

**DAS Customer Council Meeting
April 24, 2009**

Members Present

Teresa McMahon, Chair, DOM; Ray Walton, Vice-Chair, DAS; Greg Anliker, Elder Affairs; Bill Gardam, DHS; Nicole Watson, Commerce-ABD; Keith Greiner, ICSAC; Dave Heuton, DPS; Joan Moll, DHR (via phone); Mary Jane Olney, Cultural Affairs; Roger Stirler, Revenue; Margaret Thomson, IDALS; Lee Wilkinson, DOT.

Members Absent

Mark Brandsgard, Legislative-House; Michael Marshall, Legislative-Senate; Brad Hier, DOC; Peggy Sullivan, Judicial.

Others Present

Deb Bassett, DOM; Nancy Williams, DAS/GSE; Laura Riordan, DAS/Marketing; Patricia Lantz, DAS/GSE; Lana Morrissey, DAS/Finance; Barbara Bendon, DAS/GSE; Tim Ryburn, DAS/GSE; Nancy Berggren, DAS/HRE; Mary Ann Hills, DAS/HRE; Mark Uhrin, DAS; Calvin McKelvogue, DAS; John Gillespie, DAS/IT; Judy Akre, DAS/Training; Dale Schroeder, DAS/GSE Fleet & Mail; Steve Larson, DAS;

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 March 27, 2009

MOTION: Bill Gardam moved to approve the minutes as submitted. Greg Anliker seconded the motion. Motion passed.

Financial Update and FY10 Rates

Director Walton advised Fund 674, which includes the Association that cares for the buildings on the Capitol Complex and involves space management, has experienced real pressure on its cash flow and on its budget. I'm happy to report the growth in Fund 674 this month due to Pam Sullivan (DAS/Finance) having taken on collection responsibilities as well as Tim Ryburn, Ken Thornton and Patricia Lantz really controlling expenses. Unless something happens that is very unusual with the Association we should get through until the end of the year on budget.

Chairperson McMahon stated at last months meeting the Council advised they wanted to continue to talk about the FY10 rates even though we don't have any definite numbers.

Director Walton advised Legislature is still in session and currently there is a provision applicable to DAS Utility Rates for FY10 stating it shall not exceed those FY09. I believe that DAS can agree with that if we had a couple exceptions: 1) I/3 – it is unknown whether it is going to cost more in FY10 but there is certainly a chance, particularly if it lacks appropriate appropriations to help offset the expenses for the various agencies. 2) The Association, the current rate is \$3.29 per square foot and I don't know what the FY10 rate should be but I dislike the fact that this rate could be capped. 3) Fleet has had an increase approved for FY 10 for nearly a year. 4) A & A rate. Chairperson McMahon stated the Council has a process in place, we have something that was created and the responsibility lies with this Council; this Legislation would

Minutes Approved on 6/2/09

preclude the Council. My understanding is that this might have come about in part because of the State Auditor's fee, Legislature was trying to restrict what they could apply for in FY10 and this got caught up in that. So far we haven't had any success in trying to remove that but we have tried to express on numerous occasions that we have a Council, we have a process, we have a way to work things through, agencies are represented and the Legislature is represented. Director Walton stated he felt this was an intrusion on this Council process and if this happens then I don't know why we have a Council. You have heard me say that DAS expects to have a relationship between our rates and what the general budget is. If most agencies budgets decrease, we expect the rates to decrease with a couple exceptions, the Association and the I/3 budget. If this passes and is signed we will have some real challenges.

Roger Stirler asked when DAS would be able to give agencies the final picture of the FY10 rates because as agencies develop a spending plan, they are going to want to know what those numbers are. Director Walton advised if Legislature is done in a week, he believed in about ten working days after that we could have our rates. Chairperson McMahan stated the next meeting is scheduled for May 21, 2009.

