



Thursday, Dec. 8, 2005

Virginia Information Technologies Agency (VITA) Auditorium
110 S. 7th Street, Richmond

Attendance

Members Present:

James W. Hazel	James F. McGuirk, II, Chair
The Honorable Eugene J. Huang, Vice Chair	Mary Guy Miller, Ph.D.
Hiram R. Johnson	Leonard M. Pomata
Kenneth S. Johnson, Sr.	Alexander Y. Thomas
Walter J. Kucharski	

Member Absent:

Scott D. Pattison

Others Present:

Lemuel C. Stewart, Jr., Chief Information Officer of the Commonwealth
John Westrick, Office of the Attorney General
Marcella Williamson, ITIB Executive Director

Call to Order

Chairman James F. McGuirk, II, called the meeting of the Information Technology Investment Board (ITIB) to order at 1 p.m.

Chairman McGuirk extended condolences to the family of Karen Robinson and the entire VITA family at Ms. Robinson's unexpected passing. He said Ms. Robinson worked in Financial Management Services, was a respected colleague and a valued member of the VITA team, and will be missed by her family and friends, and by her VITA family.

At the request of the chair, Marcella Williamson called roll and confirmed the presence of a quorum.

Approval of the Minutes

Chairman McGuirk introduced the draft meeting minutes from the October 25, 2005, meeting. Kenneth Johnson moved the minutes be approved. Eugene J. Huang seconded the motion. The minutes were approved by unanimous vote.

CIO Status Report

Chief Information Officer (CIO) of the Commonwealth Lemuel C. Stewart, Jr., provided a status report to the Board. Highlights of his presentation included:

- Highlights since last meeting included release of the information technology infrastructure agreement with Northrop Grumman; formal announcement of the partnership's resulting facilities in Chesterfield and in Russell Counties; a Dialogue

for VITA employees statewide on November 16 regarding the partnership; implementation of the regional service delivery model; presentation to the Joint Committee on Technology and Science (JCOTS) that was very well received; and award of the Supplier Managed Staff Augmentation (SMSA) to Computer Aid, Inc.

- The audit action plan shows continued progress in all areas. Memoranda of Understanding with agencies, specifically in the area of security, are being reviewed and updated to define responsibilities. The Virginia Department of Transportation and VITA signed the first updated MOU on December 7. Ten of 15 actions have been completed under the performance section of the audit, but two depend on approval of funding rates by the Joint Legislative Audit and Review Commission (JLARC). All 16 actions are complete on the internal audit of small purchases charge card.
- Major IT procurement actions included approval of the Virginia Department of Transportation Equipment Management Systems Upgrade; Virginia State Police Records Management System; Virginia Employment Workforce Information System; and Department of Environmental Quality Document Management Implementation.
- First quarter financial results are sound.
- Legislative decision packages submitted to the Department of Planning and Budget include four language-only items and five with financial impact. One item is clarifying language of purchasing authority for local governments since VITA expects to focus on local government and double the size of services offered. The financial impact relates to E-911 and the Virginia base mapping project.
- JLARC approved rate reductions for video and voice over Internet protocol resulting in an annual savings of \$277,000 for agencies. Discussion is continuing with JLARC on security rates, which would be a fixed monthly fee instead of a PC rate. The investment management billing methodology proposed would provide for \$1.7 million to be split between education and the agencies so that the purely consulting part would include overhead charges and an hourly rate of \$74 per hour to be determined at the front of projects for the agencies and no overhead rate but \$155 per hour for education. As an alternative, the governance cost for education's share would be a flat fee plus an hourly rate equivalent to the agency rate. These are the same dollars and same initiatives approved, but a different billing methodology. The methodology means agencies and educational institutions would pay for their actual projects, not burdening smaller agencies and institutions with large overhead if they don't have projects.
 - Lem Stewart asked the Board to approve the following motion so the security rates can go before JLARC on Jan. 12:
 - *The Board authorizes the CIO, on behalf of the board, to approve the final billing methodology approved by JLARC with the contingency that the total dollars for both the security and IT investment management rate structures already approve by the board will remain intact or not be exceeded.* James W. Hazel made the motion; Mary Guy Miller seconded the motion.
 - Lengthy discussion followed. Walt Kurharski said JLARC would have preferred overhead believing this is a governance issue. JLARC reluctantly agreed to the security overhead because it understands there is a relationship between the number of users and security. He said JLARC wanted the investment management hourly rate to be part of the project when the project is

