

**COMMITTEE MINUTES for
ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE**

Date: February 07, 2007

Place: Room 19

Convended: 2/7/2007
10:00 AM

Recessed:

Reconvened:

Adjourned: 2/7/2007
11:30 AM

Present: Senators Danielson-CH, Appel-VC, Hahn-RM, Hartsuch, Stewart
Representatives Hunter-CH, Kelley-VC, Alons-RM, Drake, J., Gaskill, M., Kressig,
Pettengill, Wiencek, Worthan

Absent: None

Excused: None

Co-chair Sen. Danielson called the meeting to order at 10:00 a.m.

Roll call was taken and a quorum was present.

Rep. Kelly moved to approve the minutes and Sen. Stewart seconded the motion.
The motion prevailed.

John Baldwin of the Department of Corrections and Charlie Smithson of the Ethics and Campaign Disclosure Board members of the I/3 Customer Council discussed the I/3 System. They reported a vast improvement in the system. They reported room for improvement remains, but the I/3 team has been responsive to customer concerns and comments. A decision needs to be made over how to pay for I/3 System. Smithson encouraged the legislature to consider making the decision of how to fund the system and in particular using a direct appropriation to Department of Administrative Services to fund the I/3 System. Department of Administrative Services Director Molly Anderson explained running the system costs \$4.9 million per year. The total cost for development of the system was \$13.6 million. She explained that I/3 is moving to full functionality, but still requires further work.

William Wimmer, Maria Kooken and Shawn Green on behalf of Enterprise Rent-A-Car presented information on rental car use by state agencies. Enterprise and DAS has come to common ground. The agencies frequently did not understand that they had options in securing cars. The only point that DAS and enterprise have not agreed are the liability provisions. The liability situation is the state needs a provision that says Enterprise indemnify the state for any liability while the state employee is driving an Enterprise vehicle. The liability issue has been going on for 4 or 5 months. Director Anderson explained this has been an ongoing issue with the Attorney General's Office and applies to other state contracts also and has been a point of contention with many state vendors.

Enterprise conducted a comparative analysis with the Department of Natural Resources comparing driving personal, motor pool, and rental and motor pool cars and found \$12,000 could be saved by using a combination. The biggest desire for improvement from the DNR staff was having a web-based system to make reservations. Enterprise and DAS are working to provide rental cars for overflow traffic from state motor pool and in locations outside the state. Committee members asked questions about renewable fuels. The Enterprise fleet is currently 7.5 percent e-85 capable. The company is willing to commit to expanding the fleet of flexible fuel vehicles and refueling with flexible fuels including making e-85 cars available at the Des Moines downtown location. Director Anderson explained the state day-trip fleet is 90 percent e-85 capable.

Director Anderson began her presentation with an overview of DAS and the history on how the Department was created. She explained the DAS provides the internal administrative services for the state. It costs approximately \$96 million to provide these services. Governor Vilsack's reasoning for moving to the enterprise approach resulted from a continuing decline in budgets for administrative services and recognizing that within DAS the focus was not on customer services or outcomes. July 1, 2003 the legislation was implemented

to combine the departments, create DAS, and apply the entrepreneurial model.

Currently, 90 percent of DAS is funded through the customer's budgets. The fees set by customer councils. Customer councils must decide how the agencies pay fees and include members from small, medium, and large agencies. Each enterprise must develop a business plan and budget that shows are costs and compares their services versus other providers and whether the enterprise can offer the service at a competitive price. She explained the business categories. The governor makes the final determination of which category individual services fall within. Director Anderson explained previously agencies did not know the costs of the services provided. For example, space on the capitol complex is currently assessed at \$3.42 per square foot and agencies are more careful now that the cost is passed down to the agency.

Co-chair Sen. Danielson asked Director Anderson provide more information on how moving to an entrepreneurial approach requires more contract management at the agency level and how DAS has assisted agencies in moving to this new model. Sen. Danielson asked Director Anderson to return on Wednesday, February 14 to complete her presentation.

Rep. Pettengill moved to arise at 11:30 a.m.

Senator Jeff Danielson

Steven Mandernach, Committee Secretary