

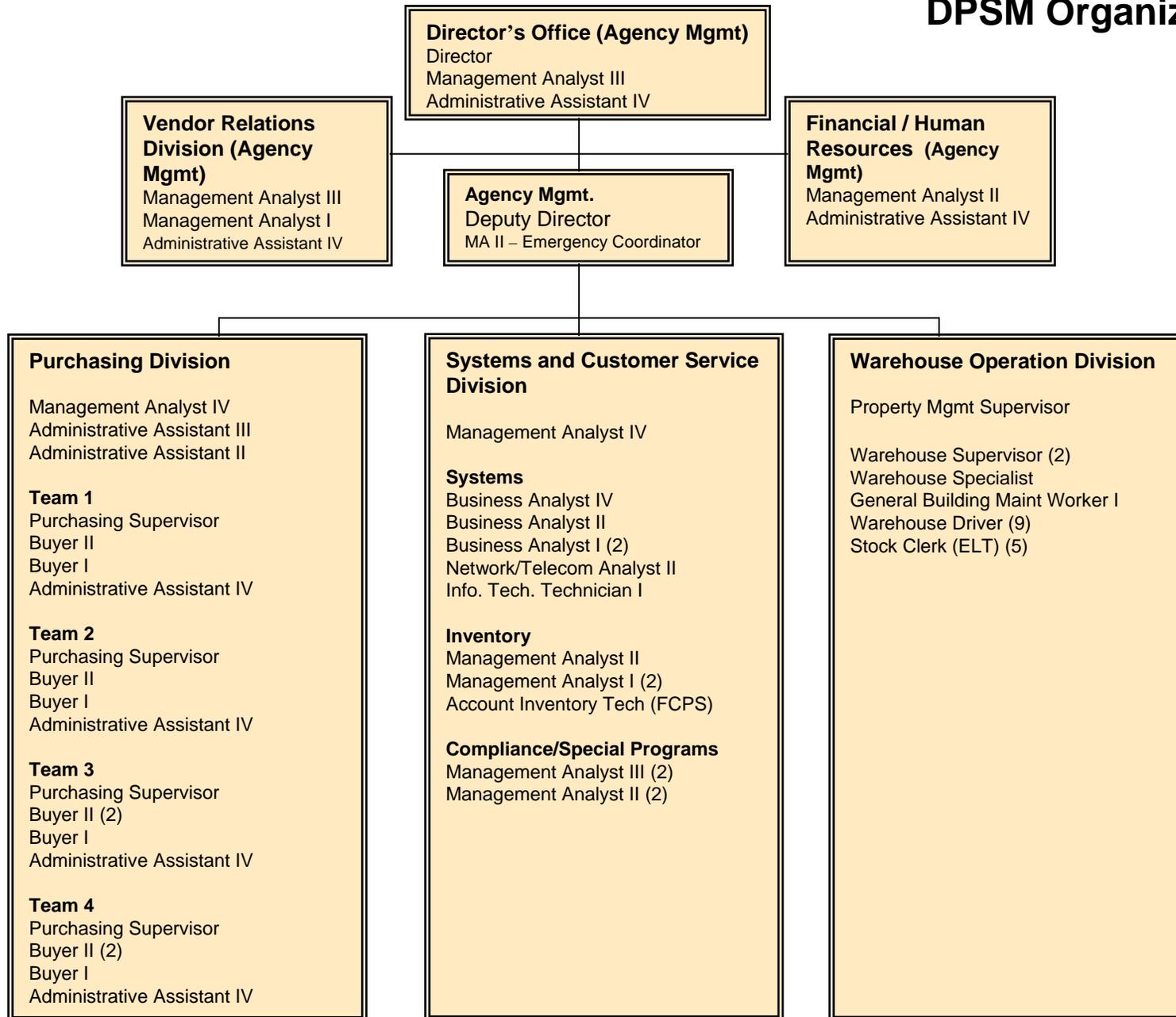
Department of Purchasing and Supply Management



