

Annual Report to the Governor



January 2, 2007



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The Honorable Tim Pawlenty, Governor
130 State Capitol
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155

Governor Pawlenty:

It is my privilege to submit to you the *Drive to Excellence 2006 Annual Report*, which summarizes our accomplishments over the past year.

Since your launch of the Drive to Excellence on April 4, 2005, we have targeted our efforts on opportunities for significant reform of state government. Two of the initial six projects are complete. In addition, two new projects have been added. Most notable among our successes this past year are:

- **Cell Phone Reform** - The adoption of statewide enterprise cell phone standards that have appreciably streamlined product and service offerings and increased accountability among users, and will realize a 20 percent savings in costs on an annual agency spend of \$4.8 million.
- **Fleet Management Reform** - The establishment of a Statewide Fleet Management Council and the rollout of a Fleet Management Information System that will increase the effectiveness and efficiency of the state on-road vehicle fleet and focus these assets on core government functions.
- **Real Property Management Reform** - The preliminary selection of a vendor for an enterprise real property management system, which will streamline management of the state's 5,000-plus buildings and provide, for the first time, a global view of all state real property assets.
- **Licensing Reform** - The issuance of a request for proposal for an enterprise-wide, web-based, one-stop shop for citizens and businesses for purchasing state-issued licenses.

These accomplishments, and others in this report, embody the work of 625 people from more than 45 State agencies, boards and commissions, as well as representatives of local government, MnSCU, non-profit and private organizations. Their efforts demonstrate an unwavering commitment to reforming Minnesota State government as an enterprise focused on serving customers efficiently and effectively.

We have accomplished much over the past year and have set the stage for significant reforms in the coming years. The Fleet Management Shared Services initiative, for example, is only the first of many Shared Services projects that will dramatically transform the way State government performs its day-to-day work so it can better serve the citizens of Minnesota. These are truly exciting times for improving state government, and I look forward to sharing our plans and future successes with you.

Sincerely,

A handwritten signature in black ink that reads "Dana B. Badgerow".

Dana B. Badgerow, Chair
Drive to Excellence Sub-Cabinet

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Executive Summary

Executive Summary

The State of Minnesota's Drive to Excellence

Governor Tim Pawlenty initiated the State of Minnesota's Drive to Excellence in April 2005 with the issuance of five Executive Orders and a Reorganization Order. This began the process of refocusing State government as a unified entity serving all citizens, rather than an amalgamation of independent entities serving individual constituencies.

The Drive to Excellence (Drive) seeks to create a long-term solution for the challenges and opportunities that are ahead for the State, from the demands of citizens and business for faster, better and cost-effective services to the anticipated surge in State retirements. Beginning in 2015, nearly half of the current State workforce will have reached 60 years of age.

To-date, eight projects have been initiated. Major milestones achieved so far include:

- **Strategic Sourcing** – Agencies are working cooperatively on the development of professional/technical contracts for multi-agency use; a greater emphasis on cost as a factor in evaluating prospective purchases; and heightened emphasis on vendor negotiations are among changes in purchasing spurred by the Drive to Excellence. These negotiations have reduced costs to the State by nearly \$2.2 million on goods and services that include technical support, voting equipment, software and landfill operations. Also, ambitious savings goals are being realized on existing high-volume contracts including:
 - Cell phones with an average savings of 20 percent on an annual agency spend of \$4.8 million;
 - Newly announced standard IT server and storage devices with a range of 27 to 59 percent savings;
 - Office supplies, with anticipated savings of 12 percent of total office supply spending; and
 - Desktop and laptop computers and monitors, with savings of up to \$19 million annually, the bulk of that total accruing to K-12 and higher education.
- **Licensing** – “License Minnesota” is the one-stop gateway to 637 business, professional, vehicle and recreational licenses administered by more than 40 State agencies. No longer does a citizen or business owner have to guess which State agency holds the key to a particular licensing requirement. The user can view license information, whether for fishing or operating a restaurant, by activity type, name, agency or through a key word search. Over the past year, the website has become part of the State's culture, averaging a consistent 13,500 visits per month.

