

Lines of Business

LOB #32:

LEADERSHIP AND MANAGEMENT

Purpose

The Leadership and Management LOB encompasses the role of the DPMM Director, Deputy Director and the five professional and administrative staff that support the department. *The Fairfax County Purchasing Resolution* authorizes the director of the DPMM to be the County Purchasing Agent (Chief Procurement Officer (CPO)). The DPMM Director functions as the Purchasing Agent for both Fairfax County Government and Fairfax County Public Schools under a 1968 Board of Supervisors resolution that consolidates the responsibility under a single position. The resolution charges the CPO to "carry out the principles of modern central purchasing and supply management in accordance with applicable laws and regulations..." The resolution also specifically assigns the director responsibility for "management of all supplies and equipment" including "physical accountability of consumable supplies and accountable equipment." In establishing the role and duties of the Purchasing Agent, the Board of Supervisors established the legal authority to make binding contracts and purchases on behalf of the County.

Through the CPO, stewardship of the County's \$711 million expenditures ensures that all procurements are made to ensure best value, in a fair and impartial manner, providing open access to business opportunities with the County.

Description

The Leadership and Management LOB provides direction, leadership, and oversight to the department. This includes performing the function of the Chief Procurement Officer (CPO) for Fairfax County Government and Fairfax County Public Schools. The role of the CPO is to establish County procurement policies and practices, manage risk, strengthen the procurement workforce, build supplier relationships, and advance mission performance. The CPO ensures that the County obtains high quality goods and services at a reasonable cost, in a manner that is fair and impartial, with the maximum degree of competition. The CPO works closely with County officials to establish contracts that serve to advance County goals and objectives in the most cost-effective manner possible.

The CPO establishes strategic goals for the consolidated procurement program that embrace innovative solutions and improve efficiency and savings. Through policy and procedures, the CPO works to increase competition and mitigate contract risk thus enabling the County to get the most value for each taxpayer dollar. The CPO is responsible for creating a resilient supplier base that is a seamless part of service delivery in the County. Recognizing the important role of a diverse supply chain, the CPO champions efforts to maximize procurement opportunities with small, minority and women-owned businesses.

The CPO is responsible for the *Fairfax County Purchasing Resolution*, including annual updates that reflect changes from the Code of Virginia. The CPO is actively engaged in the County's legislative process to ensure that the Board of Supervisors are well advised and that the County takes the proper action on all procurement-related legislation.

This LOB was established in 1968 under a joint resolution between the Fairfax County Board of Supervisors and the Fairfax County Public School Board. It is performed by the Director, DPMM. A total of seven full-time employees are assigned to the LOB.

Department of Procurement and Material Management

Benefits

The Leadership and Management LOB is responsible for providing leadership, oversight, and strategic direction for the County's procurement function. The County benefits from this inherently governmental activity through a centralized procurement program that aggregates requirements, establishes term contracts, and ensures best value in all purchases of goods and services. The CPO's stewardship of the County's \$711 million expenditures ensures that all procurements are made to achieve best value, conducted in a fair and impartial manner, providing open access to business opportunities with the County.

The Leadership and Management LOB aligns with the **exercising corporate stewardship** vision element. In the management of county-wide procurement practices, the LOB provides best value for all County procurements considering the overall combination of quality and price in the purchase decision. Through the Leadership and Management relationship with the DPMM LOBs, several other vision elements are associated with this LOB including: **maintaining healthy economies, practicing environmental stewardship, and creating a culture of engagement.**

Fairfax County benefits from the unique relationship we maintain with the National Association of Communities, Financial Services Center Advisory Board and the U.S. Communities Governmental Purchasing Alliance (GPA). Through our role as the lead public agency for GPA national cooperative contracts, the County leverages bulk purchasing power to get the best pricing. Revenue in the form of contract incentives are a benefit; over \$800,000 is recognized annually.

Mandates

The Code of Virginia, §15.2-414, requires the County to have a purchasing agent (functional title, Chief Procurement Officer). The County Purchasing Agent shall make all purchases for the County and its departments, officers, and agencies. This inherently governmental function is further defined in the Virginia Public Procurement Act, §2.2-4300. The procurement authority established in Fairfax County is consistent with the recommendations of the American Bar Association in the Model Procurement Code,

“All rights, powers, duties, and authority relating to the procurement of supplies, services, and construction, and the management, control, warehousing, sale, and disposal of supplies, services and construction . . . are hereby transferred to the Policy Office or the Chief Procurement Officer, as provided in this Code.” MPC Section 2-301; also see Sections 2-201 and 2-202.

