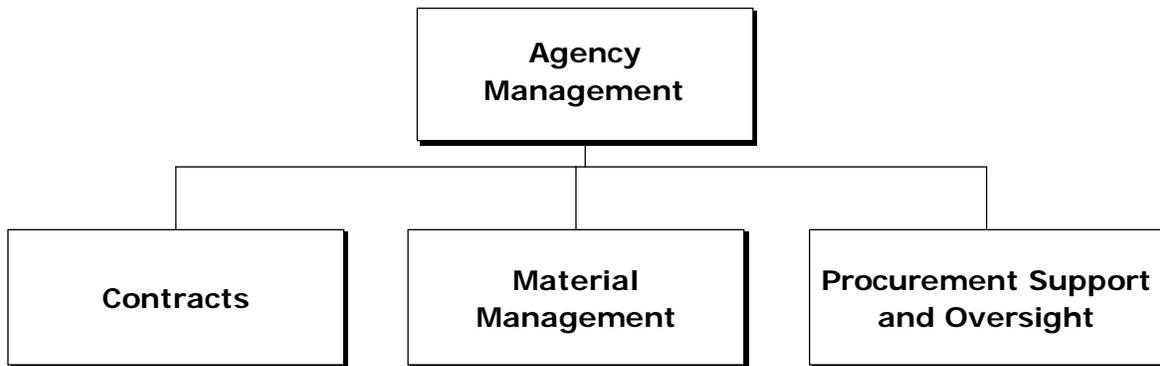


Department of Purchasing and Supply Management



Mission

The Department of Purchasing and Supply Management provides the resources that establish a foundation for quality service to the community through a diverse network of suppliers and contractors.

AGENCY DASHBOARD			
Key Data	FY 2012	FY 2013	FY 2014
1. Quantity of formal contractual actions	501	543	287
2. Quantity of active contracts	2,332	2,280	2,377
3. Quantity of books transferred (in millions)	7.0	6.4	6.8
4. Quantity of excess and surplus items	1,113	2,629	7,883
5. Total dollars spent using the p-card (County + Fairfax County Public Schools) (in millions)	\$87.4	\$103.2	\$94.8

Focus

The Department of Purchasing and Supply Management (DPSM) creates strategic partnerships with County departments and suppliers to secure quality goods and services in a timely manner at a reasonable cost, while ensuring that all procurement actions are conducted fairly, impartially, and in accordance with legal requirements. The department's three operating cost centers - Contracts, Procurement Support and Oversight, and Material Management - work together with Agency Management to provide first-class procurement and material management support to County departments, enabling those departments to deliver nationally recognized County programs.

Contractors are an essential part of the delivery of goods and services that support County programs. Contract development, negotiation, award, and administration are the predominant focus of the department's workforce. As part of an efficiency initiative, the Contracts Division seeks to reduce the number of contracts managed and administered through requirements consolidation and development of strategic supply chain relationships. The focus on small, women-owned and minority business participation continues and the department has maintained its outreach and education program to sustain supplier diversity.

Through the work of the Procurement Support and Oversight Division, the department contributes to the County's sustainability initiatives in the areas of green procurement and responsible reuse and disposal of surplus equipment. In FY 2014, over 65 percent of the office supplies purchased by the County had

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recycled content or green attributes, an accomplishment that is exceptional in both public and private sectors.

Unlike many peer organizations, DPSM is able to offset the cost of procurement operations through revenue programs. Contract rebates and incentives grew to \$2.8 million in FY 2014, a 16.4 percent increase over FY 2013. In FY 2014, the web-based auction services for redistribution and sale of County and Fairfax County Public Schools (FCPS) excess and surplus property produced \$3.5 million in revenue. The three year average for surplus sales revenue has grown to more than \$2.8 million.

The core mission of the Material Management Division is to provide material management and logistical support to County agencies. Redistribution of library books is a major effort and the Division is adapting to revisions in the library's collection strategy. DPSM collaborates with FCPS to engage in shared services, where appropriate. The cost center also serves as a strategic resource in emergency planning and response.