- **Real Property** – Agency-focused management of the State’s 5,000 buildings currently handled by 22 agencies is being replaced by an enterprise governance structure that will optimize rent, repair and maintenance expenditures and ownership opportunities. The Real Property team has recommended a web-enabled, computer-aided facilities management system, as well as an approach for its implementation.
- **Grants Management** – The State is working collaboratively with the non-profit community and Minnesota cities and counties in developing a common approach to grants management. Efforts are underway to create a Grants Governance function within the Department of Finance that will provide consistent, streamlined grants management, including expedited funds disbursement and increased precision and accountability of grants performance tracking and reporting.
- **Minnesota Accounting and Procurement System (MAPS)** – Given the State’s changing business needs and ongoing operational and maintenance support challenges with the current MAPS, leadership determined that the State should examine options for upgrading or possibly replacing MAPS. A business case has been developed and a Request for Proposal will be issued for a new or updated system.
- **Fleet Management Shared Services** – Opportunities exist for improving customer service and achieving greater operational effectiveness and cost efficiency within the State’s 8,000 vehicle fleet. A multi-agency fleet management Council was chartered to develop methods of pooling resources and providing greater accountability via policies that set uniform standards and capitalize on fleet-related resources.
- **Information Technology (IT)** – The Office of Enterprise Technology (OET), with approval from the Governor, implemented an innovative IT governance structure that provides a framework for an open, transparent customer-centered organization. The new structure is the result of cooperative efforts between OET, agency leaders and chief information officers and the private sector. OET has also formed partnerships with agencies to pilot new programs for IT service delivery.
- **Codes Consolidation** – Building construction regulation, previously spread across five agencies, is now consolidated into a single Construction Codes and Licensing Division (CCLD) “one-stop shop” in the Department of Labor and Industry. Efforts continue within the CCLD toward implementing a new organizational structure, combining and streamlining operations and assessing technological needs.

The Drive to Excellence is being recognized for its significant efforts toward reforming State government. Drive was honored in June by the Computerworld Honors Program, which annually recognizes organizations worldwide that demonstrate the extraordinary use of information technology in promoting positive social, economic and educational change.

At a recent national conference of State Chief Administrative Officials, Drive to Excellence was featured as a model reform effort. Both the Star Tribune and Pioneer Press have published editorials reporting the rewards of Drive's efforts. Numerous State Commissioners have been featured in industry and business trade magazines highlighting Drive's sweeping business changes in Minnesota.

The Drive Speakers Bureau is spreading the word about its benefits and accomplishments. Since Sept. 2005, the Speakers Bureau has given 175 presentations in which speakers talked with and listened for suggestions from a multitude of organizations, including State agencies and entities, as well as Rotary Clubs, Chambers of Commerce and other citizen-based groups. Consultation meetings with the leadership of major unions have been held.

The Drive continues to gain mileage on the road to government reform. To date, over 600 people from more than 45 State agencies, boards, commissions and local governments, as well as representatives from MnSCU, non-profit and private organizations have been involved in the various projects.

The Drive is dependent on the continued generosity of agencies and organizations in providing key knowledge-workers for these efforts, but there are also challenges ahead. Foremost is the lack of real funding. So far, agencies have helped when asked. But, in order to realize even greater achievements, the Drive and its projects require dedicated money. Second, legislation is required to further current and future Drive project objectives. Finally, the continued support for and implementation of change within agencies is critical for continued success.

With committed funding, legislative action and the continuing support of agencies, the Drive to Excellence will be able to realize even greater government reform.

Current Projects:



Strategic Sourcing

Strategic Sourcing

A. Background

The Drive to Excellence Sourcing Project has initially focused on:

- Enhancing policies that determine how cost is factored into “best value;”
- Working collaboratively as a multi-agency effort;
- Implementing a “spend intelligence” system;
- Renegotiating office supply, desktop/laptop computers and monitors, software, servers and storage contracts with existing vendors;
- Negotiating new contracts for office chairs, cell phones, software and routers/switches;
- Consolidating other contracts where appropriate;
- Eliminating or delegating low dollar contracts to agencies; and
- Accelerating the use of technological tools such as reverse auctions for procurement and online auctions for the sale of surplus goods.

As categories have been identified, buyers are in the process of conducting strategic sourcing in commodities or services that will result in even greater savings to the State. With momentum in category management and strategic sourcing, the Sourcing Team is also reviewing and refining organizational roles and procurement processes to add greater simplicity and improved operations at both the central and agency levels.

Strategic Sourcing of existing contracts on high volume items, such as office supplies, office chairs, PCs, laptops and monitors, and cell phones have been renegotiated to optimize savings and foster an enterprise purchasing culture.