FY11 Rate Calculation

Director Walton stated at the last meeting he didn't feel the Council wanted to spend a lot of time on the FY11 rates. He advised at the same meeting he had met with virtually all the Council members and no one had mentioned a change in methodology. Chairperson McMahan stated it was the Council's wish this be brought back. Keith Greiner stated he remembered talking about methodology last time, it sounds like we should just recognize the methodology isn't going to change, we are still waiting for next year's budget to come in the next few days and really after that we might get a better sense of FY11. Director Walton stated it was very hard for him to see significant rate increases in FY11 with a couple exceptions, such as if it snows all the time or that I/3 costs changes.

Calvin McKelvogue stated with respect to rate allocation, every year IPERS files a protest on the rate calculation for I/3 because they are paying their full share of the I/3. This also applies to DOT, they are paying their full share of the I/3 rate where the rest of the general fund agencies are being supplemented out of the appropriations. That could be an issue that would come about that they might want some discussion on.

Mr. McKelvogue stated with regard to I/3, DAS had asked for \$4 million dollars and it was dropped down to \$3 million dollars and we have worked real hard to get it back to \$3.7 million. We have worked with the Governor's Office and the Department of Management. We believe with the savings we can do within the system, it would mean no increase in the cost allocated to departments other than IPERS and DOT. This is an allocation and not a rate. The only two agencies seeing an increase in their costs are IPERS and DOT because as the cost goes up, everybody's rates increases and the agencies are just getting a larger allocation from the appropriations instead of your fees going up. DAS gives agencies the full cost and then the buy-down cost. DOM and IGOV made the decision two years ago that the largest departments that are not general fund appropriated and have other types of funding sources will pay their fair share of the cost and IPERS and DOT are the main departments involved in that process. There are small ones involved in this but their costs are so minimal they decided not to take them on.

I/3 Update

Mr. McKelvogue stated I/3 is moving forward. We went back and reviewed the budget, we are reviewing all of our storage options, processes we have in place, and we are running one staff

member short so we are doing everything we can in this process to cut expenses. We do not want to have to cut service since when you cut service with I/3 it means you don't bring someone in overnight when there is a problem with the system. This means when the customer comes in the office in the morning you are not going to have I/3 available to use. We have calculated it is about a \$20,000 an hour impact on state government when people can't come in and work on the system so there is a financial impact to the state when people can't use it, we are very concerned about that.

Mr. McKelvogue stated there has been discussion regarding HR payroll. The state issued an RFP and now we have issued an Intent to Award to Axon. Currently we have not seen any funding for this project. The total cost of the system is over \$40 million dollars over five years. Lee Wilkinson stated you wouldn't pay until the later years of the contract but by doing that it is going to increase all of our rates as an agency. Mr. McKelvogue stated our hope is that for the first five years all of the expenses would be paid out of appropriations and not be part of the utility fee. We are told this project will be larger than the accounting system upgrades and the financial systems upgrade. It will be very complicated.

Surplus Property as Possible Utility

Director Walton advised last month there was discussion of surplus noting the transition to Purple Wave has been burdensome to agencies. When I was meeting with Council members individually I heard that one of the biggest burdens is that some agencies are just not equipped to physically move things and they have no place to store surplus. Last month IPI offered to do everything, every day for a total cost of about \$80,000 which would come from either being a new utility or it would become an expense line in 674 and we increase our rate to cover the charge. You will also recall that Barb Bendon and others in space management have some alternatives where we keep Purple Wave; however, staff would take on some of the responsibilities for pickup and interim storage.

Barb Bendon discussed DAS Option # 1 and Option # 2 of the proposal in detail (copy attached to the minutes). Damaged and worthless items that can't be sold, we would look to Capitol Complex Maintenance who already have a service for this at the rate of \$25.00 per hour. Hazardous materials cannot be picked up, agencies need to go back to where you purchased the items and look to them for disposal. Broken printers and CPU's are picked up free by HTR group. There is a cost of \$2.50 each for monitors because of the hazardous materials inside of them.

Chairperson McMahon stated there are really three options, two presented by Barb Bendon and one presented by IPI for \$80,000. Dave Heuton stated he would like to say "thank you" for all that DAS has done on this noting all of the agencies are interested in seeing something developed that is better than where we are today and these options lay this out in a very responsible way. Mr. Heuton stated he would be happy with either of Ms. Bendon's proposals.