FY 2010 LOBS Presentation

December 1, 2008

DPSM Organizational Chart

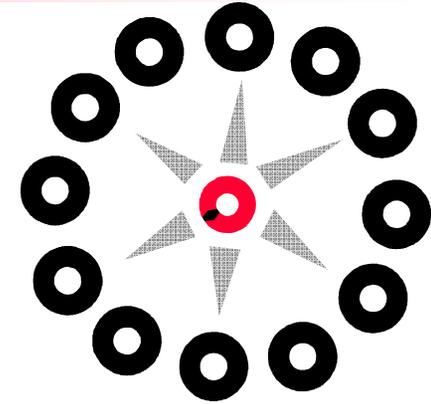


Agency Mission



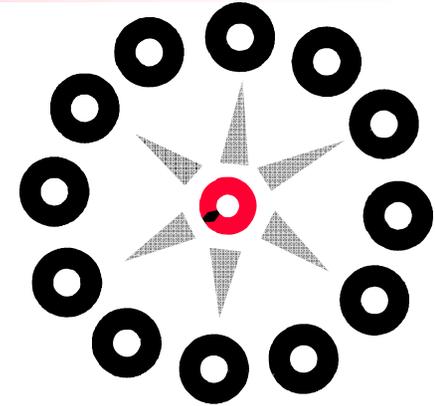
- ◆ The Department of Purchasing and Supply Management is committed to providing the resources that establish the foundation for quality service to the community.

DPSM Overview



- ◆ Central service department with 59 employees
 - Procurement professionals
 - Material management professionals
 - Management staff
 - Support staff
 - Systems support staff
- ◆ Deliver innovative, responsive, and accountable public procurement services to Fairfax County government and public schools
 - Per Fairfax County Purchasing Resolution, act as County Purchasing Agent
- ◆ A balanced approach to procurement
 - Large dollar, complex procurements are centrally performed by DPSM's highly trained professional procurement staff
 - Small dollar, less complex purchases are delegated to using agencies
 - Retain control through workflow approvals and post activity audits
 - Pareto rule generally 80/20 – in county practice 90/10
 - Recognized best practice – centralized control with delegated authority

DPSM Overview



- ◆ Leverage benefits of cooperative procurement
 - Lowers commodity prices and administrative costs
 - Lead jurisdiction for contracts developed with local, regional and national cooperative partnerships
 - Metropolitan Washington Council of Governments – heating oil
 - Developed nationwide U.S. Communities contracts for office furniture, technology and homeland security solutions
- ◆ DPSM warehouse provides material management and logistical support for the county
 - Traditional tasks such as receiving, storage, pick up and delivery of goods and equipment
 - Additional non-traditional tasks
 - Logistical support for FCPL’s annual 13.1 million unit circulation
 - Management of county showmobiles
 - SACC Program Support
 - Storage and delivery of voting machines
 - Archive transportation
 - Emergency planning and response

Agency Growth Since FY 2001



◆ Growth in Expenditures:

- FY 2001: \$3.54 million - FY 2009: \$5.56 million
- Increase of \$2.02 million or 57%
 - an average annual increase of 5.81%
 - half (\$1M) of total growth is DIT charge for corporate procurement system
 - remainder of growth due to Pay for Performance increases and additional program responsibilities such as takeover of the Department for Administration for Human Services warehouse

◆ Growth in Positions/Staff Year Equivalency (SYE):

- FY 2001: 59/59.0 - FY 2009: 59/59.0
- Program/volume growth managed through redesign not duplication of roles

◆ Growth in Corporate System Charges

- FY 2001: \$0.2 million - FY 2009: \$1.2 million
- Charge increased \$1 million or 500% in 8 year period
- FY 2008, corporate system charges = 81% of Character 30 expenditures

Agency Growth Since FY 2001



◆ Increased procurement volume

- Total \$ volume increase – 62%
 - FY 2001: \$390 M - FY 2008: \$630 M
- Small, minority and woman-owned business \$ volume increase - 125%
 - FY 2002: \$125 M - FY 2008: \$281 M