B. Results of the Initiative

The Drive to Excellence Sourcing initiative has made significant progress toward the objectives and deliverables of Executive Order 05-07. Some highlights include:

- Minnesota was the first State to implement “spend intelligence” software, providing a previously unavailable level of detail regarding the State’s suppliers and purchases. This data is being used to develop commodity standards and negotiate both commodity and professional service contracts resulting in deeper discounts in contract pricing;
- New policies effective August 1, 2005 require that price be a significant factor (minimum weight of 30-40%) in evaluating “best value.” A random survey of 104 past professional/technical contracts awards identified 19 contracts valued at \$9.7 million that would have been awarded to a different vendor at a savings of \$2.6 million had these policies been in effect at the time of the award;

- The new policies also place heightened emphasis on vendor negotiations. Ambitious negotiations have reduced costs to the State by \$9.4 million on goods and general services including voting equipment, chairs, software and landfill operations. Negotiated savings on professional/technical contracts add another \$736,000 to the total, bringing our negotiations savings to over \$10 million.
- Reduced pricing has been solicited from the State's contracted computer hardware vendors in conjunction with the development of new IT commodity standards. Analysis of vendor price reductions shows that government entities in the State can expect to save in excess of \$19 million annually, with the bulk of those savings accruing to K-12 and higher education;
- Standards have been created for office chairs and new contracts have been negotiated with pricing for standard chairs averaging 40 percent less than the cost of non-standard chairs;
- Beginning July 1, 2006, the State negotiated cell phone contracts reducing the number of vendors from six to three vendors, featuring numerous service plans. Overall the new contracts streamline purchasing processes and procedures, enhance service, improve day-to-day management and reduce costs by an anticipated average of 20 percent;
- For the first time, agencies are working cooperatively to develop professional/technical contracts for multi-agency use; and
- The number of contracts has been reduced from 1,676 to 1,416 by eliminating low-value contracts when they expire, eliminating multiple award contracts when appropriate and delegating responsibility for agency-exclusive contracts to agency buyers. The FY06-07 goal is to reduce the total number of centrally managed contracts by 25 percent.

C. Next Steps

The Drive to Excellence Sourcing Steering Team is confident that real and significant strategic sourcing opportunities exist for the executive branch and is committed to pursuing them aggressively within its available resources. Some of the continuing efforts include:

- Working in partnership with the IT Standards and Resource Management program to negotiate contracts for
 - Computer routers and switches,
 - Servers and storage devices, and
 - Encryption and other software;
- Periodically evaluating standard office supplies to assure highest volumes and deepest discounts;

- Collaborating with California to establish a rebate process for the Minnesota purchasing card program;
- Exploring online availability of construction plans and specifications;
- Researching an electronic system for tracking vendor project insurance requirements; and
- Competitively sourcing of systems furniture.

To their credit, participating agencies have been generous in providing staff on a part-time basis to work on Drive teams, and it is essential that this support continue. To date, no adequate method or funding source has been approved through which agencies provide needed resources to the enterprise or receive supplemental resources required to take on additional responsibilities.

D. Success Stories

- State employees now select from 10 types of standard chairs that average 40 percent less than the cost of non-standard chairs.
- The state received a Help American Vote Act federal grant to improve voting access for persons with disabilities. Negotiations between the vendor, the Office of the Secretary of State and the Department of Administration resulted in a lower per-unit cost for the voting equipment. The savings were used to purchase all of the federally required machines at no additional cost to Minnesota.



e-Licensing

e-Licensing

A. Background

Today, one million business and professional licensing transactions are handled each year by more than 40 State agencies and 800 State employees, using over 60 licensing systems. When surveyed, 85 percent of Minnesotans favored getting licenses online. In comparison, only 18 percent of licensing transactions are available online today.

There is a huge opportunity for the State to provide one customer-centric, online licensing transaction center for professional, occupational and business licenses and renewals, as well as third-party administration of professional exams.

