU, UNI	AWARDED to multiple companies.*	UNI's fee will drop about 5% per referral.
Cost Per Copy (leasing copy machines)	SUI	AWARDED to Laser Resources and Marco.	

*. CBE Co., Coast Professionals Inc., Conserve, Enterprise Recovery Systems, Genera I Revenue, Immediate Credit Recovery Inc., National Credit Management, Williams & Fudge, Windham Professionals

Joint Contract	Participants	Completion Date	Estimated Savings
Disaster Recovery Services	SUI, UNI	OPEN – Beginning to prepare for bid and will extend contracts with no pricing changes through and including December 31, 2015 to allow additional time to prepare for bid process.	
Electrical Supplies	SUI, ISU, UNI	ON HOLD Under consideration as part of the TIER initiative.	
Fastenol (vending/lockers)	SUI, ISU, UNI, DAS, DOT	CLOSED – DOT tried it; not mutually beneficial, lucrative, or valuable.	
Fleet Management Software	ISU, UNI	Awarded to Agile Access Control, Inc.	No additional savings at this point.
Hazardous Waste Disposal	SUI, ISU, UNI, DOT, DAS, DNR	AWARDED to Tradebe Treatment & Recycling and Seneca Waste Solutions (pit sludge only).	This is a new contract – UNI should see benefit and savings from a contract utilizing higher volume in the coming year.
Library Software (system that manages books)	SUI, ISU, UNI	AWARDED to Ex Libris Alma.	Combined savings projected at \$600,000.
Managed Print Services	Not established	Under consideration as part of the TIER initiative.	
Merchant Card Processing Services	SUI, UNI	OPEN – Evaluations are underway and presentations are being scheduled.	
Milk contracts	SUI, ISU, UNI	OPEN-Milk is being considered for inclusion as part of the TIER initiative Prime Food Vendor Agreement. SUI's and UI's milk contract expires June 30, 2016. ISU's milk contract to expire; could extend a year.	
Moving/Relocations Services	SUI, ISU, UNI	OPEN – Evaluations are underway, expected award week of September 28th.	
Office Supplies	SUI, ISU, UNI	OPEN-Bid issued September 29 th with bid closing on October 22 nd . Current contract with OfficeMax extended until December 2015; contract will be extended to DAS and IBA.	

Joint Contract	Participants	Completion Date	Estimated Savings
Primary Food Supplier	SUI, ISU, UNI	ON HOLD Under consideration as part of the TIER initiative. Currently in the planning stage.	
Procurement Cards	SUI, ISU, UNI, DAS	January 2014	Additional rebate for all participants in FY2015 was \$625,746, a 21% increase from the rebate received in FY14. The projected rebate from this contract negotiation was \$421,672. FY2015 Rebate was 6% higher than projected.
Random Drug Testing – CDL Drivers	SUI, ISU, UNI, DAS, DOT	AWARDED to First Lab.	
Recycled Oil	SUI, ISU, UNI	AWARDED to Cedar Falls Oil Company	The 2015 Regent bid realized a reduction per/gallon reimbursement cost from \$0.70 to \$0.30 per gallon based on the market price of oil. No additional revenue will be realized for FY15.
Software Operating System	ISU, UNI	AWARDED in May to Red Hat.	Savings expected in new year.
Solar Trash Compactors	SUI, ISU, UNI, DOT, DAS	AWARDED to Big Belly. Some municipalities are buying from it. Saves on labor/productivity, keeps pests out, needs software upgrades from.	ISU estimates savings of one full time position. No additional FY15 cost savings as we have had previous contracts for these units.
Temporary Staffing	SUI, UNI	OPEN – Bid draft underway, current agreements will be extended through and including December 31, 2015.	
Travel Agencies	SUI, ISU, UNI	ON HOLD – under consideration as part of TIER. Current agreements have been extended through and including December 31, 2016.	
Vehicles and Fuel	SUI, ISU, UNI, DAS, DOT, IPI	OPEN To be re-bid in FY 2016. DOT continues to evaluate and work through details prior to posting bid tabulations.	

Additional Information:

TIER (Transparent, Inclusive Efficiency Review) Initiative

The Board of Regents has continued to work with consultants to perform independent reviews of the academic and administrative expenses across Iowa's three public universities 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. The consulting firm Huron has been 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 to implement the system at UNI in January 2016.

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.

Library Software Upgrade – All three institutions worked together to negotiate the purchase of an upgrade to their Library Management System, Ex Libris Alma for a total savings of over \$600,000.