IPI would receive \$80,000 in addition to keeping the proceeds from the sale of the merchandise. DAS has done an analysis and it is under our authority under statute to keep proceeds sufficient to pay the costs. Director Walton stated if he had a vote on the Council (which he doesn't), I'd hire IPI for \$80,000 and be done with it, and agencies would not have to store merchandise. This would also resolve all our federal questions and my guess is that the \$80,000 is a nickel higher than what Ms. Bendon and Mr. Ryburn and their team can do, but it is a much cleaner alternative. IPI would pickup all over the state and Option #1 and Option #2 would be 25-mile radius of the Capitol Complex.

MOTION: Greg Anliker moved that the Council support Option # 1 presented by DAS for a period of one year and review at that time. If it is not working well, we would then look to IPI to see if they are willing to do it at that point. Nicole Watson seconded the motion. After discussion, the motion passed.

There would be no “up front” costs for DAS Option # 1. This would be effective May 1, 2009. Ms. Bendon stated they would be supplementing staff with an inmate or two on a limited basis.

Patricia Lantz advised it is a required service from DAS by statute. Nicole Watson stated under Option # 1 there is no fee, it would just be a function taken on by DAS. Greg Anliker stated with Option # 1, the only time the agencies are going to pay anything is when there is hazardous or broken items, otherwise the cost is being covered by what the materials are being sold for and some funds even go back to the general fund. Ms. Lantz stated the Council just has to agree that that DAS can take our expenses from your net proceeds or what you would have sent to the general fund.

Mandated Training as Possible Utility

Nancy Berggren spoke to the group and distributed a handout (attached to minutes). Currently training is entirely marketplace. The suggestion of mandated training as a possible utility was driven by the Governor’s Executive Order # 4 requiring Diversity Training for all employees this year and mandatory training for Managers and Supervisors on an annual basis. We are proposing to the Diversity Council for next year maybe we do some webinar’s or on-line training or maybe even give a list of options for departments since there may be various ways that they can fulfill that need themselves.

In the Collective Bargaining Agreement there are some provisions for certain kinds of training which centers around violence kinds of training, we have been talking with the union about that training for quite sometime and have not reached an agreement yet on what that training would look like.

Ms. Berggren distributed the draft survey for training for everyone to review. The second page includes examples of the kinds of things HRE can do in terms of putting a package together for utility rates for some kinds of training. The possibilities are limitless in what kinds of packages we can devise. Various costs for different packages were discussed. Ms. Berggren stated we really do want to make this diversity training as individualized for departments as we can.

Keith Greiner stated there is pending legislation requiring state employees to have annual open meetings training and open records training. That falls along the lines of the diversity training and it might be just a utility.

Ms. Berggren stated HRE has been doing a lot of webinars, we have been able to get to a lot more people on some of our topics than we ever have before and it is easier for us because our costs are less, and this open meetings training would really lend itself to some of that kind of training. Right now, training is marketplace so anything we provide departments can take it or leave it; however, this year there has been the requirement for the diversity training.

MOTION: Keith Greiner moved to recommend to the Governor all mandated training by law or Executive Order is considered a utility. Dave Heuton seconded

the motion. After discussion, Keith Greiner rescinded his motion and Dave Heuton rescinded his second. Motion died.

Greg Anliker stated that if this is to be a new utility during the time when budgets are being cut, I think members of this Council have some obligation to get some perspective from all agencies on whether or not they support the concept. Margaret Thomson recalled previous surveys were not favorable, noting she thought it would be important to survey again. Joan Moll stated she was not supportive of unfunded mandates, if training is being mandated to all employees it should be under Leadership.

Chairperson McMahon noted we have a motion on the table that states mandated training be a utility. Patricia Lantz has clarified for us that that recommendation would go to Department of Management instead of the Governor's office. Lee Wilkinson stated he was not in a position today to vote on this issue. Mary Jane Olney advised she was not ready to vote on this today.

Roger Stirler stated he would be interested in whether other states do mandated training or if in the public or private sector, if mandated training is a concept that is out there. Mary Jane Olney suggested the Council re-visit this issue at the next meeting.