B. Results of the Initiative

The Drive to Excellence One-Stop Licensing and Third Party Examinations initiative continues to make substantial progress toward the objectives and deliverables of Executive Order 05-05, including:

- In December 2005, Minnesota unveiled a web portal for all State business, professional, vehicle and recreational licenses. No longer does a citizen or business owner have to guess which State agency holds the key to a particular licensing requirement. "License Minnesota" is the one-stop gateway to 637 licenses administered by more than 40 State agencies. The user can view license information, whether for fishing or operating a restaurant, by activity type, name, agency or through a key word search;
- All licenses and exams were reviewed involving their contacts in agencies and boards. This data is used to enrich the information on the web site and for analysis in the project planning. The data also gives a more accurate count on the number and nature of licenses managed by the State;
- Forums with licensing agency personnel were held to give them an understanding of the licensing project and the urgency of its need, and to provide a venue to ask questions, voice concerns and give recommendations;
- Research was conducted on other States to determine possible commercial off-the-shelf internet-based licensing systems, and informational interviews were held with commercial off-the-shelf vendors to explore and gather system features and functionality in order to develop a Requests for Proposal (RFP) for an enterprise licensing system;
- Five agencies/boards volunteered as pilots for the first phase of the licensing system development/proof of concept;

- A temporary employee was hired and agencies were engaged in process mapping of license and exam activities for the pilots; and
- The RFP was published and responses are being evaluated.

C. Next Steps

Efforts are continuing to:

- Add functionality to the “License Minnesota” website to provide more information and easier access to the information;
- Award contract to the winning vendor to begin development of licensing system;
- Devise creative funding alternatives;
- Obtain legislative commitment to funding solution; and
- Supplement license project staff to further development efforts.

D. Success Story

During 2006, “License Minnesota,” the new state licensing portal for all business and occupational licenses, received more than 5.8 million website hits and 163,000 visits, making doing business with Minnesota much easier. Citizens and business operators no longer have to know that they need to go to the Department of Public Safety for a microbrewery license, the Department of Natural Resources for a snowmobile dealer’s license or the Department of Agriculture for a Farmstead cheese permit. Minnesotans can now find license information at a single source through the state’s North Star website – www.state.mn.us.



Real Property Management

Real Property Management

A. Background

The State has 22 “custodial” agencies that manage Minnesota’s more than 5,000 buildings. Real property operational functions and decision-making are handled within these custodial control agencies without standardized rules, procedures, or performance measures. Each agency has its own real property information management methods and tool(s), ranging from sophisticated computer systems to simple spreadsheets. These multiple disconnected systems with different technologies, business processes, data sources, and ownership result in a lack of a single view of the State real property assets, under-leveraged resource management, and difficulties in enterprise decision-making.

A Real Property Steering Team comprised of nine agencies with custodial control of real property was established to:

- Create an enterprise governance structure for planning and managing real property to maintain and optimize State assets; and
- Implement a web-enabled, shared technology tool that will meet information reporting needs as well as assist enterprise real property portfolio management.

The strategic goals are to:

- Establish enterprise-wide real property policies, processes, and performance goals;
- Monitor and provide guidance for custodial agency real property operations to ensure that State resources are spent wisely;
- Manage real property as an enterprise portfolio of valued assets and addressing real property across the enterprise; and
- Manage the enterprise real property information system to ensure an integrated view of the enterprise data.

B. Results of the Initiative

The Drive Real Property initiative continues to make substantial progress towards the objectives and deliverables of Executive Order 05-06, including:

- Completing the arduous task of identifying the various needs of all agencies, and drafting and publishing a Request for Proposal (RFP) to solicit an internet-based system and a plan for implementing it. The system will provide complete,

accurate and timely information for optimally managing the State's real property as a collection of valuable assets and improve decision-making;

- Collaboratively funding a project manager to guide the initiative. This financial commitment attests that agencies understand and are dedicated to creating an operating model to support each State agency's mission while optimizing total overall costs of the State's real property;
- Completing a draft of a Real Property Governance model establishing and chartering a function responsible for leading the development and implementation of real property policy and performance measures. This function would be made up of appointed agency representatives who have experience managing a significant real property interest; and
- Conducting facility management vendor interviews with the RFP finalists to determine the portfolio management system solution that best fits the State's needs. A vendor solution was approved by the Sub-Cabinet and contract negotiations are currently underway. A budget change item has been submitted.

C. Next Steps

A contract will be awarded for implementation of the enterprise real property system.

A detailed real property governance approach will be designed and implemented by:

- Identifying opportunities for consolidating custodial control of property;
- Distinguishing real property management functions between operational functions and strategic and reporting functions; and
- Establishing a Real Property organization using the shared services leadership business model.



Grants Management

Grants Management

A. Background

The State currently pursues, distributes and manages over \$1 billion of incoming grant funds from more than 500 sources and also monitors grantee performance against \$1 billion of outgoing funds in approximately 11,600 grants to over 7,000 grantees, according to a 2006 survey. More than 500 State employees support these inflows and outflows of grant funds, providing program and administrative management functions.

