

Governor-Elect Perdue
Transition Advisory Group Sessions
Session Summary 1

Administration

November 25, 2008

Session Arranged by the
Governor-Elect Perdue Transition Team

Session Facilitated by the
Small Business and Technology
Development Center (SBTDC)

Report Prepared by the
UNC-Chapel Hill School of Government

Session Summary 1

Administration

SECTION 1. **Executive Summary**

The Department of Administration itself identified five “critical issues” for the new administration, without assigning priorities among the five:

1. Whether to renew the **electronic procurement** contract with the private vendor, Accenture, when it expires in February 2010 or take a different course.
2. How to obtain the means to implement the **statewide uniform certification program** for businesses that wish to participate in programs for historically underutilized businesses.
3. Adding more **hybrid vehicles** to the state motor vehicle fleet.
4. New **energy efficiency** requirements in state construction.
5. **Parking** for state employees in the downtown complex.

The relatively small number of participants in the advisory group discussed the issues identified by the department, consolidated some of those, and then added additional issues. The issues identified by the participants were

1. Whether to renew the **electronic procurement** contract with Accenture or bring the program in-house.
2. **Energy efficiency** in state buildings and travel, including consideration of increased teleconferencing and telecommuting.
3. Implementation of the **statewide uniform certification program** for historically underutilized businesses.
4. **Parking** for state employees in the downtown complex.
5. Restructuring of the **Council for Women/Domestic Violence Commission** to better serve the educational and employment needs of women.
6. Increase **diversity** in state employment and appointments.
7. Increase **internal efficiency** of the Department of Administration.

Those issues and the participants’ recommendations are summarized below.

SECTION 2. **Process Used in Session**

In general this session followed the same format as other advisory group meetings. What was distinctive about the Department of Administration session, as discussed below, was the lower number of participants.

During the morning session, Secretary Britt Cobb and deputy secretaries Speros Fleggas and McKinley Wooten provided an overview of the Department of Administration’s activities, identified five critical issues, and answered questions. The PowerPoint presentation from the department and the departmental organizational chart are attached.

In the afternoon, after the department representatives had left, the remaining participants began by discussing the five critical issues that had been identified by the department. The group combined some of the issues and added others of its own for discussion. Because there were too few people to warrant division into smaller groups, all the participants talked together, attempting to identify possible solutions. The group did not attempt to set priorities.

This particular advisory group session drew fewer participants than other meetings. Twenty-five people signed in, but several of them were associated with agencies within the department. When the afternoon session began, there appeared to be about a dozen to fifteen participants. Not all of those spoke up during the discussions, however, and some drifted out as the afternoon went on. At the end, when the discussion of the important issue of diversity began, there were only five participants remaining. On some issues only one or two participants spoke. It is noted, thus, that while this report represents the consensus of those who were present, there were not as many people participating as with other advisory groups.

SECTION 3. Participant List

SBTDC facilitators: Larry Loucks and Jeff DeBellis

UNC-Chapel Hill School of Government reporters: Michael Crowell and Shannon Tufts

Perdue Transition Team representative: Kennetha Smith

Attendees:

John Atkins	Harvey Braswell	Robin Britt
LouAnne Crumpler	Amy L. Feath	Randy Fraser
Bruce Garner	Andrea Harris	Rick Helfer
Greg Henderson	Ivy Hoffman	Lynn Holmes
Darleen Johns	Chris Mitchell	Mark Molinaro
John Muter	Muriel Offerman	Aaron Plyler
Steve Rao	Sylvia Ray	Perry Safran
Pradeep Sharma	Al Swanstrom	Gwynn Swinson
Michael Williamson		

SECTION 4. Significant Issues, Opportunities, and Challenges Identified in Morning Session about Current Administration Efforts

The current administration identified the following five “critical issues” affecting the Department of Administration, listed without priority:

1. **Electronic procurement**—The state’s current electronic procurement (e-procurement) system is managed by a private vendor, Accenture, pursuant to a contract that expires in February 2010. The new administration will need to decide whether to extend the contract with Accenture, seek another vendor, or bring e-procurement in-house. The decision should be made before July 2009.
2. **Statewide Uniform Certification Program**—A number of state and local agencies operate programs to increase the number of contracts going to historically underutilized

businesses (HUBs), primarily minority-owned businesses. Businesses that wish to participate must be certified as meeting the criteria for HUBs. To reduce paperwork and simplify the process, the Department of Administration has been directed to establish a statewide uniform certification program (i.e., a single certification that will satisfy all state and local agencies). The department does not have sufficient personnel to handle the verification of certification information, however.