The Department of Purchasing and Supply Management supports the following County Vision Elements:

-  **Maintaining Safe and Caring Communities**
-  **Creating a Culture of Engagement**
-  **Practicing Environmental Stewardship**
-  **Maintaining Healthy Economies**
-  **Exercising Corporate Stewardship**

Budget and Staff Resources

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$3,013,281	\$3,283,943	\$3,188,943	\$3,331,497	\$3,340,037
Operating Expenses	1,718,404	1,624,640	1,762,519	1,592,540	1,592,540
Subtotal	\$4,731,685	\$4,908,583	\$4,951,462	\$4,924,037	\$4,932,577
Less:					
Recovered Costs	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)
Total Expenditures	\$4,442,882	\$4,619,780	\$4,662,659	\$4,635,234	\$4,643,774
Income:					
Contract Rebates	\$1,581,792	\$1,482,079	\$1,581,792	\$1,581,792	\$1,581,792
Total Income	\$1,581,792	\$1,482,079	\$1,581,792	\$1,581,792	\$1,581,792
NET COST TO THE COUNTY	\$2,861,090	\$3,137,701	\$3,080,867	\$3,053,442	\$3,061,982
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	48 / 48	50 / 50	50 / 50	49 / 49	49 / 49

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FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 28, 2015.

◆ **Employee Compensation** **\$116,094**

An increase of \$116,094 in Personnel Services includes \$36,125 for a 1.10 percent market rate adjustment (MRA) for all employees and \$79,969 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2015.

◆ **Reductions** **(\$92,100)**

A decrease of \$92,100 and 1/1.0 FTE position reflects reductions utilized to balance the FY 2016 budget. The following table provides details on the specific reductions:

Title	Impact	Posn	FTE	Reduction
Eliminate a Material Management Driver Position and Reduce Vehicle Fleet	The reduction eliminates a Material Management Driver position. This is one of eight Material Management Driver positions in the Material Management Division. In addition, the division is reducing the vehicle fleet from eight warehouse trucks to seven. This reduction will have a minimal impact on agency operations as there have been efficiencies realized through newly implemented modernized warehouse transportation operation standards and practices.	1	1.0	\$90,000
Reduce Printing and Copying Supplies	This reduction is associated with a countywide policy decision being implemented to reduce the volume of printing and copying documents over a multi-year period. This was a common and recurring theme brought forward by employees as part of the Mission Savings process in Fall 2014. Agencies are being directed to review internal printing policies and reduce the use of individual desktop printers by utilizing the Multi-Functional Devices (MFDs) available throughout County buildings. In addition, agencies are being directed to reduce paper and toner consumption by only printing documents when necessary and by printing materials double-sided whenever possible.	0	0.0	\$1,100

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Title	Impact	Posn	FTE	Reduction
Streamline Procurement Process	The agency will use technology to streamline the procurement process by requiring vendors to submit electronic copies of Request for Proposals (RFP) and Invitation for Bids (IFB). This will generate savings through reduced processing, handling, and printing cost.	0	0.0	\$1,000

Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, FY 2015 Third Quarter Review, and all other approved changes through April 30, 2015.

- ◆ **Carryover Adjustments** **\$80,379**
 As part of the FY 2014 Carryover Review, the Board of Supervisors approved funding of \$80,379, including \$15,379 in unencumbered funding for the Incentive Reinvestment Initiative for employee training, conferences and other employee development and succession planning opportunities. The remaining \$65,000 is encumbered funding in Operating Expenses primarily associated with advertising costs.
- ◆ **Third Quarter Adjustments** **(\$30,000)**
 As part of the FY 2015 Third Quarter Review, the Board of Supervisors approved a net reduction of \$30,000 to generate one-time savings primarily to make a down payment on the recommended changes to the County’s reserve policies.
- ◆ **Incentive Reinvestment Initiative** **(\$7,500)**
 A net decrease of \$7,500 reflects 50 percent of the savings generated as the result of careful management of agency expenditures during the fiscal year and was returned to the General Fund as part of the FY 2015 Third Quarter Review. The remaining 50 percent was retained by the agency to be reinvested in employee training, conferences and other employee development and succession planning opportunities.