Unfortunately, there are no statewide standards in grants management policies, practices and supportive systems. This lack of consistency causes inefficiency in the administration of grants programs and decreases the State's ability to utilize business information in making decisions at agency and enterprise levels. The resulting Grants Management Project is an enterprise-level streamlining and standardization process.

The Commissioner of Public Safety sponsored the initial efforts of the project endorsing the creation of a Grants Governance function and outlining specific duties. Efforts are underway to create the Grants Governance activity within the Department of Finance, with sponsorship of the project transferring to the Commissioner of Finance.

Project goals include:

- Creating general grants management policies and procedures;
- Providing a central point of contact;
- Serving as a resource to executive agencies;
- Ensuring grants management needs are considered in statewide administrative systems;
- Overseeing and approving future professional/technical service contracts and other information technology spending related to executive agency grant management activities;
- Providing a central point of contact for reporting violations, fraud and waste in grants processes;
- Establishing legal authority for grants that is separate from procurement and contracting statutes;
- Setting standard operating procedures for enterprise grants management; and
- Implementing a multifunctional web-based grants management tool.

B. Results of the Initiative

A legislative proposal was drafted and submitted to separate grants from procurement contracts. It did not pass in the 2006 legislative session, and will be resubmitted in 2007.

C. Next Steps

The next steps of the project are to:

- Obtain needed legislative approvals for clarified grants authorization language;
- Implement Grants Governance structure through reorganization or legislation; and
- Draft and release a Request for Proposal (RFP) for the purchase or creation of a web-based tool for grants management.

New Projects:



MAPS (Minnesota Accounting and Procurement System)

MAPS (Minnesota Accounting and Procurement System)

A. Background

The departments of Administration, Employee Relations and Finance, along with the Office of Enterprise Technology (OET), are planning for the upgrade or possible replacement of the existing Minnesota Accounting and Procurement System (MAPS).

The current MAPS (Minnesota Accounting and Procurement System) consists of two applications - an accounting application and a procurement application. They are mission-critical, enterprise-wide applications that affect almost every business function in State government. They control the issuance of checks to counties, local government entities and organizations, and to State employees.

MAPS was installed in 1994-95. Given the State's changing business needs and ongoing operational and maintenance support challenges, the decision was made to examine alternative options. The accounting system could be upgraded independently, but any changes to it would affect the procurement system. In addition, upgrades to the mainframe computing environment itself could put the entire operation at risk.

The project's objective is to select the system or combination of systems that best meet the business needs of the State of Minnesota. Some system solutions include:

- Upgrading the existing accounting application and replacing the procurement application; or
- Replacing both the accounting and procurement systems.

The expected outcome will be state-of-the-art systems, with increased functionality, minimal customizations, and improved interfaces for accounting, procurement, payroll and human resource management.

B. Results of the Initiative

Currently over 2,500 agency personnel from over 130 agencies are authorized to use MAPS. For Fiscal Year 2006, approximately 22 million transactions were entered in MAPS resulting in expenditures of \$30.6 billion and revenues of \$33.2 billion for all funds.

A cross-agency team published a Request for Proposal (RFP) and selected a consulting firm to assist the state by:

- Examining existing processes and identifying areas for improvement;
- Developing a business case for a proposed solution;
- Reporting on current vendors and products in the industry; and

- Preparing an RFP for a new or upgraded system.

Participation from state employees has been outstanding. Twenty-five agencies and boards have provided 130 accounting and procurement subject matter experts to analyze existing processes, identify areas of improvement and savings, and to provide input for requirements for a new system. End user input is important to ensure that the necessary process redesign incorporates all the needs of agencies and minimizes the need for software customization.

The project team has submitted a funding request as part of the 2007 budget and legislative process and is finalizing the business case.

C. Next Steps

Development and implementation of a new or modified system is expected to take 18 to 24 months with an implementation target date of July 2009, the beginning of the 2010 fiscal year.



Fleet Management Shared Services

Fleet Management Shared Services

A. Background

The Fleet Management Shared Services Initiative (SSI) commenced as a formal Drive project in May 2006. Opportunities for improved customer service, greater operational effectiveness and cost efficiency exist involving the State's extensive and diverse fleets comprising more than 8,000 on-road vehicles and the more than 130 facilities that are used for vehicle or equipment maintenance and/or storage.