Ms. Berggren will send information on possible survey questions to the Council members. Members would like to see the actual proposed questions at the next meeting.

Authentication and Authorization Utility

Council members received a document about "Change to Enterprise A & A rate Methodology" copy attached to the minutes and distributed to attendees of the meeting.

Mark Uhrin asked the Council to consider a change in the methodology for the A & A utility. Currently A & A t is being billed with a base rate which covers roughly two-thirds of the cost of providing the utility with one-third of the cost being covered by usage. As people start looking at the utility they see the usage portion as something that will just continue to rise as they implement and as they enable applications to use. Usage is based on the number of authentications done by the application so if you have an application that is very successful you are going to run up your bill, this is efficient, this is the way to do business but what the agencies are seeing is that is something that is just going to continue to rise, it is a cost that they will continue to incur. They would rather just go out and do their own thing which is contrary to security and contrary to what we want to do as a state. We would like to adopt a methodology the same that was adopted by this Council for the Service Oriented Architecture, a fixed rate based on FTE's. That would give the agencies a stable bill; the costs for providing the service are really reflected in the base cost as opposed to the incremental cost for usage.

Greg Anliker asked for examples of what it does, etc. Mr. Uhrin advised that basically A & A provides the ability to establish a single user ID with the State. If you are a state employee you use your normal state ID to logon to access a number of applications. If you have citizens or county or local governments that need to access your applications, they can establish one ID and any application that accepts the A & A service they would be able to use that single ID to logon to. In terms of applications that use it, the unemployment insurance tax system currently uses it, they are a very large user. The Court system uses it, the Iowa School Alert system uses it, and they are also a fairly large user. There are a large number of applications, if your agency currently has web warrants (where you view your paycheck on the web); you are using your

internal ID. There are about fifty applications using A & A and this is really intended to encourage use.

Bill Gardam stated the proposal shows you are requesting \$59,258 which is a usage fee would become part of the cost. Mr. Uhrin stated that is correct. The rate is \$4.67 now and it would go up to approximately \$6.00 per FTE.

Chairperson McMahon stated from the perspective of the Technology Governance Board it is preferable to see more agencies use standard A & A and that certainly is something the Board has tried to encourage.

John Gillespie stated when the service was put together so we had one user ID and password to remember. It is clearly an economy of scale; it is incredibly citizen friendly and also employee friendly. Adoption of this as a utility makes a lot of sense because ultimately that is the only way we are going to get people to adopt this technology. It is a very small cost, we are talking about \$6.00 per employee per year and it increases security for everybody. It forces regular password changes, the proliferation of user ID and passwords in every application actually makes us less secure, not more secure. The biggest users of this are inside state government, not outside.

Mr. Uhrin stated FY11 is what we have targeted. Lee Wilkinson stated he would like to pickup this discussion in more earnest when we look at FY11 rates.

Chairperson McMahon stated this will be an agenda item as the Council looks at the FY11 rate discussion.

Comments by Council Members

Ray Walton advised the Council that energy consumption is a real concern to us, we really must conserve energy for budget reasons and because it is the responsible thing. I would really appreciate the cooperation, whatever you can extend to your representative agencies.

The state will get possession of Mercy Capitol late this year and will be ready for occupancy in February or March, 2010. You might think about that, there is 290,000 square feet which varies in quality from palatial offices to modest storage areas.

Our purchasing staff just went through a Kaizen event two weeks ago and it was a fantastic experience.

Our office will send out an article from "Governing" which talks about how government operates in contrast to the private enterprise. It talks about government being a very positive operation. The article was by Ken Miller who is the author of "We Don't Make Widgets", some of you have perhaps seen the book, DOM has quantities of the book so if you are interested contact Chairperson McMahon.

Future Agenda Items Discussion

- FY10 rates
- FY11 rate calculations
- Mandated training as a possible utility & look at the survey

Close and Adjourn

Adjourned at 11:55 a.m.

Respectfully submitted,
Nancy Williams, DAS/GSE