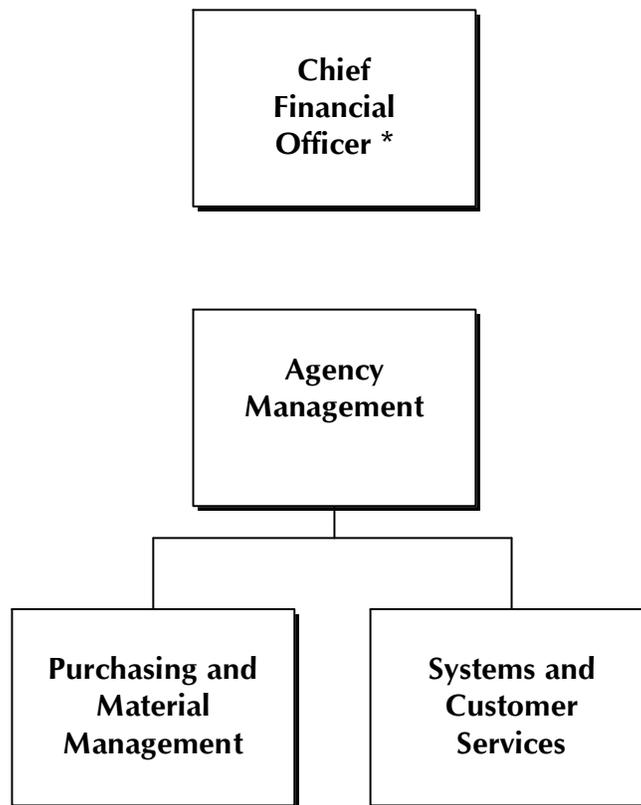


Department of Purchasing and Supply Management



* The Chief Financial Officer has responsibility for strategic direction and oversight of this agency; however, for budget purposes, this position and associated funding are reflected within the Department of Management and Budget.

Mission

The Department of Purchasing and Supply Management is committed to providing the resources that establish the foundation for quality service to the community.

Focus

The Department of Purchasing and Supply Management strives to develop strategic alliances with suppliers and County departments to secure quality goods and services in a timely manner and at a reasonable cost while ensuring that all purchasing actions are conducted fairly and impartially.

It is anticipated that Fairfax County's total procurement volume will continue to grow modestly. The Department of Purchasing and Supply Management will be able to respond to this increased demand for services without any additional resources, due in part to technology investments. Technology funding has enabled the Department to improve the supply chain process while reducing the costs of operations through electronic procurement or e-procurement, the use of electronic means to improve sourcing of goods and services. Web-based transactions including electronic bidding, electronic shopping through e-malls and electronic ordering are currently available to our

THINKING STRATEGICALLY

Strategic issues for the Department include:

- o Contracting for an increasing number of services, in addition to contracting for goods;
- o Empowering agencies to act quickly and effectively in procuring necessary supplies and materials;
- o Participating in state, regional, and national programs to maximize the County and the Commonwealth's presence in the marketplace;
- o Investing in technology to provide user friendly access to the procurement function and increase productivity; and
- o Encouraging small and minority businesses to provide goods and services to the County.

Department of Purchasing and Supply Management

suppliers and County departments. Our partnership with eVA, Virginia’s statewide e-procurement application provides County business partners with 24-hours-per-day, 7-days-per-week access to sales opportunities, the ability to submit quotes, bids and proposals at any time, and the ability to receive orders and maintain vendor database information at their convenience.

Public procurement managers are using new legislative authority to establish spend management contracts that aggregate requirements and leverage buying power and reduce administrative costs. The Department of Purchasing and Supply Management is an advisory board member of the U. S. Communities Government Purchasing Alliance, an organization that pools the purchasing power of public agencies to achieve bulk volume discounts. Fairfax County has acted as the lead agency to establish two such contracts, office furniture and technology products. The Department of Purchasing and Supply Management is represented on the Council of Governments Chief Procurement Officers’ Committee and actively participates in the committee’s regional cooperative purchasing program. The Department also takes part in the Commonwealth of Virginia’s Partners in Procurement program, a statewide initiative designed to maximize the state’s presence in the marketplace.

The Department of Purchasing and Supply Management continues to transform from an organization that purchases goods to one that purchases services. In the past, the development of detailed specifications was the focus of the procurement process. Increasingly, the procurement process is geared towards specifying outcomes or performance, not specific goods or standardized services. Contracts for services are nonroutine, start with many more unknowns, and take unexpected turns as the project unfolds. These agreements require thinking through complex issues, pulling together information from disparate sources, and trying out innovative solutions often from resources across organizational boundaries. The Department has responded to this challenge by investing in the workforce, by training our own employees and offering regular end user training.