The SSI will help government coordinate business, technology and operational functions of fleet management across agencies in order to reduce costs and allow agencies to focus resources on their unique services.

Efficiencies abound in shared usage of equipment and facilities and support of a common computer system (the M5 system), as well as in shared usage of equipment, shops, labor, and acquisition and life cycle policy of agencies' fleets. A multi-agency fleet manager team has been assembled to develop a plan for:

- **Pooling of Resources**

Ensure all agencies have access to fleet management tools and specialists for implementation of efficient and effective fleet management. Opportunities exist for greater efficiency in the use of fleet support personnel and resources such as vehicles, specialty equipment, shop and parking facilities, mechanical services, and parts inventory.

- **Greater Accountability**

The Fleet Management Shared Services initiative will create government-wide policies that will set a uniform fleet standard and capitalize on State of Minnesota fleet-related resources.

The potential benefits include:

- Better utilization of vehicles, facilities and expertise;
- Improved customer service;
- Reduced costs; and
- Better information for tracking and reporting vehicle usage.

B. Results of the Initiative

An Advisory Team and Project Team were chartered representing the departments of Administration, Transportation, Natural Resources, Public Safety, the Pollution Control Agency, and the Minnesota State Colleges and Universities (MnSCU) to develop plans and policies to create a shared services strategy for managing fleet holdings to:

- Ensure that all agencies have access to fleet management information, tools and expertise for effective and efficient fleet management;
- Utilize one fleet management information system to provide uniform data/information and reporting capabilities; and
- Consider opportunities for sharing vehicles, equipment, facilities and work force expertise among all agencies.

The Sub-Cabinet approved the team's recommendations to:

- Expedite the implementation of an enterprise fleet management system as defined by the SmartFleet initiative (Goal 100% by Jan. 2008); and
- Establish a Statewide Fleet Management Council to oversee the implementation of enterprise fleet management in Minnesota State government. This Council was organized Nov. 2006, and consists of fleet management representatives from the agencies that have a significant role in managing the state's fleet:

C. Next Steps

The Fleet Management Council will address the following areas:

- Implementation and operations of fleet management information system (M5);
- Sharing of vehicles and equipment, fleet-related facilities and services, and expertise among state agencies;
- Eliminating redundant activities and reducing fleet-related expenditures;
- Ensuring fleet enterprise efforts are met in the most economical manner;
- Developing fleet-related guidelines and standards for the state fleet;
- Mitigating risks (reducing insurance premiums for drivers and vehicles); and
- Providing on-going communications among agencies and the council.

Key indicators will be established to measure and monitor performance for:

- Number of agencies reporting vehicle use to the M5 system;
- Vehicle and facility utilization;
- Instances of vehicle, facility and workforce sharing;
- Lifecycle, rental and lease costs;
- Size of fleet with justification for use; and
- Private/personal vehicle miles.

The continued implementation of the enterprise fleet management information system (M5) will support the quantitative measures. Qualitative information will also be used to measure some areas, such as expertise sharing and customer satisfaction.

Completed Projects:



IT Governance

IT Governance

A. Background

In February 2006, the Minnesota Office of Enterprise Technology (OET) announced its new organization governance structure, and strategic plan for providing improved services to the State and its customers, **thus completing the requirements of the Executive Order 05-04**. Shortly afterwards, major steps were taken toward putting the plan into action when the OET and Department of Transportation (Mn/DOT) announced a joint pilot project for developing and implementing the State's federated model for information technology service delivery. The federated model identifies and facilitates three coordinated layers of Information Technology (IT) management: agency, shared and central services. The model combines the leadership and authorities of the State Chief Information Officers (CIO) with extensive strategic participation by State agencies.

B. Results of the Initiative

In February 2006, OET announced its new organizational structure and strategic plan for providing improved services to the State and its customers, which completed the requirements of the Executive Order. The State CIO's consultant structure was initiated, including a Commissioner's Technology Advisory Board, Technology Business Advisory Council, Agency CIO Advisory Council and Program Advisory Council. The advisory bodies (representing agency heads, CIOs and private sector executives) are well established and have met regularly this past year to provide guidance and feedback on enterprise information management.