approved. James McGuirk noted that the rates are basically the same to agencies, the methodology is different. Mary Guy Miller expressed concern that a "project in trouble" would require more help and the rate would be higher. Kenneth Johnson asked if a tiered process with a threshold could be implemented. Walt Kurharski said that's where the discussions began. He also pointed out that only those with projects on the project list will be paying the hourly rate, and that the goal is to build in the costs for oversight at the beginning of the project. Lem Stewart said many of the items discussed by the Board already had been discussed by JLARC and VITA. He said JLARC staff members are expected to recommend approval of the methodology or the alternative proposed.

- The Board approved the motion.
- The Public-Private Educational Facilities and Infrastructure Act (PPEA) partnership progress included approval by Governor Mark R. Warner of the interim agreement with Northrop Grumman; announcement in Chesterfield and Russell of the locations of facilities; and posting the contract online with only a small amount of proprietary information redacted. Key milestones and next steps were provided. One of the next steps is changing VITA's organizational design, which is underway. A Service Management Organization (SMO) is being developed within VITA to manage the IT infrastructure service delivery. The implications of the partnership are much broader than VITA. When implemented, the technology will be made available to the entire public sector. For example, there is a need for a redesigned integrated statewide emergency services network for the Commonwealth. VITA is the designated entity to make that happen. VITA also is in discussions with higher education about potential service. Lem Stewart introduced Hugh E. Taylor, President of Commercial, State and Local Solutions, with Northrop Grumman Information Technology.
 - Hugh Taylor said:
 - Northrop Grumman is very proud, especially since it has a sizable presence in Virginia, of this landmark partnership. Northrop Grumman has a total of 33,000 employees in Virginia – and Northrop Grumman Information Technology is headquartered in Herndon and is a \$1.6 billion organization with 5,000 employees. Some still don't recognize Northrop-Grumman as an IT company, yet one-third of its \$30 billion in sales come from IT.
 - Northrop Grumman wants to help Virginia develop a reliable, secure and cost-effective IT infrastructure. Northrop Grumman believes the solution presented is the right one for Virginia and "we're pretty excited about this opportunity" and "very rarely do you get the opportunity to help your own home."
 - Northrop Grumman is building facilities in Chesterfield and Lebanon in Russell Counties, will have staff in Dinwiddie County and is obtaining space in Richmond. Northrop Grumman will house the VITA headquarters in Chesterfield, but also will place other sizable IT assets there.
 - Right after the award of the interim contract, Northrop Grumman decided to bring more assets into Virginia. Northrop Grumman has 100 data centers, but will be consolidating that to four and one of those

will be in either in Chesterfield or Lebanon. The buildings just unveiled are too small. The company needs about 15,000 more square feet.

- Northrop Grumman plans to start regionally recruiting in the Richmond area. The company has a good offer for VITA employees and can offer them IT careers in their home state.
- Northrop Grumman is committed to making the 100-year relationship with Virginia even stronger.

Committee Reports

Chairman McGuirk said the CIO Evaluation Committee and Strategic Planning and Review Committee (SPARC) met this morning.

CIO Evaluation Committee

CIO Evaluation Committee Chair Mary Guy Miller made the following motions:

I move that the ITIB adopt the CIO Evaluation Policy and Procedure, which provides the overall course of actions for establishing objectives for and evaluating the performance of the Chief Information Officer of the Commonwealth. The motion was seconded by Hiram Johnson and approved by the Board.

As recommended by the CIO Evaluation Committee, in accordance with the Policies and Procedures just adopted and based on the CIO's performance for the year ended January 20, 2005, I move that the ITIB approve a five percent bonus for the CIO for the year ended January 20, 2005. Further, based on the CIO's performance evaluation completed in October during which the CIO was noted as "Extraordinary Contributor" I move that the ITIB approve a salary increase to the top of the Level I salary range as specified in the Appropriation Act. Such increases will be granted contingent upon the approval of the Governor. The ITIB requests that Mr. Huang convey the ITIB's request for such approval. The motion was seconded by Hiram Johnson and approved by the Board.