The Office of Small Business, a business area within the Department of Purchasing and Supply Management, supports the Board of Supervisors’ Small Business Enterprise (SBE) program. The Office of Small Business provides outreach and education programs to assist the small and minority business community in their efforts to do business with Fairfax County Government. The Office of Small Business is working closely with the U. S. Communities organization to increase the participation of small and minority business in the national cooperative contracts. To accomplish this, Fairfax County is leading the charge to develop a second tier tracking and reporting system for all national contract vendors. Finally, the Office of Small Business provides support to the Fairfax County Small Business Commission.

New Initiatives and Recent Accomplishments in Support of the Fairfax County Vision

 Maintaining Safe and Caring Communities	Recent Success	FY 2006 Initiative	Cost Center
Participate in the implementation of homeland security measures as a designated Emergency Support Function and work with the regional quartermaster function of the Council of Governments.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Purchasing and Material Management
 Maintaining Healthy Economies	Recent Success	FY 2006 Initiative	Cost Center
Monitor and enhance business utilization programs for small, woman and minority-owned businesses that compliment the U. S. Communities Government Purchasing Alliance and track procurement volume and dollars directed to these suppliers through a second tier program.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Agency Management

Department of Purchasing and Supply Management

 Practicing Environmental Stewardship	Recent Success	FY 2006 Initiative	Cost Center
Develop an environmental (or green) purchasing strategy and educational model to pursue cost savings, improve worker safety and protect the environment.		<input checked="" type="checkbox"/>	Purchasing and Material Management
 Creating a Culture of Engagement	Recent Success	FY 2006 Initiative	Cost Center
Establish and strengthen partnerships with the business community. Continue to sponsor and deliver the monthly workshop, "Selling to Fairfax County." The workshops are part of continued outreach programs, intended to maximize prime and subcontract opportunities for small, woman and minority-owned businesses.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Agency Management
Improve use of customer feedback in DPSM's planning and decision making process.		<input checked="" type="checkbox"/>	Agency Management
 Exercising Corporate Stewardship	Recent Success	FY 2006 Initiative	Cost Center
Develop and implement a program to identify and analyze risk factors and market conditions for those commercial activities currently performed by County staff that present contracting opportunities.		<input checked="" type="checkbox"/>	Agencywide
Implement iCASPS, the web-enabled version of the County's mainframe procurement system. Provide end users with solid training foundation and continuing training opportunities on purchasing issues.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Agencywide
Implement online vendor registration, electronic bidding (Quick Quote) and notices of solicitation using eVA, Virginia's G2B (government to business) web site. Initiate pilot program for conducting reverse auctions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Agencywide
Fully implement the electronic document management and imaging system for contract files and property records.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Systems and Customer Services
Implement an on-line vendor performance report to facilitate communication of performance issues from end-users and use information collected for decision-making.		<input checked="" type="checkbox"/>	Systems and Customer Services
Develop a program for online advertising of surplus property to County departments to better market the property and save funds through property redistribution.		<input checked="" type="checkbox"/>	Agencywide

Department of Purchasing and Supply Management

Budget and Staff Resources



Agency Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	52/ 52	52/ 52	52/ 52	52/ 52	52/ 52
Expenditures:					
Personnel Services	\$2,758,708	\$2,881,984	\$2,831,984	\$2,978,734	\$2,978,734
Operating Expenses	1,190,201	1,312,659	1,356,844	1,642,006	1,642,006
Capital Equipment	0	0	27,000	0	0
Total Expenditures	\$3,948,909	\$4,194,643	\$4,215,828	\$4,620,740	\$4,620,740
Income:					
Contract Rebates	\$393,717	\$288,864	\$393,717	\$401,591	\$401,591
Total Income	\$393,717	\$288,864	\$393,717	\$401,591	\$401,591
Net Cost to the County	\$3,555,192	\$3,905,779	\$3,822,111	\$4,219,149	\$4,219,149

FY 2006 Funding Adjustments

The following funding adjustments from the FY 2005 Revised Budget Plan are necessary to support the FY 2006 program:

