

DAS Customer Council Meeting

March 27, 2009

Members Present

Teresa McMahon, Chair, DOM; Ray Walton, Vice-Chair, DAS; Greg Anliker, Elder Affairs; Mark Brandsgard, Legislative-House; Bill Gardam, DHS; Nicole Gehl, Commerce-ABD; Keith Greiner, ICSAC; Brad Hier, DOC; Michael Marshall, Legislative-Senate; Roger Stirler, Revenue; Margaret Thomson, IDALS; Lee Wilkinson, DOT.

Members Absent

Joan Moll, DHR; Peggy Sullivan, Judicial; Dave Heuton, DPS; Mary Jane Olney, Cultural Affairs.

Others Present

Deb Bassett, DOM; Nancy Williams, DAS/GSE; Laura Riordan, DAS/Marketing; Mark Johnson, DAS/Legislative Liaison, Patricia Lantz, DAS/GSE; Lana Morrissey, DAS/Finance; Barbara Bendon, DAS/GSE; Tim Ryburn, DAS/GSE; Nancy Berggren, DAS/HRE; Paul Carlson, DAS/A&E; Jim Marwedel, Homeland Security; Roger Baysden, IPI; Mary Ann Hills, DAS/HRE; Clint Schmidt, IPI; Mark Uhrin, DAS; Calvin McKelvogue, DAS; Cindy Axne, DOM; John Gillispie, DAS/IT; Judy Akre, DAS/Training; Steven Larson, DAS; Cristal Ewald, Judicial.

Call to Order

Meeting was called to order by Chair Teresa McMahon at 10:00 a.m.

Welcome and Roll Call

Member roll call taken by Nancy Williams.

Approve Minutes of February 20, 2009

MOTION: Keith Greiner moved to approve the minutes as submitted. Roger Stirler seconded the motion. Motion passed.

Business Plan

Mark Johnson stated after last months meeting we went back to the enterprises and had them look specifically at the performance measures. They are not inclusive of everything we measure but we think they give you a good sampling based upon the services provided. Other changes are technical and formatting changes. Once this is finalized we will put it on-line.

MOTION: Keith Greiner moved to approve the DAS Business Plan. Lee Wilkinson seconded the motion. Motion passed.

Updated Financial Information from DAS

DAS Interim Director Ray Walton discussed the DAS financial information, noting we continue to feel serious budget pressure in the Association area (Fund 674). One of our challenges is not all of our client agencies pay timely. DAS bills 45 days in arrears and then to materially go beyond that to pay causes difficulty. The billing period starts on the first day of the month and closes on the last day of the month, and then the eDAS bill goes out the end of the 5th working day. Even agencies on automatic pay might have five days beyond that to dispute any changes, etc. Several of the agencies for reasons that differ do not pay automatically. DAS is talking with agencies not doing automated payments; it would help DAS a great deal if bills were paid automatically. We have given a lot of thought to changing the billing cycle (instead of billing on the 10th or 15th of the month following the period service was rendered), billing at the first of the month before a service is rendered (much like rent is paid). The only way this could be done is at fiscal year and it would result in agencies paying 13 months. We do not see a responsible way to do this. Mr. Walton noted that some of receivables are unrelated to the Council; we bill 350 school districts around the state for the new deferred compensation.

Rate Calculation

Chair McMahon stated this would be the initial discussion for FY11, moving into the process of setting rates based on the master calendar.

Mr. Walton stated FY11 is unknown at this time, noting he was unsure that this is a great exercise for the Council members or staff members who will work on the rates to spend a great deal of time trying to figure rates FY11, suggesting where we settle in FY10, we leave rates the same for the time being in FY11 until we get more information. It was noted the framework is there, this could be updated fairly fast as needed at a later date. Members noted that timing sequence is important and it does take agencies such as DHS out of sync; therefore, we would have to go with whatever rate assumption we make because of our required legal process to get the budget on time for the Governor. The general framework is probably a good discussion for the council to continue to have related to the rate setting process, should it be based on FTE's or something else. You can go back in and adjust the rates based on economic conditions or costs.

Chairman McMahon stated it is an important distinction between methodology and amount, you are saying, let's have that methodology discussion recognizing that amounts may change based on what happens in FY10. Roger Stirler advised that at some point before budgets are due by agencies we have to tell them what they need to put in their FY11 budget requests, whether it is status quo or whatever. It was noted there are two items on the agenda which may also affect rates. Mr. Walton stated he had met with most of the Council members over the last forty-five days and didn't hear anyone mentioning changing the rate methodology on existing utility rates, we did discuss with several the possibility of state surplus becoming a utility. Mr. Stirler noted that if there are extreme budget reductions, if there are layoffs, people may start to question our FTE methodology since many of those have FTE's in arrears and they may think the methodology is wrong. There are some costs that are fixed no matter what; you still have to have certain building maintenance, etc.