The authority of the CPO and the policies under which the Leadership and Management LOB operates are codified in the *Fairfax County Purchasing Resolution*. The *Fairfax County Purchasing Resolution* establishes the role of the central procurement office and the practices the County must follow for purchases and/or contracts for all supplies, materials, equipment and services required by any department or agency of the county. The *Fairfax County Purchasing Resolution* prescribes the basic policies for the conduct of all purchasing in Fairfax County and requires all purchases of and contracts for supplies, materials, equipment, and contractual services to be in accordance with Chapter 43 of Title 2.2 of the Code of Virginia.

The position of Director, Purchasing & Supply Management Agency (now DPMM) was established by the Board of Supervisors on July 3, 1968.

Department of Procurement and Material Management

Trends and Challenges

The trends and challenges facing the Leadership and Management LOB encompass issues raised in the other DPMM LOBs including:

- **Procurement Technology:** To leverage the County's investment in the FOCUS system, DPMM believes that strategic sourcing solutions must be integrated into the system to support the procure-to-pay model, providing opportunities for cost reduction, supply base resizing, e-commerce, and management of contract spend. The most significant challenge on the horizon is keeping pace with the expansion of e-commerce into almost every aspect of DPMM's business. E-commerce is growing in depth and breadth of usage, as well as, in technical sophistication.
- **Material Management Technology:** The growing complexity and dynamism of supply chains requires the use of a technology solution for inventory management and delivery tracking. Future efficiency gains in County logistics cannot be attained without the benefit of a technology solution to improve the collaborative use of warehouse space and trucks. An investment in an inventory / delivery management system will provide the foundation for shared use of warehouse space and equipment with other County departments. Efficiencies can be attained by improving services levels, demand management through the use of predictive data, and transportation management.
- **Sustainable Purchasing:** Sustainable purchasing is a concept that entails integrating social and environmental objectives into the procurement process as a means to reduce the county's environmental footprint, leverage social benefits and foster a sustainable economy. Within resource constraints, DPMM will continue to build the sustainable purchasing initiative to produce savings, improve vendor relationships, and build a resilient supply chain.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #32: Leadership and Management			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$504,303	\$534,078	\$572,295
Operating Expenses	221,307	45,979	44,248
Total Expenditures	\$725,610	\$580,057	\$616,543
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$725,610	\$580,057	\$616,543
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	7/7	7/7	7/7
Total Positions	7/7	7/7	7/7

Department of Procurement and Material Management

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Percent of procurement dollars awarded to small, woman and minority owned businesses	30%	43%	44%	40%	44%
Department Revenues	\$5,593,797	\$6,362,366	\$5,086,573	\$5,374,627	\$5,600,120

Percent of Procurement Dollars Awarded to Small, Woman and Minority Owned Businesses

Fairfax County is committed to developing a sustainable supply chain by maximizing business opportunities with small, woman and minority (SWaM) owned businesses. Many SWaM vendors are also local businesses, so expenditures with this supplier category serve to retain tax dollars in the local economy. Through the County's SWaM outreach and education program, we create a level playing field for competition for County contracts and help remove barriers that affect participation in government contracting.

The percent of procurement dollars awarded to SWaM businesses in FY 2015 was more than 44 percent. This is expected since DPMM's goal is to maintain a diverse business portfolio that helps maintain healthy economies. This includes managing the percent of procurement dollars awarded to SWaM businesses in the 40 to 49 percentile range.

Department Revenues

DPMM is the lead public agency for four national contracts under the U.S. Communities Government Purchasing Alliance. While serving as the contract administrator for a national agreement entails additional responsibilities, the County benefits from the incentive revenue that is linked to contract performance. The County also receives substantial rebate revenue from the procurement card and office supply contracts. This means that DPMM is able to offset a percentage of procurement operations. Contract rebates and incentives produced over \$3 million in FY 2015 of the \$5 million total revenue. In FY 2015, the web-based auction services for redistribution and sale of County and Fairfax County Public Schools excess and surplus property produced \$2 million in revenue. The three year average for surplus sales revenue has grown to more than \$2.8 million.