C. Conclusion and Continuing Efforts

OET continues to make significant progress toward Governor Pawlenty's goal of enterprise management of information technology in Minnesota and creative use of technology to improve the efficiency and impact of State government services, with these accomplishments:

- The Department of Transportation (Mn/DOT) and OET initiated a joint pilot project for developing and implementing the State's federated model for information technology service delivery. The project identified within Mn/DOT unique agency IT services, and shared and central IT services. The first areas selected for review were:
 - Voice over Internet Protocol (VoIP) – to be implemented by 11/07
 - Wide area networks (WAN) – Completed
 - Video conferencing - to be implemented by 3/07
 - Investigate further projects, such as backup and recovery;
- An enterprise security assessment on major State agencies was completed in January 2006 as a foundation for developing enterprise-wide processes and

procedures that will ensure protection of sensitive and private information and the continuity of the State's extended critical infrastructure and operations. The first State Chief Information Security Officer was hired and a security advisory council established. Work has begun on a comprehensive "Enterprise Security Framework." Enterprise-level security staffing will be increased in FY'07 with funds appropriated by the legislature for the enterprise security program; and

- In April 2006, the Department of Revenue entered into an agreement with OET to build a model for the future consolidation of State agency data centers. Working jointly, a plan was created for the orderly transfer of equipment and staff to perform the services negotiated under new service level agreements. The plan became operational July 12, 2006, and plans are being made to further integrate transferred technical staff into OET and implement the established service level agreements.

Other efforts include:

- An enterprise IT portfolio was established within the OET to help guide investment and priority decisions;
- Rollout of new application, Enterprise Project Management (EPM), to monitor the progress of IT projects statewide, and for agencies to use for their own project management and project inventory purposes;
- Continued development and implementation of hardware and software standards (cell phones and infrastructure, servers and storage devices) through the IT Standards and Resource Management (ISRM) program;
- Legislative approval of the OET Information and Telecommunication Fund, effective July 1, 2006, is a special revenue account to which agencies can contribute savings generated by enterprise activity including the ISRM activity. Funds contributed to the account will be used to defray the costs of personnel and technology for activities that create government efficiencies;
- Develop an implementation plan for a new enterprise-wide email solution that will standardize and centralize all email in the executive branch;
- Completed first enterprise Information Management Master Plan, which will serve as the guiding document for IT management in the state;
- Explored partnership programs with MnSCU and others for the delivery of training via the Internet;
- Establishment of new encryption services for all agency network customers; and
- Identified architectural components for a new State portal (minnesota.gov).

D. Success Story

In 2006, Mn/DOT saved \$169,000 on laptop and personal computer (PC) purchases using the new information technology (IT) standards contract, the equivalent of 3,620 tons or 362 truckloads of road salt.



Construction Codes

Construction Codes

A. Background

Prior to May 16, 2005, the construction industry in Minnesota was regulated primarily by six State agencies. This led to fragmented jurisdictional authority, inconsistencies between rules, multiple contact points to gather code and construction information and minimal or no coordination of State inspection efforts between organizations responsible for the various codes. This resulted in an inefficient and time-consuming process for contractors, homeowners, labor representatives and others to interact with the State regarding construction administration and regulation.

Governor Pawlenty's Reorganization Order No.193 consolidated five code- and construction-related units into the Department of Labor and Industry effective May 16, 2005. This created an organization that provides better, more efficient service and quicker resolution of problems into a single, seamless operation.

B. Results of the Initiative

The newly created Construction Codes and Licensing Division (CCLD) was completed in December 2005 and is comprised of:

- Building Codes and Standards Division of the Department of Administration;
- Plumbing and Engineering unit of the Department of Health;
- Board of Electricity;
- Residential Contractors' Licensing unit of the Department of Commerce; and
- Boiler and High-pressure Piping of the Department of Labor and Industry.

The consolidation granted Labor and Industry the authority to develop the Uniform Fire Code with administration remaining with the State Fire Marshal in the Department of Public Safety.

C. Conclusion and Continuing Efforts

The Drive to Excellence Codes Construction and Licensing initiative **has completed the deliverables of Reorganization Order No. 193**, but efforts continue in the Department of Labor and Industry to rollout the new organizational structure for the CCLD and obtain operational efficiencies.

Efforts are underway to analyze and streamline existing processes in:

- Licensing;
- Plan review;
- Statewide construction code;
- Code enforcement;

- Education for clients and customers; and
- Inspections for building constructions.

A technology assessment will be prepared identifying the technical needs for upgrading and integrating the division's multiple computer systems.

Housekeeping legislation regarding the consolidation will be reintroduced in the 2007 legislative session.