Possibly the budget should be broken into two pieces, "mission critical" items and items required by law to provide and then everything else. If there is going to be a reduction in a utility then there is going to be a corresponding reduction in service. Utility services by their very nature are more core functions. Mr. Walton stated DAS is in the same situation as every agency with whom we work and we are not going to be one bit different than anybody else. When your budgets are reduced, our budgets are going to be reduced.

Sometime in July or August DAS must give agencies recommendations on rates for FY11. Budgets have to be submitted in September. Mr. Walton stated DAS will provide it the day you want it and later is better only because we will have better data.

Chair McMahon stated at next months meeting, DAS will come back with information about "mission critical" items and services we must provide by law as well as other services provided and what the implications of not providing those services would be.

Overview of the I/3 System and Planned Upgrade

Calvin McKelvogue gave a basic overview of the I/3 system and what is anticipated for FY10 in terms of upgrades, etc.

Mr. Walton stated in the Governor's recommendation there is an additional \$1 million dollars requested for I/3. We have some ideas about how to delay some upgrades and let some of them slide into FY11 to help lessen the pain but we are still \$700,000 short.

Mr. McKelvogue stated I/3 is the accounting system, the budget system, the payroll system HRIS, everything that is used in the financial practices of the State. When you see the bill, it is not just for the

accounting portion, it is for all of those services and they are all hooked together. In the FY10 plan we had originally budgeted \$1 million dollars for an upgrade, those upgrades have to occur about every twelve to eighteen months with the software package we purchased. If you don't keep doing the upgrades provided by the vendor, you can't use some of the underlying software that runs on the server to make the application work, the data base system, web management software, the operating system, they go out of date and you are without support. If the system crashes and doesn't come back up on a reboot, you're done.

We believe we can delay the upgrade; we can push it back and split the upgrade between FY10 and FY11 which would move \$500,000 each way. We have also made another request to the Legislature for additional funding besides the \$3 million dollars the Governor had in his budget under the Rebuild Iowa Infrastructure Fund. If we delay the update to FY11, one of the problems we are concerned about is a Federal mandate, just passed by Congress, called the "3% Withholding Law". All payments made, starting July 1, 2011, we may have to start doing a 3% withholding on payments over \$10,000 to any vendor we do business with. We have been working through this with the Federal people, if that happens it may force us to do an upgrade in order to be able to get the necessary changes for our accounting system.

We have changed some of our storage options to save money. We could delay some work on our disaster recovery site; however, that would mean that if I/3 went down here, we would have no back-up for it, we would be down and dead. Right now we are in the process of building a back-up system out at JFHQ which would allow us, within eight to twelve hours, to move all of our processes right over to that process and be running immediately with our system.

What you set the Utility Rate for is the IT portion of any of the system. The functional side that operates those functions is general funded and are not part of this makeup.

ITE is evaluating printing costs, we expect there to be a significant increase in the cost of printing paper warrants since this cost has not been adjusted in 26 years. We estimate our cost increase to be \$200,000 which has not been built into that FY10 budget. Therefore, part of the savings we are finding will be reduced by the increase in the cost of printing warrants. We are pushing very hard to get people off of payroll warrants, we are going to ask the Governor to put a notice out to require departments to start using direct deposits. We need to quit printing things. We are working with vendors to push them to use more EFT's so we can quit printing. It is not unusual for us to print 20,000 to 30,000 warrants per night. During recent contract talks, new employees will be required to use direct deposit, however, we cannot force current employees to use direct deposit.

Surplus Property as Possible Utility

Chair McMahan advised we have two proposals on how to handle surplus property. One is from DAS and the other is from Iowa Prison Industries.

Barbara Bendon stated currently Purple Wave taking care of surplus. Agencies have the responsibility of completing the paperwork, contacting Purple Wave and working through the process which includes making arrangements for the buyer to get the product. This is time consuming for agencies and many agencies do not have the space to store the surplus.

The DAS proposal includes picking up surplus three times a week from agencies that contact us. We would then remove the surplus from the agency, take care of the pictures, listing, etc. for the items. Two possible fee methodologies (FTE Rate Calculation and Square Footage Rate Calculation) were discussed. This proposal is within a twenty mile radius of the Capitol Complex, it would include the Ankeny Laboratories, etc. With this process, DAS is still using Purple Wave; we are bringing in revenues to the general fund. Mark Johnson advised under the statute for surplus, the revenue generated goes to the general fund.

Roger Baysden presented on behalf of Iowa Prison Industries. Mr. Baysden advised in 1997 he was searching for inmate work programs. At that time the 2nd floor of the current Public Safety Building was the surplus area. General Services at the time gave IPI \$25,000 per year to handle the surplus with a two year contract. At the end of the 2nd year, IPI advised they did not need the \$25,000, since we were selling computers at a very good price. We then wrote a new contract without the \$25,000 and IPI operated off of a profit structure. Mr. Baysden advised IPI receives no appropriations for salaries, equipment, buildings, or anything. Every dollar is self-generated from the sale of its products. As time evolved the price we could sell computers for continued to diminish to the point of about three years ago we started a program we would give away free 50 computers a month and toward the end, we were having a difficult time giving the computers away free.