◆ Increased contract complexity

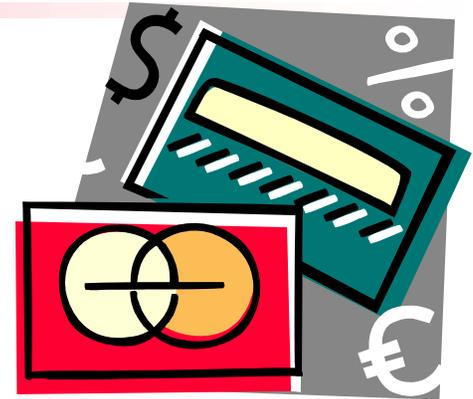
- Drives increase in professional staffing levels
- Shift in customer demand from contracts for goods and basic services to contracts for more complex services, equipment and systems
- Shift from Invitation to Bid (IFB) to Request for Proposal (RFP)
 - IFB
 - Award based primarily on price
 - Contract administration straightforward, short-term
 - RFP
 - Utilizes competitive negotiation
 - Award based on combination of factors
 - Contract administration more involved, lasts longer
- Ratio of IFB/RFP – FY 2001: 3/1 - FY 2008: 1.5/1

Agency Growth Since FY 2001



- ◆ **Increases in service requirements for material management programs**
 - Examples
 - Increased volume in library materials distribution
 - FY2008 DPSM transported 6.4 M books to and from 24 library locations
 - Estimate volume almost doubled since FY 2001
 - Increased support for popular programs offered to the public by Parks, Community and Recreation Services, and Dept of Family Services
 - Increased role in emergency preparedness and response

New Programs Since FY 2001



- ◆ eVA – Virginia’s e-procurement portal
- ◆ Procurement Training
 - To support new tools (i.e., procurement card)
 - To support delegated procurement (i.e., Purchasing 101)
- ◆ Takeover of DAHS warehouse operations– streamline county operations of warehouse functions
 - Mgmt of showmobiles (mobile stage and sound system)
 - RecPac/TRS/increased SACC Support
- ◆ Audit of delegated procurement activities
- ◆ Green procurement initiative
- ◆ Leveraging technology
 - Virtual Contract File
 - Contract Register
 - Right Fax
 - iCASPS

Agency Strategic Focus



- ◆ **Strategic Focus** – As a central service department, DPSM's strategic focus is to provide professional procurement and contract support to our customer departments, including Fairfax County Public Schools, so that they have the equipment, supplies and contract services they require to provide world class service to the citizens of Fairfax County. We strive to offer fair and equitable opportunities to the business community to participate in the county's procurement process and we foster strategic business partnerships with our vendors.
- ◆ **Strategic Planning & Balanced Scorecard** – Using feedback from the annual DPSM Customer Satisfaction Survey, as well as input from department staff, the DPSM strategic plan has been reviewed and revised annually since its initial development. The balanced scorecard exercise challenged the department to refine existing performance metrics and develop several new measures that better fit the framework of the Balanced Scorecard and provide more meaningful data.

Agency Strategic Focus



◆ Challenges –

- Customer desire for reduced procurement lead time and streamlined contract development
- Shift from traditional competitive bidding to more complex competitive negotiations resulting in increased workload before and after contract is formed
- Increased demand for electronic access to purchasing and contract documents and data
- Increased importance of vigorous oversight due to growth of delegated procurement tools, such as the small purchase order and the procurement card
- Increase in volume of library materials transported
- Increased need for emergency logistical planning

LOBS Summary Table:

FY 2008 Adopted Budget Plan Data

Number	LOB Title	Net LOB Cost	LOB Number Of Positions	LOB SYE
12-01	Central Purchasing and Contracting for County and Schools	\$2,176,510	28	28.0
12-02	Supplier Diversity Program	\$244,665	3	3.0
12-03	Warehouse Operations	\$659,063	14	14.0
12-04	Procurement Assistance and Compliance	\$516,974	7	7.0
12-05	Agency Management	\$550,541	7	7.0
TOTAL *		\$4,147,753	59	59.0

* Position number has been updated since the FY 2008 LOBs submittal to reflect positions assumed as a result of the DPSM/DAHS warehouse consolidation in January 2008.

LOBS Highlights:



LOB 12-01: Central Purchasing and Contracting for County and Schools

◆ **What We Do:**

- Solicit and award contracts - FY 2008: 644
- Perform post-solicitation contract administration— FY2008: 2,700
- Provide training and support to delegated agency purchasers and contract managers
- Participate in and promote cooperative procurement as a way to lower commodity prices and administrative costs
- Provide systems support for the county and schools mainframe procurement system, which processes approximately 76,000 procurement documents a year.