- ◆
Employee Compensation **\$96,750**
 An increase of \$96,750 associated with salary adjustments necessary to support the County's compensation program.
- ◆
Operating Expenses **\$329,347**
 An increase of \$329,347 in Operating Expenses, including an increase of \$318,675 for Information Technology charges based on the agency's historic usage, an increase of \$5,500 in PC replacement charges based on an increase in the annual contribution for PC replacement by \$100 from \$400 to \$500, and an increase of \$5,172 for Department of Vehicle Services charges based on anticipated charges for fuel, vehicle replacement, and maintenance costs.
- ◆
Carryover Adjustments **(\$21,185)**
 A decrease of \$21,185 in Operating Expenses is due to the carryover of one-time expenses as part of the FY 2004 Carryover Review.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

- ◆ The Board of Supervisors made no adjustments to this agency.

Department of Purchasing and Supply Management

Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

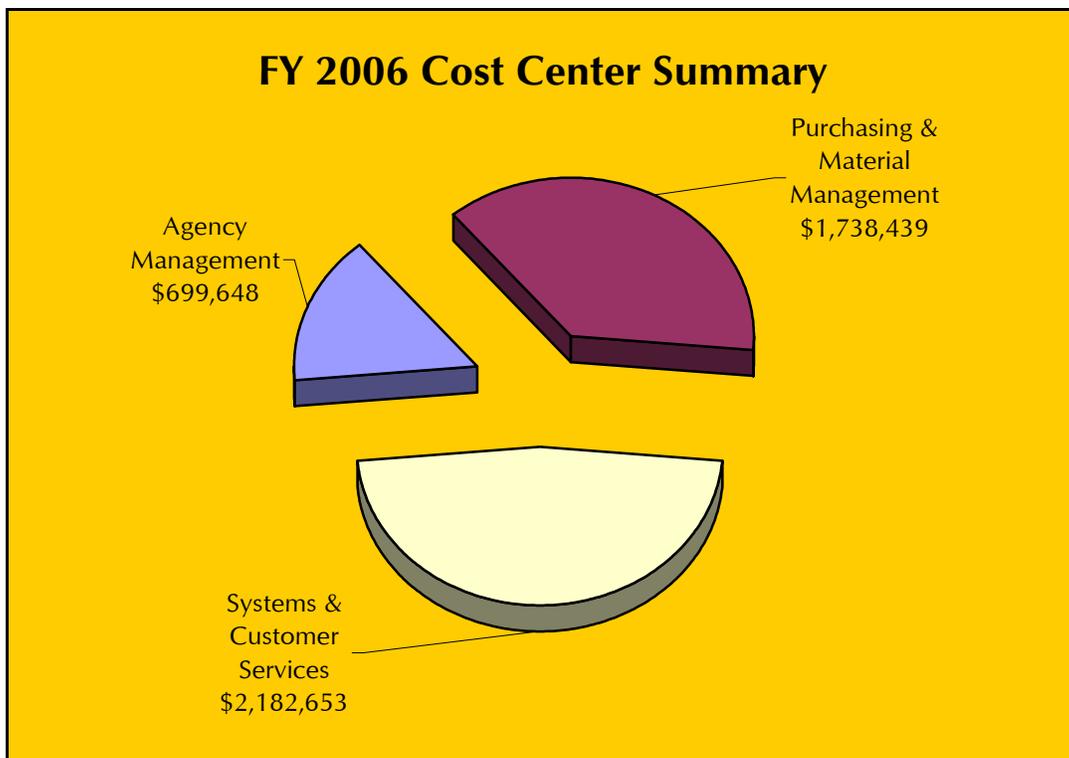
- ◆ **Carryover Adjustments** **\$21,185**
As part of the FY 2004 Carryover Review, the Board of Supervisors approved encumbered funding of \$21,185 in Operating Expenses.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this agency.

Cost Centers

The Department of Purchasing and Supply Management is divided into three distinct cost centers, Agency Management, Purchasing and Material Management and Systems and Customer Services. Working together, all three cost centers provide critical services in support of the agency's mission.



Department of Purchasing and Supply Management

Agency Management



Funding Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	11/ 11	11/ 11	11/ 11	12/ 12	11/ 11
Total Expenditures	\$618,241	\$764,159	\$833,261	\$699,648	\$699,648

Position Summary					
1	Director	3	Management Analysts III	1	Administrative Assistant III
1	Deputy Director	2	Administrative Assistants IV	3	Administrative Assistants II
TOTAL POSITIONS					
11 Positions / 11.0 Staff Years					

Key Performance Measures

Goal

To provide overall direction, management, and oversight of the County's centralized procurement and material management program. Management of the department is accomplished in accordance with the [Code of Virginia](#) and the Fairfax County Purchasing Resolution through policies that emphasize central control with decentralized implementation and selected delegation of authority. The procurement and material management program serves both Fairfax County Government and Fairfax County Public Schools (FCPS) through purchasing, contract administration, warehousing, mainframe purchasing system administration, procurement assistance and compliance programs, and inventory management.

