



IOWA GENERAL ASSEMBLY
LEGISLATIVE SERVICES AGENCY

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Memorandum

To: Legislative Fiscal Committee

From: Deb Kozel, LSA

Date: July 22, 2004

Re: DNR Authority to Market Goods and Services

DIVISIONS

LEGAL SERVICES

RICHARD L. JOHNSON

FISCAL SERVICES

HOLLY M. LYONS

COMPUTER SERVICES

GLEN P. DICKINSON

ADMINISTRATIVE SERVICES

TIMOTHY C. FALLER

At the June 17 Fiscal Committee meeting a question was asked concerning the Department of Natural Resources' (DNR) authority to sell products for the purpose of generating revenue. The authority is granted in the Charter Agency Agreement between the Governor and the DNR. Item #10, listed on page 3 of the attached Agreement, states:

[The Department] May actively market program-related goods and services to Iowans and seek alternate and innovative revenue sources.

If you have any additional questions, please feel free to contact me at 1-6767.

FISCAL SERVICES

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CHARTER AGENCY AGREEMENT
BETWEEN
THE GOVERNOR OF THE STATE OF IOWA
AND THE
IOWA DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources requests that the Governor designate the Agency as a Charter Agency, pursuant to Section 7J.1 of the Code of Iowa.

The Department commits to producing the following results as demonstrated through performance measures and special projects:

DEPARTMENTAL PERFORMANCE TARGETS

1. Increase non-general funds supporting the department's operating budget by 2%.
(December 31, 2003)
2. Provide leadership and staff support to organize and hold a Water Quality Summit in Iowa. The summit will lead to a strategy to eliminate the Impaired Waters List for Iowa by 2010. (November 30, 2003)
3. Develop a Nutrient Budget for each major watershed in Iowa and hold a series of public forums to discuss the data and begin public discussion with regard to the importance of nutrients in Iowa waters and the need for better management.
(September 30, 2003)
~~NOVEMBER~~ *gn*
4. Promote renewable energy use through the Iowa Building Energy Management Program resulting in at least two (2) megawatts of new renewable energy production at Iowa tax payer supported facilities. (June 30, 2008)
5. Educate 2000 stakeholders on renewable energy through workshops, develop a wind energy curriculum for grade 9-12 students at Clarion-Goldfield that can be replicated in other districts, and create a wind energy checklist for small producers. (December 31, 2003)

DEPARTMENTAL SPECIAL PROJECTS

1. Develop and finalize Iowa's first Performance Partnership Agreement/Performance Partnership Grant with US EPA. These agreements will maximize flexibilities for fund utilization as the Department delivers environmental protection and regulatory programs. (~~September 30, 2003~~ *DECEMBER QW*)
2. Develop customer service projects that will lead to stakeholder acceptance and more efficient delivery of DNR environmental programs. (October 2004)
3. Continue efforts to establish an integrated environmentally regulated facilities database and tracking system (One Stop) that will provide better accountability both internally and with US EPA. Finish the five-year plan and complete a pilot project linking the Air and Solid Waste databases to a central environmental facility. (December 31, 2003)
4. Develop and implement a coordinated program with Department of Corrections (DOC) and meat processors to deliver surplus harvested deer meat to DOC for use as in the inmate meal program. (December 1, 2003)
5. Implement "Help Us Stop Hunger" (HUSH), a cooperative program with the Food Bank of Iowa, cooperating meat processors and deer hunters. 1,000 deer from the 2003-04 hunting season will be donated by hunters, processed by local lockers and distributed to the needy of Iowa. HUSH will encourage more hunters to shoot more does because they will not have to pay for processing costs. Funds to process the meat will be raised from the private sector and supplemented, if necessary by the Wildlife Bureau. (December 1, 2003)
6. Establish an agreement with DOC to provide inmate labor to assist with State Park maintenance needs. (April 2004)
7. Complete the Process Improvement Planning Activity in conjunction with ABI resulting in a more efficient Air Construction Permit Process. (September 2003)
8. The Department of Natural Resources, contingent upon receiving the benefits and flexibilities below, commits to generating \$150,000 of additional General Fund revenue and reducing \$50,000 in General Fund operating costs during FY04. The \$200,000 amount remains fixed for each of the four years subsequent to FY04.

CHARTER AGENCY BENEFITS AND FLEXIBILITIES

The Governor and Lt. Governor pledge their support to the Charter Agencies' success, and recognize the Department of Natural Resources and Director Jeffrey Vonk for stepping above and beyond expectations in their willingness to become a Charter Agency. The Agency will have the following benefits and flexibilities. These benefits and flexibilities do not supersede

the requirements of the Accountable Government Act.