In as much as the Employment Agreement requires the repurchase of prior Virginia Retirement System credits on behalf of the CIO and such repurchase has begun but not been completed, I move that, as recommended by the CIO Evaluation Committee, in order to honor the original verbal commitment that such buyback take place over a three-year period, the ITIB approve that the repurchase rate be adjusted so that the repurchase will be completed by February 2007. The motion was seconded by Hiram Johnson and approved by the Board.

Finance and Audit Committee

James McGuirk made a motion:

I move that the Board approve the amended Action Plan for the 2005 APA audit. The motion was seconded by Kenneth Johnson and approved by the Board.

Legislative Review Committee

Legislative Review Committee Chairman Hiram Johnson reported the Committee expects to meet in January. Eugene Huang said the Governor's budget recommendation will be made on December 16 and he will share that information the committee.

Strategic Planning and Review Committee

SPARC Chairman Len Pomata reported work is under way on the Strategic Plan for Information Technology and a work session is planned January 11-12. He said all members of the board are invited to attend. Input is being obtained from the agencies and commercial information is being collected to add value to the plan.

He said the Recommended Technology Investment Projects (RTIP), which is the SPARC annual report, was discussed. The committee believes the report should be distributed earlier in draft form to provide more time for input and to minimize changes.

He said the portfolio project, which will facilitate a number of projects, including RTIP and other reports, will be demonstrated at the April meeting.

Len Pomata made the following motions:

I move the Board approve the Web-Site Policy. Kenneth Johnson seconded the motion, which was approved.

I move the Board approve the Virginia Department of Transportation Electronic Toll Customer Service and Violation Enforcement System (ETCS-VES). James Hazel seconded the motion, which was approved. Len Pomata said the CIO has authority to approve such projects with a five-day notice to the Board but since the meeting coincided with the approval process, SPARC decided to bring it to the board.

Len Pomata said Walt Kurharski volunteered to have staff at the Auditor of Public Accounts (APA) brief SPARC on how it performs audits to help committee members review projects as a whole.

Other Business

Chairman McGuirk asked the Board members for any new business. There was none.

He commended Eugene Huang for his service and support of the ITIB. He asked Marcella Williamson to read a proposed resolution:

WHEREAS, Eugene J. Huang has diligently served as the Secretary of Technology for the Commonwealth of Virginia and as Vice Chairman and past Chairman of the Virginia Information Technology Investment Board (ITIB); and,

WHEREAS, Secretary Huang took leave from the prestigious Oxford University, where he is a distinguished Thouron Scholar pursuing a doctorate in economic history, to serve the Commonwealth; and,

WHEREAS, he has championed reform to modernize and standardize the Commonwealth's information technology to provide consistent service levels at predictable costs, and increase the efficiency and productivity of state government within existing funding; and,

WHEREAS, Secretary Huang's efforts have helped secure economic development that will bring hundreds of technology jobs with good salary opportunities to the Commonwealth; and,

WHEREAS, his efforts will have a tremendously positive impact on the lives of Virginians for generations to come; and,

WHEREAS, Secretary Huang also has contributed to the Commonwealth and its citizens by being involved in a wide range of community and civic activities, through board participation and grassroots community volunteerism, and with organizations supporting the advancement of the arts, education, and community-based innovation and economic development;

WHEREAS, he is the consummate professional, a gentleman and genuine nice guy with whom it has been our pleasure to serve on the ITIB;

NOW, THEREFORE, BE IT RESOLVED that the Virginia Information Technology Investment Board this 8th day of December, 2005, recognizes Secretary Huang for his outstanding commitment to technology transformation in the Commonwealth and extends sincere appreciation for his contributions as Secretary of Technology and as a member of the ITIB.

Chairman McGuirk moved the resolution be ratified. Len Pomata seconded the motion, which was approved.

On behalf of the Board, Chairman McGuirk presented the resolution and a framed photo of the Chesterfield event where the IT Infrastructure Partnership interim agreement was announced.

Eugene Huang said it was a pleasure to serve with the ITIB members on the Board. He said he takes fond memories with him, and said he was deeply humbled by the recognition.

Public Comment

Chairman McGuirk solicited public comment. There was no public comment.

Adjournment

Eugene Huang moved to adjourn the meeting. Ken Johnson seconded the motion. Chairman McGuirk adjourned the meeting at 2:55 p.m.