To support the Board of Supervisors' Small Business Enterprise (SBE) Program and Small Business Commission.

Objectives

- ◆ To maintain the percentage of formal contract actions awarded without valid protest or legal actions at 99 percent or better.
- ◆ To maintain the cost of procuring \$100 worth of goods or services at \$0.50 without a degradation of service.
- ◆ To increase the dollar value of contracts awarded to small and minority businesses from 28 percent to 30 percent toward a target of 40 percent.

Department of Purchasing and Supply Management

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate/Actual	FY 2005	FY 2006
Output:					
Formal contractual actions processed	677	604	600 / 792	600	650
Value of purchase orders, procurement card, and Internet transactions processed (millions)	\$429.7	\$431.8	\$434.0 / \$482.3	\$500.0	\$520.0
Total dollars awarded to small and minority businesses (millions)	\$125	\$114	\$144 / \$119	\$135	\$135
Vendors attending monthly vendor workshop	NA	NA	NA	120	120
Efficiency:					
Cost per formal contractual action	\$68	\$77	\$72 / \$60	\$77	\$75
Cost per \$100 of goods or services procured	\$0.41	\$0.42	\$0.50 / \$0.39	\$0.50	\$0.50
Average cost to educate and assist small and minority businesses	\$95.00	\$24.80	\$16.00 / \$15.70	\$16.00	\$14.00
Service Quality:					
Percent of contractual actions receiving valid protest	0.0%	0.2%	2.0% / 0.3%	1.0%	1.0%
Percent of customers indicating satisfaction with service	95%	95%	95% / 94%	95%	95%
Percent of small and minority businesses rating workshops as satisfactory or better	85.0%	98.0%	98.0% / 99.7%	100.0%	100.0%
Outcome:					
Percent of formal contractual actions awarded without valid protest	100.0%	99.8%	99.0% / 99.7%	99.0%	99.0%
Percent change in cost to procure \$100 of goods or services	(12.0%)	2.4%	0.0% / (18.0%)	0.0%	0.0%
Percent of procurement dollars awarded to small and minority businesses	31.5%	29.0%	36.0% / 28.0%	30.0%	30.0%

Performance Measurement Results

In FY 2004, the Department of Purchasing and Supply Management was able to award 99.7 percent of all contracts without a valid protest. This indicator reflects staff professionalism and training and the overall quality of the procurement program and is one of many factors considered by the National Institute of Governmental Purchasing in awarding the Department their Outstanding Agency Achievement designation. In FY 2004, the cost to purchase \$100 of goods and services declined to a new low of \$0.39; the decrease is remarkable in that the procurement volume processed by the Department of Purchasing and Supply Management increased from \$431.82 million in FY 2003 to \$482.33 million in FY 2004, a 12 percent increase. This accomplishment demonstrates the return on investment in information technology innovations, workflow redesign efforts and overall program efficiency. It is anticipated that the total procurement volume will reach \$520 million in FY 2006.

Department of Purchasing and Supply Management

In FY 2004, the Department of Purchasing and Supply Management continued its phased implementation of the Commonwealth of Virginia's electronic procurement portal, eVA. The effort expanded to include vendor registration in the shared database and use of the Virginia Business Opportunities electronic notification method for all solicitations published. Future eVA transitions include implementation of the informal bidding functionality (Quick Quote) and electronic catalog (e-mall) shopping.

Education and outreach remain the focus of the Small Business Enterprise (SBE) program. Monthly workshops, designed to assist small and minority vendors, have resulted in \$119 million of procurement dollars going to small and minority businesses in FY 2004. In addition, 99.7 percent of the vendors attending SBE workshops rated the educational offerings as satisfactory, or better. In FY 2004, the Office of Small Business began working with US Communities contractors to develop a process to track second tier procurement dollars to the small and minority business community for contracts being used by Fairfax County. The target for FY 2006 for dollars awarded to small and minority businesses is \$135 million.