THE DEPARTMENT OF MANAGEMENT (DOM) WILL ASSURE THAT CHARTER AGENCIES:

1. May receive grant funds from the \$3 million General Fund appropriation for Charter Agency innovation projects. (See attached Addendum)
2. Retain 50 percent of unspent year-end General Fund appropriation (from agency operations) balance for five (5) years, beginning with fiscal year 2004.
3. Are exempt from across-the-board General Fund appropriation cuts for fiscal years 2004 and 2005.
4. Retain 80 percent of all new revenues generated, subject to statutory compliance.
5. Benefit from DOM support of fiscal year 2005 full salary adjustment funding.
6. May opt out of the Iowa Excellence Program.
7. May work with the Department of Administrative Services (DAS) and Public Strategies Group (PSG) to develop and implement pilot projects.
8. May receive support at no cost from PSG to achieve desired charter outcomes, as needs arise and resources permit.
9. Benefit from DOM support of legislative changes to further enhance Charter Agency ability to simplify administrative processes and generate revenue.
10. May actively market program-related goods and services to Iowans and seek alternate and innovative revenue sources.
11. May charge other governmental agencies for services, following DOM consultation with DAS that indicates the DAS lacks the capacity to provide the service.
12. Will retain all existing information technology staff, hardware and software through fiscal year 2004. This issue will be revisited prior to July 1, 2004.
13. Will receive support for propose increases in fees that are commensurate with and directly related to improving services to citizens.
14. May reduce copying and paperwork expenses via use of electronic signatures, record keeping, and transactions.
15. Is exempted from appropriated full-time equivalent (FTE) limitations for a period of five (5) years, beginning with fiscal year 2004.

16. May evaluate existing "outsourced" state work activities for cost-effectiveness and service delivery quality.

(DAS HUMAN RESOURCES ENTERPRISE-RELATED)

17. May convert PEO (Merit Resources) positions to state FTEs, consistent with collective bargaining agreements and Human Resource Enterprise (HRE) rules.
18. May change the status of "direct report" managerial positions to "at will" positions. Affected employees must agree to the change voluntarily in writing for the change to occur.
19. May increase overlap employment days.
20. May add interns to their workforces.
21. May award "exceptional job performance (performance bonus)" pay to non-contract-covered employees or to contract covered employees with the approval of the labor union. This applies to individual employees as well as to employee "teams."
22. May award "special-duty" pay or "extraordinary duty" pay. Special duty pay applies when an employee is temporarily assigned to a vacant position in a higher class. Extraordinary duty pay applies when an employee is temporarily assigned work duties in a higher class.
23. May create any position in any classification provided that duties are consistent with established classification and filled in compliance with collective bargaining agreements and HRE rules.
24. May award increased pay for increased credentials to non-contract employees or to contract covered employees with the approval of the labor union.
25. May utilize the employee performance evaluation system and process in force as of fiscal year 2003 until July 1, 2004. This issue will be revisited prior to July 1, 2004.

(DAS GENERAL SERVICES ENTERPRISE/INFORMATION TECHNOLOGY ENTERPRISE-RELATED)

26. Is authorized to purchase goods and services outside General Services Enterprise (GSE) contracts provided the charter agency can document the cost benefit. Charter agencies purchasing Information Technology Enterprise (ITE) services independently must document that the purchase complies with ITE enterprise technical standards. Charter agencies will periodically report on the nature and value of these goods and services to DAS. Charter agencies will pay the Iowa Code-required one (1) percent purchase fee.

27. May sell or lease capital assets and retain proceeds and may utilize the GSE as an agent in the sale of capital assets.
28. Is authorized to make their travel arrangements directly with vendors, with appropriate audit-worthy documentation.
29. Will pay a fiscal year 2005 vehicle administrative fee (overhead) that is at least 30 percent lower than the current fee.
30. May, with appropriate audit-worthy documentation, use sole source contracts.
31. May, through contract addendums, extend contracts beyond the current allowable renewal term.
32. Implement and enforce contract "liquidated damages" clauses.
33. Utilize streamlined contracting requirements for capital projects.
34. May work closely with GSE to implement design and construction work on capital projects.

(DAS STATE ACCOUNTING ENTERPRISE-RELATED)

35. Are required to initial the "batch sheet" (only) as part of the pre-audit process.
36. Utilize a simplified procurement card "coding" system that does not require coding of purchases at the detailed expenditure (objective) level when the bill is paid.
37. Are no longer required to file travel claims when expenses are paid by an outside entity.
38. Are exempted from the requirement to submit pre-contract questionnaires for contracts valued at less than \$1,000.
39. Are exempted from the requirement to submit pre-contract questionnaires for corporate or governmental vendors, provided that information on the questionnaire is still obtained to meet audit requirements.


ADDITIONAL TERMS AND CONDITIONS

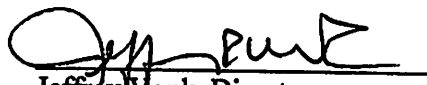
1. The agency will receive \$100,000 in FY04 to establish an internal departmental revolving loan fund for Charter Agency related activities.
2. The Department of Management recognizes its responsibility to ensure that the \$15 million Charter Agency goal is achieved through a combination of cost reduction and maximization efforts on an annual basis for a period of five (5) years. The identified

financial commitment in the four years subsequent to FY04 are contingent upon maintaining at least the FY04 baseline budget amount plus annual adjustments. If these funding amounts are not maintained, this agreement may be renegotiated and the amounts and expectations may be changed.

3. This Charter Agency Agreement may be amended by mutual agreement of the parties at any time.

Dated this 12TH of September 2003.


Thomas J. Vilsack
Governor


Jeffrey Monk, Director
Department of Natural Resources