Mr. Baysden's proposal would call for a \$80,000 per year. For that, your surplus property would be picked up every day within twenty-four hours of notification. IPI would sell the property and retain any revenue generated from the sale of the property.

Mr. Baysden stated this is a service IPI can provide to the State and it was good work for the inmates. However, in order to provide this service as in the past, we needed to increase our staff to supervise the inmates. IPI has trucks traveling the state making deliveries. If there is something we can pickup in other locations across the state, they would do that; however, it wouldn't be the next day; it would be when the truck was in that area. IPI's proposal would be a state-wide pickup proposal. Mr. Baysden stated at the time they also had Federal Surplus and noted it still makes sense to have the two combined; however, there are just no sales in Federal Surplus.

Chair McMahon advised Mr. Baysden that the Council would like a document from IPI similar to the one presented from DAS. Mr. Baysden advised to make it simple, you put \$80,000 on the table and IPI would cover everything else noting that if there is a loss, they absorb it. The loss indicated on the document may not be a total loss for IPI since much of what we pickup in surplus we would recycle and sell back. This is the model we operated under for ten years, it worked well; however, it got to the point we had to add an additional person and to do that it would drive us into a deficit spending.

Mr. Anliker expressed appreciation to DAS for bringing this back to the Council noting the new system we have is not working and we need to find a better solution.

Council recommended this item be brought back to the next meeting with more options for consideration. DAS to have a cost for CCM staff to pickup the surplus and an option from DAS with less frequent pickups. IPI to put something together that indicates the state-wide option.

Mandated Training as Possible Utility

The Governor has mandated certain training be provided to all state employees. Nancy Berggren discussed the mandated training and the current cost per FTE is \$9.85. It was noted that right now, we are only talking about Governor declared mandated training, which the Governor could expand out beyond Diversity.

The discussion now is not to ask for funding but to see if we actually want to ask DAS to submit a proposal to cost it out. This item will be an agenda item at the next meeting. DAS will provide options and contrast between utilities and marketplace as well as a draft survey that may be sent to agencies.

COOP/COG Office as Possible Utility

Jim Marwedel with the Homeland Security and Emergency Management Division discussed COOP (Continuity of Operations Plan) and COG (Continuity of Government).

In using LDRPS (Living Disaster Recovery Planning System), when there is a disaster you push a button and it will tell you what resources are in the office locations that are in the direct path of the disaster. It makes your resources and plans available electronically. The funding in place right now is about to evaporate. This is something that is mandated and it makes life easier for everyone to actually do the planning electronically. We need to try to protect this system as a valuable asset to the State. If you make it as a utility, it can get to all agencies at the same time and continue the expansion. The goal is to have all state agencies use this plan. This is available 24-hours, seven days a week electronically.

This is an FY11 discussion item since currently the cost is being funded through the ROI funding. John Gillespie stated we must find a way to maintain the software or we are going to lose all the investment the State has made in this. Utility costs would be adjusted by any grants obtained. The license is paid through 2011; the first year would be less cost since we would not have to pay a license. (License cost approximately \$211,500).

The Council advised they wanted to have more information since this is critical to the State operations. There appears to be other options for funding and is this really something that DAS Customer Council should be dealing with or is this a Homeland Security issue that should be addressed in their budget.

DAS and Homeland Security will bring more information to the Council at future meetings.

Comments by Council Members

Mr. Walton advised that each agency received an e-mail from DAS recently talking about energy conservation. DAS has been working very hard with energy conservation, we have got rid of about 20% of our printers, have made real progress in getting rid of personal coffee pots, heaters, refrigerators, etc. We need to take a hard look at energy consumption on campus. Anything your agencies can do for energy savings on campus is important. We need help from agencies on energy savings.

John Gillispie stated he would like to discuss Authentication & Authorization utility and some pricing.

Patricia Lantz noted the longer we wait to determine what we are going to do with the FY10 rates, the worse the impact will be on agencies. Ms. Lantz stated when we get the numbers from the Governor's office it might be necessary to have a special meeting prior to our next regularly scheduled meeting to look at changes.

Cindy Axne advised members that in the future we would like everyone to bring their own copies of agenda items and attachments. If you are here to present an issue, you need to bring your own documents and hand-outs for everybody.

Council directed Mr. Walton that if he felt there needed to be a special meeting because it was urgent, please proceed to set it up.

Future agenda items discussion

- Discuss FY10 rates
- Begin rate calculation FY11 discussion
- Updated financial information from DAS
- I/3 Update
- Surplus Property – possible options
- Mandated Training
- COOP/COG Office

Close and Adjourn

Adjourned at 12:50 p.m.

Respectfully submitted,
Nancy Williams, DAS/GSE