Cost Centers

DPSM is divided into four cost centers: Agency Management, Contracts, Material Management, and Procurement Support and Oversight. Working together, all four cost centers provide critical services in support of the agency’s mission.

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Agency Management

The Agency Management cost center provides financial, budget, human resources and management support to DPSM. This cost center ensures that County and FCPS procurement functions are performed in accordance with the Code of Virginia and the Fairfax County Purchasing Resolution.

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
EXPENDITURES					
Total Expenditures	\$725,610	\$596,659	\$644,538	\$615,106	\$616,543
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	7 / 7	7 / 7	7 / 7	7 / 7	7 / 7
1 Director	1	1 Management Analyst III	1	1 Administrative Assistant IV	
1 Deputy Director	1	1 Management Analyst II	2	2 Administrative Assistants III	
TOTAL POSITIONS					
7 Positions / 7.0 FTE					

Contracts

The Contracts cost center is responsible for facilitating and overseeing the timely and efficient procurement of and contracts for supplies, materials, equipment and services required for the effective operation of County government. This cost center reviews specifications, establishes terms and conditions, issues formal and informal solicitations, manages the selection process, conducts negotiations and awards and administers resultant contracts. The Contracts cost center delivers value and reduces overall cost to the County through strategic sourcing, supplier management, effective price negotiations and risk management.

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
EXPENDITURES					
Total Expenditures	\$1,300,954	\$1,472,464	\$1,477,464	\$1,516,964	\$1,520,605
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	20 / 20	21 / 21	19 / 19	20 / 20	19 / 19
1 Contracts Division Manager	7	7 Contract Specialists II	3	3 Assistant Contract Specialists	
3 Contract Specialist Supervisors	5	5 Contract Specialists I			
TOTAL POSITIONS					
19 Positions / 19.0 FTE					

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Material Management

The Material Management cost center provides material management and logistical support to County agencies. The cost center serves as the central warehouse for storage, receiving, and distribution of County property. Redistribution of excess property and sale of surplus property is also performed by the Material Management cost center.

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
EXPENDITURES					
Total Expenditures	\$479,556	\$631,772	\$621,772	\$594,560	\$596,486
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	12 / 12	13 / 13	14 / 14	12 / 12	13 / 13
1 Management Analyst III	2	Material Mgmt. Specialists III	1	Inventory Manager	
1 Material Management Supervisor	7	Material Management Drivers (-1)	1	Management Analyst II	
TOTAL POSITIONS					
13 Positions (-1) / 13.0 FTE (-1.0) (-) Denotes Abolished Position due to Budget Reductions					

Procurement Support and Oversight

The Procurement Support and Oversight cost center provides system liaison and program management support for all County and vendor users of the corporate logistics system. The cost center provides oversight and support for e-procurement programs including office supplies and procurement cards. In addition, the cost center provides management, policy development, and audits of the County's fixed asset and consumable inventories, as well as management of the surplus disposal and green procurement programs.

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
EXPENDITURES					
Total Expenditures	\$1,936,762	\$1,918,885	\$1,918,885	\$1,908,604	\$1,910,140
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	9 / 9	9 / 9	10 / 10	10 / 10	10 / 10
1 Management Analyst IV	3	Management Analysts II	1	Business Analyst II	
2 Management Analysts III	2	Management Analysts I	1	Network Telecommunications Analyst II	
TOTAL POSITIONS					
10 Positions / 10.0 FTE					