3. **Adding hybrid vehicles to motor fleet management inventory**—There is strong demand among users of the state motor vehicle fleet for more hybrid vehicles. There are currently 133 hybrids in the fleet of 8,923 vehicles. Hybrids typically cost \$5,000 to \$9,000 more than regular vehicles, however, and the increased demand for hybrids in the marketplace has reduced the interest of vendors in bidding on the state contract since they can sell the same vehicles to the public without discounts. Consequently, it is difficult for the Department of Administration to add hybrids to the fleet within its current budget.
4. **Energy efficiency in state buildings**—The Department of Administration has been directed by the General Assembly to reduce energy consumption for all state buildings based on 2003–4 levels. The directive is to reduce consumption by 20 percent by 2010 and by 30 percent by 2015. In addition, Session Law 2007-546 mandates 30 percent greater energy efficiency in all new construction and 20 percent for major renovations, plus a 20 percent reduction in potable water requirements for new construction and a 50 percent reduction in outdoor water usage. The department estimates that these requirements will increase the cost of new construction by 4 percent.
5. **Parking in the downtown complex**—The \$10 to \$15 monthly parking space fee charged to state employees is not sufficient to support construction of new parking facilities. Additionally, downtown parking spaces are being lost in the sale of the Blount Street properties.

SECTION 5. Key Issues and Solutions/Recommendations

Using the Department of Administration's list of five critical issues as a starting point, the participants identified the key issues listed below. The list summarizes the participants' recommendations for each issue.

Key Issue No. 1: Electronic Procurement

The issue. The state's contract with its private vendor, Accenture, to manage the e-procurement system expires in February 2010. By July 2009 the administration needs to decide whether to extend the current contract, find a new vendor, or operate the e-procurement system itself.

Subsidiary issues. (1) Whether the 1.75 percent per transaction fee charged by Accenture on every purchase, regardless of amount, is appropriate; (2) whether the state has clear ownership of the rights to the current software, should it decide not to renew the contract with Accenture; (3) whether the public schools and local governments should be required to participate in the e-procurement program; and (4) whether responsibility and accountability for e-procurement rests with the Department of Administration or the Office of Information Technology Services.

Recommendations

1. Conduct a detailed review of the current licensing agreement with Accenture to determine the state's options.
2. Consider a short extension of the Accenture contract—say six months or a year—to provide more time to study alternatives.
3. Have the Department of Administration convene all current and potential users of the e-procurement system to determine the requirements the system will need to meet over the next decade.
4. Consider whether e-procurement should be extended to services as well as goods.
5. Decide whether the Department of Administration or the Office of Information Technology Services is responsible for operation of the e-procurement system.
6. Decide whether the public schools and local governments should be required to participate in e-procurement.
7. Use the e-procurement system to capture data on historically underutilized businesses.

Key Issue No. 2: Energy Efficiency

The issue. The state needs to reduce its consumption of energy.

Subsidiary issues. (1) Whether the savings in the operational costs of hybrid vehicles justify the higher purchase prices; (2) whether it would be more economical and efficient to have vehicles provided to state agencies by private entities; (3) whether any significant portion of state travel may be reduced by teleconferencing; and (4) whether telecommuting is a viable option for some state agencies.