◆ **Who We Serve:**

- All county agencies and departments, including FCPS

LOBS Highlights:



LOB 12-01: Central Purchasing and Contracting for County and Schools

◆ **Why We Do It:**

- In accordance with the Fairfax County Purchasing Resolution, act as the central purchasing authority for Fairfax County.
- Comply with the Virginia Public Procurement Act

◆ **Benefits and Value of LOB:**

- Nationally recognized best-practice model (Central control/delegated transactions):
 - Creates dollar savings by combining requirements to take advantage of economies of scale
 - Decrease legal and business risk by assuring compliance with applicable statutes and best procurement practices
 - Streamline purchasing process by delegating low risk, low dollar value purchasing to agency level where it can be accomplished in the most timely manner
 - Maintain public trust by upholding competitive principles and assuring equal access to procurement opportunities
 - All PO's over \$10K require DPSM approval
 - Minimize incidence of vendor protests
 - With over 4,000 formal contract awards, only 4 valid protests since FY 2003

LOBS Highlights:

LOB 12-02: Supplier Diversity Program



◆ What We Do:

- Support the Board of Supervisors Small Business Enterprise Program to increase small, minority, and woman-owned business participation in county procurement activities
 - % of county procurement dollars awarded to SWaM businesses
FY 2002: 29.0% - FY 2008: 45.5%
- Provide outreach and education to vendor community
- Develop partnerships with vendor community that mutually benefit county and vendor groups

◆ Who We Serve:

- Vendor community, including, but not limited to small, minority, and woman-owned businesses

◆ Why We Do It:

- Support the Board of Supervisors Small Business Enterprise Program

◆ Benefits and Value of LOB:

- Provide equal access to purchasing opportunities to vendor community
- Develop vendor interest in county procurement promoting increased competition
- Provide opportunities to grow local businesses and promote economic health of the region
- Increase supplier base

LOBS Highlights:

LOB 12-03: Warehouse Operations



◆ What We Do:

- Perform a wide range of logistical support for the county, including centralized receiving, distribution, pick up and storage of materials and equipment
- Provide logistical support for SACC, RecPac, and other community programs which operate throughout the year, including delivery, collection, assembly and storage of materials for almost 200 sites.
- Provide logistical support for FCPL's - 24 sites/6.4 million books
- Reallocation and disposal of excess and surplus property
 - Replacement costs avoided by redistribution of excess property = \$384K in FY 2008
- Schedule and deploy 2 county Showmobiles
 - 105 deployments for CY 2008 season
- Emergency operations support on local, regional, and state levels
 - 9 trucks, 200,000 square feet of storage, material handling equipment and operational and support personnel

LOBS Highlights:

LOB 12-03: Warehouse Operations



◆ Who We Serve:

- County departments

◆ Why We Do It:

- To provide centralized material management support for the county in accordance with Article 6 of the Fairfax County Purchasing Resolution

◆ Benefits and Value of LOB:

- Centralized warehouse operations, including transportation and storage, is an efficient way to provide county agencies with the logistical support they need rather than each department performing or procuring their own logistical support
- Assure emergency logistical response capacity is available when needed by the county. Ensure the county retains control over critical emergency response assets.
- Promote environmentally responsible and legally compliant disposal by centralizing disposal of county property
- Maximize potential for resource recovery and redistribution of excess county property

LOBS Highlights:

LOB 12-04: Procurement Assistance and Compliance



◆ **What We Do:**

- This LOB encompasses DPSM's structured customer service and oversight programs.
- Review customer procurement to confirm compliance with county policy, adequate fiscal controls and efficient practices
- Manage, track and verify over \$.5 billion in county and schools fixed assets, maintaining accountability for county property and supporting asset figures for CAFR.
- Verify that sound inventory management procedures are employed by county agencies to maintain the accuracy and accountability of the county's 17 consumable inventories

◆ **Delegated procurement for FY 2008**

- P-card transactions – 177,000
- Office Depot orders – 58,000
- Small Purchase orders – 18,000
- Blanket Purchase Calls – 21,000
- TOTAL = Approximately 275,000 delegated transactions

LOBS Highlights:

LOB 12-04: Procurement Assistance and Compliance



◆ Who We Serve:

- County departments

◆ Why We Do It:

- To ensure delegated procurement activities are conducted in accordance with applicable policies, procedures, statutes, etc.
- Maintain control over county property including fixed assets and consumable inventory
- Ensure integrity of data provided for county financial statements

◆ Benefits and Value of LOB:

- Under the county's centralized/decentralized model, a large number of procurement transactions are carried out in a decentralized manner by customer departments. However, responsibility for the proper execution remains with DPSM. This LOB provides both customer support and customer oversight to ensure proper execution of delegated authority.

