

**Minutes of the
Free Market Protection and Privatization Board:
Competition Review Advisory Committee**
Wednesday, March 27, 2014, 10:00 AM
Seagull Room, Senate Building
State Capitol Complex

Members present:

LeGrand Bitter (Chair), Rep. Johnny Anderson, Kim Jones, Manuel Torres, and Louenda Downs

Members absent:

None

Staff present:

Cliff Strachan, Governor's Office of Management and Budget (GOMB)

Note: Additional information including related materials and an audio recording of the meeting can be found at <http://gomb.utah.gov/operational-excellence/privatization-board/> and the Utah Public Meeting Notice Website (<http://www.utah.gov/pmn>).

1. Welcome and Introductions

LeGrand Bitter called the meeting to order.

2. Board Business/Minutes

a. Minutes of the February 19, 2014 meeting

Motion: Manuel Torres moved approve the minutes of the February 19, 2014 meeting. CARRIED

3. Review Issues Concerning Agency Competition with the Private Sector

a. Kelly Francis, Aero-Graphics re UGS and LASSI

Mr. Francis described his business and concern over competition by the LASSI Service Center at Utah State University for aerial geographic photography and mapping type services. He commented that such service is unfair because university enterprises have access to state and federal funding, can get sole source contracts more easily, do not pay the same taxes and insurance requirements as do private sector firms. He said he has a good relationship with LASSI, does not object to the research component but does not think it fair to have to compete with them on non-research jobs.

Referenced a project proposed by the Utah Geologic Survey (UGS), the Utah Automated Geographic Reference Center (AGRC), where both entities and four others competed for a project mapping hundreds of square miles for the state. Neither won the bid, it was awarded to an Oregon firm.

Did not know what share of market LASSI has but noted they have done a number of projects for UGS [a division of the Utah Department of Natural Resources] and the National Parks Service. Says he has

documents showing that LASSI markets its services.

In discussion board was informed that LASSI started as a USTAR (Utah Science Technology and Research) program. USTAR is an incubator program with a goal to put university-developed technology into the private sector.

b. Bob Pack, LASSI Service Center

Mr. Pack is an engineer, formerly a formal part of the LASSI Service Center and a professor at Utah State University. As a key part of the LiDAR imagery program at LASSI, having obtained USTAR funding for the program and operating the program for several years, he was knowledgeable about the program.

He noted that two universities (USU and UT-Houston) run LiDAR technology making it a rare research topic. The objective is to develop technology and spin it off to the private sector. It has resulted in multiple patents for the university. To keep the program running, LASSI uses contracts to generate funds. Says many of the contracts come because entities approach LASSI. Jobs like the National Parks Service include aspects that result in the development of better capability over other technology and includes applied research into other areas such as ecology. Says multiple research projects tag to other research projects (for example, multi-spectral camera technology). Says UGS came to LASSI to do work for it on the Great Salt Lake water systems.

LASSI built its own LiDAR system which has resulted in two papers presented at three conferences; the technology and the work done to develop it can accrue to the benefit of the public. Noted some small firms have asked for help and they did it but noted that the projects were non-competitive. The big project in Utah is UGS-work, they were approached and did not solicit it.

Noted the UGS project they bid on was originally going to be sole sourced but UGS went to bid.

Noted Aero-Graphics uses a different platform - OpTech.

Commercial enterprises have made inquiries into turning the technology in a marketable turn-key project. USTAR funding is limited and patents go through the Technology Commercialization Office at USU.

LASSI seeks research contracts over commercial contracts. People come to LASSI to do work which supports their own research mandates.

Asked if there can be collaboration with other firms, Mr. Pack noted that data is not the focus but building the technology. Noted LASSI has not been under USTAR for some time. Revenue supports the students in the program.

The advisory committee's discussion became free flowing involving all the parties.

Staff will invite the current head of LASSI and someone from USTAR to a future meeting. The committee wants to know about costs and revenues for the LASSI program as well as patent information. A presentation from USTAR will help the board members understand how USTAR works and its expectations. Noted one member, this will not likely be the last time a USTAR program attracts the board's attention.

A suggested follow-up is to understand if there is a difference between public universities and private

universities competing in the marketplace.

c. Utah State Office of Education

Mr. Strachan distributed financial information received from USOE and noted there is much work to be done to evaluate it.

Data supplied by USOE indicates that about 24 percent of the state's LEAs use Aspire (aka SIS2000) with the rest using private sector applications or applications custom made by or for a LEA. 20 percent of Utah school districts use Aspire while 70 percent of charter schools do.

He also advised that a survey has been sent to all LEAs (Local Education Authorities) in Utah seeking information as to costs for running private sector applications for those who do and why do they spend the funds when Aspire is free. Survey asks Aspire-using LEAs if they would use private sector applications if the state's student information system were not free. Noting a 20 percent response rate so far, anecdotal evidence suggests the non-Aspire users either pre-date the state's development of SIS2000, the LEA's student populations is too large for Aspire, or Aspire is not as good as other options. Some charter schools opine they had no choice either by policy or by cost considerations. There are some LEAs that would not switch no matter the cost, others that would like to see what is available in the market. Staff will prepare a summary when the survey period is complete and more surveys have been received.

Acknowledging that Judy Parks and Jerry Winkler from USOE were present and Mr. Andelin, too, Mr. Strachan indicated he would like to see first hand the USOE IT operation up close.

4. Other/Adjourn

Mr. Strachan provided an update on the activity of the Privatization Process Advisory Committee and the consultants. He noted that the process being developed should be available to use in working on this review. Members want to see guiding principles and best practices state clearly.

Members scheduled the next committee meeting for 10:00 AM on Thursday, April 24, 2014; staff will arrange for a meeting room.

Motion: Rep. Anderson moved to adjourn. CARRIED

Scheduled meetings:

- Competition Review Advisory Committee, 10 AM on Thursday, April 24, 2014 [in the Seagull Room, Senate Building].