Purchasing and Material Management

Funding Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	27/ 27	27/ 27	26/ 26	25/ 25	26/ 26
Total Expenditures	\$1,560,344	\$1,703,731	\$1,569,989	\$1,738,439	\$1,738,439

Position Summary					
4	Purchasing Supervisors	2	Buyers I	1	Warehouse Specialist
6	Buyers II	1	Property Management Supervisor	7	Warehouse Worker-Drivers
3	Administrative Assistants III	1	Warehouse Supervisor	1	Warehouse Worker-Driver Helper
TOTAL POSITIONS					
26 Positions / 26.0 Staff Years					

Key Performance Measures

Goal

To provide all goods and services for County government and schools at the best possible combination of price, quality and timeliness consistent with prevailing economic conditions while establishing and maintaining a reputation of fairness and integrity. To provide central warehousing services of storage and distribution of furniture and supplies to County agencies in a timely manner and to redistribute excess property to reduce costs. To manage a surplus property program for the disposal of property in a timely manner while maximizing return.

Objectives

- ◆ To complete 95 percent of purchase requisitions (PR) against a valid contract within 10 days, toward a target of 98 percent.
- ◆ To complete (from issue to award) 95 percent of all formal solicitations processed within the DPSM established standard.

Department of Purchasing and Supply Management

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate/Actual	FY 2005	FY 2006
Output:					
Purchase requisitions converted to purchase orders	5,977	5,936	5,850 / 6,531	5,600	6,000
Active contracts	2,034	2,366	2,200 / 2,568	2,200	2,500
Contractual actions processed	677	604	600 / 792	600	650
Efficiency:					
Purchase requisitions converted to purchase orders per buyer staff	460	457	450 / 502	430	500
Active contracts managed per buyer staff	156	197	183 / 214	180	208
Formal solicitations managed per buyer	52	50	50 / 66	50	54
Service Quality:					
Percent satisfaction with the process to acquire goods and services based on annual customer satisfaction survey	92%	94%	95% / 94%	95%	95%
Percent satisfaction with timeliness of process to establish a contract	70%	81%	82% / 83%	83%	83%
Outcome:					
Percent of requisitions completed within 10 days	91.0%	91.3%	94.0% / 92.2%	94.0%	95.0%
Percent of formal solicitations completed within the established procurement schedule	96%	94%	95% / 92%	95%	95%

Performance Measurement Results

In FY 2004, the Department of Purchasing and Supply Management awarded 792 contracts and processed a record \$482,300,000 procurement volume via purchase orders, procurement card transactions, and internet orders. The Department was able to achieve this remarkable volume of activity with only a single valid protest.

The Department of Purchasing and Supply Management is not focused only on business volume, the Department also values customer service as a reflection of our core values. As such, the Department solicits feedback via a Procurement Project Satisfaction Survey at the conclusion of every formal solicitation. The objective targets completion of 95 percent of all formal solicitations within the established procurement schedule. In FY 2004, the Department substantially achieved this goal by completing 92 percent. Customer satisfaction with the timeliness of the contracting process increased to 83 percent, a benchmark high rating. This achievement is the result of improved workflows and constant recognition of the important role that the county procurement process plays in the delivery of services.

In FY 2006, the Department will continue to strive towards reaching the goal of completing 95 percent of purchase requisitions within ten days. The web-enabled enhancements to the mainframe procurement of the purchasing system (CASPS) have greatly improved the ease of purchase order review and approval which is expected to improve the processing time.

Department of Purchasing and Supply Management

Systems and Customer Services



Funding Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	14/ 14	14/ 14	15/ 15	15/ 15	15/ 15
Total Expenditures	\$1,770,324	\$1,726,753	\$1,812,578	\$2,182,653	\$2,182,653

Position Summary					
1	Management Analyst IV	1	Business Analyst III	1	IT Technician I
1	Management Analyst III	1	Business Analyst II	1	Administrative Assistant V
2	Management Analysts II	1	Business Analyst I	1	Administrative Assistant IV
1	Buyer II	1	Network Telecommunications Analyst II		
2	Inventory Management Supervisors	1	Property Auditor		
TOTAL POSITIONS					
15 Positions / 15.0 Staff Years					

Key Performance Measures

Goal

To provide system management and administration to all County and FCPS users of the mainframe-based *County and Schools Procurement System (CASPS)*; provide management and technical operation and maintenance of the Department's Local Area Network (LAN), Web Sites, Document Management System and EDI system; provide user administration and training for the use of the Office Depot and eVA electronic procurement portals; provide procurement assistance and eVA registration support to the County's business community; and provide centralized assistance and oversight to the County/FCPS inventory management, procurement, and accountable personal property programs.