LOBS Highlights:

LOB 12-05: Agency Management



◆ What We Do:

- Provide strategic planning and leadership, managerial oversight and administrative support to DPSM.
- Director serves as Purchasing Agent for the Board of Supervisors and the Fairfax County Public School Board.
- Provides fiscal and personnel support for the department's 59 employees.
- Manages procurement related training programs

◆ Who We Serve:

- All county departments, including FCPS, and DPSM employees

◆ Why We Do It:

- To ensure effective management of county's procurement function

◆ Benefits and Value of LOB:

- Provide sound leadership and management of the department.
- Perform required support tasks so that operational staff can focus on professional tasks
- Connect to local, regional and national organizations to stay current with trends and best practices

Agency Reduction Priorities

Reduction Philosophy



- ◆ Maintain compliance with legal mandates
 - Virginia Public Procurement Act
 - Code of Virginia regarding property disposal

- ◆ Focus on the core DPSM responsibility to provide customer departments with the procurement and contract support they require to carry out operations.

- ◆ Leverage existing resources in operational departments, partner organizations, and the vendor community to provide services DPSM will no longer be able to provide due to budget cuts.

- ◆ Balance increased risk of further delegation by maintaining strong oversight and training programs.

Agency Reduction Priorities

Reduction Summary

Priority	Reduction Description	Positions	SYE	Net Reduction	
1	Eliminate Gen Bldg Maint Worker I	1	1.0	\$46,892	
2	Eliminate pick and delivery of library books for FCPL patrons	5	5.0	\$300,523	6%
3	Eliminate Showmobile operations	0	0.0	\$73,511	
4	Eliminate Emergency Coordinator	1	1.0	\$68,087	
5	Downsize and reorganize Vendor Relations Division	2	2.0	\$149,153	11%
6	Eliminate AAIV-Finance Clerk	1	1.0	\$49,094	
7	Eliminate AAll-Distribution Function	1	1.0	\$47,468	
8	Eliminate Contract Specialist II	1	1.0	\$68,087	
9	Eliminate IT Technician I	1	1.0	\$58,495	15%
TOTAL REDUCTION		13	13.0	\$861,310	

LOBS Reduction Impact

Reduction 1: Eliminate General Building Maintenance Worker I

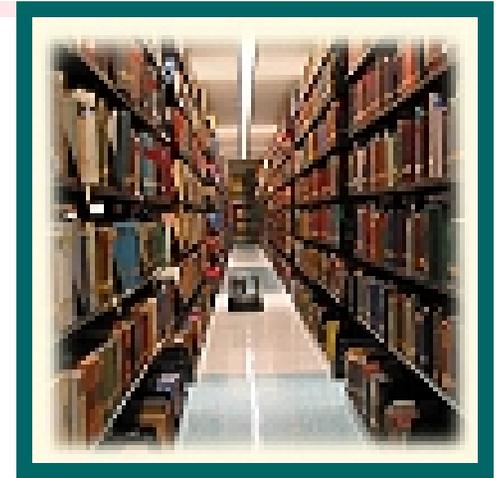


LOB #: 12-03 – Warehouse Operations

- ◆ **\$46,892 Reduction, 1/1.0 SYE**
- ◆ This position was transferred to DPSM as part of DPSM's assumption of DAHS warehouse operations in January, 2008.
- ◆ Efficiencies generated by merging DAHS warehouse operations with DPSM warehouse operations, and the subsequent closing of the DAHS repair shop, has made this position redundant.
- ◆ Staff Reduction = 1/14 (Additional 5 eliminated as priority #2)

LOBS Reduction Impact

Reduction 2: Eliminate pick up and delivery of library materials for FCPL patrons