Recommendations

- a. Study whether the operational savings from hybrid vehicles equals the additional capital cost of their purchase.
- b. Study whether it would be more economical to turn ownership and management of the state motor fleet over to a private entity.
- c. Review the Utilities Savings Commission report of 2001–2, implement those recommendations that have not yet been implemented, and determine whether the report needs to be updated.
- d. By executive order, reduce state agencies' travel expenditures by 10 percent, leaving it to the agencies to decide how best to implement, with agencies encouraged to consider additional teleconferencing.
- e. Consider whether incremental bond financing may be used to pay for operational cost savings in more energy-efficient construction.
- f. Review the experience with guaranteed energy savings contracts and determine whether their use may be expanded.
- g. Consider a requirement that economic incentive packages to private businesses include provisions that the businesses install energy-saving technology in state buildings at no cost to the state.

- h. Review the existing Office of State Personnel policy on telecommuting and consider whether that is a realistic option for more state personnel.

Key Issue No. 3: Statewide Uniform Certification Program

The issue. The Department of Administration does not have sufficient funds to implement a statewide uniform certification program for businesses that wish to participate in programs offered by state and local agencies to increase the use of historically underutilized businesses.

Subsidiary issue. Whether state agencies are sufficiently attentive to the need to increase the use of historically underutilized businesses.

Recommendations

1. Either provide funds to employ more people to verify the information on applications by historically underutilized businesses or contract with other entities to perform the verification.
2. Reestablish the Governor's Historically Underutilized Businesses Advisory Council.

Key Issue No. 4: Parking in the Downtown Complex

The issue. There are not enough parking spaces for all state employees who work in the downtown complex. The monthly fees currently charged for parking are not sufficient to support construction of new facilities.

Recommendations

1. Consider changing from a system in which each employee is assigned a specific parking space to one in which the monthly fee entitles the employee to park at any available space in a lot.
2. Consider increasing the monthly parking fee, but note that an increase may harm employee morale at a time when salary increases are unlikely and health insurance costs may rise.
3. Create more remote park-and-ride lots.

Key Issue No 5: Structure of the North Carolina Council for Women and Domestic Violence Commission

The issue. Since the Council for Women and the Domestic Violence Commission were merged in 2001, the new consolidated agency has focused almost exclusively on issues of domestic violence and has not addressed the employment and education issues that were the original purpose of the Council for Women.

Recommendations

1. Either move the Domestic Violence Commission to another agency, such as the Governor's Crime Commission (which already oversees expenditure of federal funds concerning domestic violence and sexual assault), or reform the current Council for Women/Domestic Violence Commission to provide equal attention to education and employment issues unrelated to domestic violence.

2. If the Council for Women focuses once again on employment and education issues, and the Domestic Violence Commission remains within the same agency, moneys for domestic violence prevention programs should pass through the North Carolina Coalition Against Domestic Violence and moneys for sexual assault prevention should pass through the North Carolina Coalition Against Sexual Assault.
3. Reduce the regional Council for Women staff to free more funds for service providers.
4. Encourage the military to contract with advocacy groups to provide services to women, including services related to domestic violence and sexual assault.

Key Issue No. 6: Diversity

The issue. Minority citizens continue to suffer from discrimination in employment, housing, and other areas.

Subsidiary issue. Ironically, the election of the country's first African American president may lead to more incidents of hate crimes.

Recommendations

- a. Consider giving the Human Relations Commission the authority to investigate charges of employment discrimination rather than leaving such investigations to the federal Equal Employment Opportunity Commission.
- b. Designate a person in the governor's office specifically responsible for addressing issues of underrepresentation of racial minorities and women in state jobs and appointments.
- c. Direct the Human Relations Commission to provide additional training for local communities on hate crimes and on housing and employment discrimination.

Key Issue No. 7: Internal Efficiency

The issue. The Department of Administration may become more efficient by consolidation of some functions and greater sharing of information.

Recommendation

1. Review Department of Administration divisions to determine whether information is shared adequately and whether consolidation of some activities might result in greater efficiency, with particular attention to areas in which different offices have overlapping roles, such as the offices of state construction and facilities management.

Electronic Supplementary Material

- Appendix 1: Facilitator agenda provided by the Small Business and Technology Development Center (SBTDC)
- Agency transition reports and other documents provided for session