Objectives

- ◆ To accurately track and maintain the County's consumable and fixed assets inventories, maintaining an accuracy rate of at least 98 percent.
- ◆ To increase the use of electronic commerce (Electronic Data Interchange (EDI), Internet ordering, and procurement card) for delivering orders to suppliers with a target of delivering more than 82 percent of the orders via electronic commerce and achieving 95 percent of rebates.
- ◆ To maintain the percent of help desk calls closed in one day or less at 94 percent.

Department of Purchasing and Supply Management

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate/Actual	FY 2005	FY 2006
Output:					
Line items carried in consumable inventory account	17,250	16,043	16,000 / 15,915	16,000	16,100
Fixed assets in the Capital Equipment Account (1)	7,851	14,056	15,000 / 15,142	15,600	16,500
Small Purchase Orders and Purchase Orders sent via EDI	3,236	3,609	3,600 / 4,904	5,000	5,100
Percent of office supply orders submitted via Internet	67%	72%	78% / 82%	80%	80%
Value of procurement card purchases (in millions)	\$31.3	\$37.0	\$44.1 / \$54.6	\$58.5	\$62.5
Rebates and incentives received	\$370,290	\$506,312	\$578,800 / \$795,841	\$895,000	\$973,000
Assistance/help desk calls received/processed	657	667	800 / 653	700	500
Efficiency:					
Cost per line item to maintain consumable inventory accuracy of at least 95 percent	\$3.96	\$4.26	\$4.27 / \$3.23	\$3.31	\$3.29
Cost per fixed asset to maintain at least 95 percent inventory accuracy	\$13.23	\$7.39	\$6.92 / \$6.86	\$6.86	\$6.48
Cost per \$1 of rebate received	\$0.20	\$0.15	\$0.13 / \$0.10	\$0.09	\$0.08
Average time to close each help desk call answered (hours)	6.5	3.0	4.0 / 3.0	3.0	3.0
Service Quality:					
Percent of customers rating consumable inventory tracking as satisfactory or better	92%	98%	95% / 97%	95%	95%
Percent of customers satisfied with the procurement card program	91%	94%	95% / 96%	95%	95%
Percent of customers rating help desk as satisfactory or better	90%	93%	95% / 91%	95%	95%
Outcome:					
Percent of consumable items accurately tracked	98%	99%	96% / 99%	98%	98%
Percent of fixed assets accurately tracked	100%	98%	96% / 99%	98%	98%
Percent of rebates achieved relative to plan	113%	141%	95% / 138%	95%	95%
Percent of orders transmitted via Electronic Commerce	70.8%	74.4%	76.0% / 82.7%	82.0%	84.0%
Percent of help desk calls closed in one day or less	87%	94%	90% / 94%	94%	94%

(1) Increase in fixed assets in FY 2003 is due to the inclusion of Capital Equipment for the Fairfax County Public Schools.

Department of Purchasing and Supply Management

Performance Measurement Results

In FY 2004, the Department of Purchasing and Supply Management was again successful in meeting the objective of maintaining a fixed and consumable inventory tracking accuracy rate of at least 98 percent. The number of fixed assets increased 8 percent driving the cost to maintain the high inventory accuracy rate down.

The electronic commerce performance measure captures the Department's success in migrating paper-based procurement transactions to electronic transactions. This business area measured an increase from 74.4 percent to 82.7 percent of procurement transactions transmitted through electronic data interchange, Internet and procurement card orders.

Rebate revenues generated through the procurement card program and the various contracts awarded under the auspices of the U.S. Communities Government Purchasing Alliance program, including the Office Depot contract, grew to \$795,841 in FY 2004, an increase of 57 percent over FY 2003, and are anticipated to increase to \$973,000 by FY 2006. The increased revenue in this area is the result of expanded use of the p-card for large dollar purchases and increased participation by other local governments taking advantage of the Government Purchasing Alliance contracts awarded and administered by Fairfax County and made available through U.S. Communities.

Calls to the CASPS Help Desk decreased slightly in FY 2004. Our ongoing emphasis on responsiveness helped maintain the average call closure time to three hours, allowing us to close 94 percent of the calls in less than one day. Implementation of iCASPS, the web-based version of CASPS, and increased use of eVA may cause a slight increase in the number of help desk calls in FY 2005, but the number is expected to trend downward in the out-years.