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Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate/Actual	FY 2015	FY 2016
Agency Management					
Percent of formal contractual actions awarded without valid protest	100%	100%	100%/100%	100%	100%
Percent of procurement dollars awarded to small and minority businesses ^{1,2}	NA	30%	30%/43%	40%	40%
Net surplus sales revenue – includes: online auction sales, consignment equipment and vehicle sales, direct sales and recycling proceeds	\$1,799,710	\$3,144,855	\$1,950,000/\$3,511,847	\$2,530,000	\$2,530,000
Contracts					
Processing time in days for an Invitation for Bid (IFB)	111	118	109/110	106	103
Processing time in days for a Request for Proposal (RFP)	217	256	224/239	217	211
Percentage of contracts awarded through a competitive procurement action ²	NA	93.0%	95.0%/80.1%	95.0%	95.0%
Material Management					
Percentage of annual library circulation transferred by DPSM	53%	38%	38%/62%	60%	60%
Percent of peak capacity used	NA	85%	90%/97%	90%	90%
Cost per mile	NA	NA	NA/\$0.46	\$0.38	\$0.36
Procurement Support and Oversight					
Percent of consumable items accurately tracked	100%	100%	98%/100%	99%	99%
Percent of fixed assets accurately tracked ³	98%	NA	98%/99%	98%	98%
Percent of rebates achieved relative to plan	112.3%	105.3%	100.0%/123.0%	100.0%	100.0%
Number of education and outreach activities (internal and external stakeholders). Includes publications, presentations and trainings	NA	NA	NA/102	50	50
Percent of customers indicating they considered green attributes in any purchasing decision	NA	NA	NA/NA	65%	65%
Total number of active contracts for goods and services with demonstrated environmental benefits	NA	NA	NA/45	48	49
Fiscal impact related to green procurement (savings less additional expenses)	NA	NA	NA/\$2,358,532	\$2,000,000	\$2,000,000

(1) Classification data for vendor file was incomplete.

(2) Performance measures for these indicators were not available in FY 2012 due to process changes within the agency.

(3) Inventory audits were not rated in FY 2013.

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2016/adopted/pm/12.pdf

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Performance Measurement Results

In FY 2014, DPSM successfully awarded a total of 287 contracts without a valid protest. This is a reflection of the commitment to a fair and open process in which the procurement process is conducted. Processing times for IFB/RFPs decreased by 6.7 percent from last fiscal year. However, the agency's efforts to reduce the number of days continue through their assessment of processing times for different contracts, including accountability and expectations.

The DPSM Sustainability Program, now in its fourth year, continues to yield high revenue returns through its "Reuse, Sale, Recycle" enterprise. Average surplus sales revenue for FY 2012 through FY 2014 reached \$2.8 million annually. In FY 2014, surplus sales revenue delivered a remarkable \$3.5 million. Refined bidding criteria and enhanced marketing approaches through online auctions of County surplus property and salvage materials drove the escalated sales. Growth indicators remain favorable but are predicated on County surplus and salvage availability.

In FY 2014, DPSM awarded 43 percent of procurement dollars to small and minority businesses. DPSM's outreach events provide the small business community opportunities to discuss its supply and service offerings and learn of potential procurement opportunities at the County. Frequent and meaningful engagement is critical to encouraging small business participation in the County's procurements and educating contracting specialists and buyers on the small business marketplace.

The Material Management cost center continued its support for the Fairfax County Public Library (FCPL) system, transferring close to 6.8 million library books, or 62 percent of the annual library circulation. The cost center exceeded nearly all of its goals in FY 2014 for satisfying material redistribution requests. Redistribution of material is an important cost-saving function for the County as it allows for re-use of property. The warehouse is a strategic resource for the County. DPSM continues to work with departments to achieve storage goals identified in the "Percent of peak capacity used" indicator.

The percentage of consumable inventory items accurately tracked by the Procurement Support and Oversight cost center remained at an exceptionally high 100 percent. Tracking accuracy via scored fixed asset audits resumed in FY 2014, with 99 percent accuracy achieved.