LOB #: 12-03 – Warehouse Operations

- ◆ **\$300,523 Reduction, 5/5.0 SYE**
- ◆ Reduction = 4 Drivers, 1 Warehouse Specialist, operational expenses
- ◆ DPSM currently transports 6.4 million of FCPL's 13.1 million annual circulation. Employing 4 trucks and drivers, DPSM makes daily trips to each of the county's 24 libraries.
- ◆ With this reduction, library patrons would pick up and return materials to the library where the materials are shelved.
 - DPSM will continue to support delivery of new acquisitions from FCPL's central technical operations center to the 24 individual libraries
- ◆ This reduction will impact FCPL's collection management strategy.
- ◆ Eliminating 4 of 9 trucks and 5 of 14 warehouse employees dramatically reduces the county's emergency response capabilities
- ◆ Reduced support for excess property and freight operations

LOBS Reduction Impact

Reduction 3: Eliminate Showmobile Operations

LOB #: 12-03 – Warehouse Operations



- ◆ **\$73,511 Reduction, 0/0.0 SYE**
- ◆ Personnel support for the showmobile program is currently accomplished through overtime of county personnel and minimal ELT hours
- ◆ Showmobile (mobile stage and sound system) does not operate on a cost recovery basis. (No revenue was collected in CY 2008.)
 - County departments and county-based non-profits - no charge
 - County-based businesses - \$600/day
 - Non-county based users - \$1400/day
- ◆ Showmobile rentals available locally from commercial sources or other local governments
 - Arlington County fee structure
 - County sponsored use – no fee
 - Arlington county non-profits - \$1420 per day
 - Other users - \$1920 per day
- ◆ Elimination of this function would have no impact on primary function of Warehouse Operations.

LOBS Reduction Impact

Reduction 4: Eliminate Emergency Coordinator



LOB #: 12-05 – Agency Management

- ◆ **\$68,087 Reduction, 1/1.0 SYE**
- ◆ Eliminates a Management Analyst II position that provides support for DPSM's participation in various emergency response planning activities. Activities will be absorbed by other staff members.
- ◆ Reduces participation in county, state and regional emergency planning and readiness. Reduces county participation in NIGP PREP program.
- ◆ Staff Reduction = 1/1

LOBS Reduction Impact

Reduction 5: Downsize and reorganize Vendor Relations Division



LOB #: 12-02 – Supplier Diversity Program

- ◆ **\$149,153 Reduction, 2/2.0 SYE**
- ◆ Eliminate 2 of the 3 positions that comprise DPSM's Vendor Relations Division (Management Analyst III and Administrative Assistant IV). Move function and remaining Management Analyst I to Contracts Division.
- ◆ Curtail SWaM outreach, supplier and end-user training
- ◆ May result in reduced SWaM participation in county procurement
- ◆ Program continued on smaller scale. Will continue to:
 - Evaluate requirements for SWaM participation potential
 - Track SWaM metrics
 - Promote customer use of eVA
 - Participate in limited outreach opportunities
 - Partner with county end users and SWaM advocate organizations to provide basic training and outreach
- ◆ Reduction = 2/3

LOBS Reduction Impact

Reduction 6: Eliminate Fiscal Clerk - Administrative Assistant IV

LOB #: 12-05 – Agency Management

- ◆ **\$49,094 Reduction, 1/1.0 SYE**
- ◆ This position acts as DPSM's fiscal assistant, processing revenue and expenditure documents and performing HR tasks. Duties will be absorbed by other staff members.
- ◆ Eliminate capacity to assist other agencies with temporary purchasing help.
- ◆ Decreased capacity for separation of duties in departmental financial processing.
- ◆ Increased workload for agency management staff, reducing their capacity to support the director and other management tasks.
- ◆ Staff Reduction = 1/3



LOBS Reduction Impact

Reduction 7: Eliminate Distribution Function – Administrative Assistant II



LOB #: 12-01 – Central Purchasing and Contracting for County and Schools

- ◆ **\$47,468 Reduction, 1/1.0 SYE**
- ◆ Incumbent performs quality review and distribution for all contract documents. Quality review includes review of critical technical and legal elements for each document. Workload will be assumed by Assistant Contract Specialists for each procurement team.
- ◆ Reduced quality control of mission-central contract documents
- ◆ Increased workload for buying teams results in decreased capacity for customer support and decreased service levels.
- ◆ Will lengthen contract processing time by up to 2 days
- ◆ Staff Reduction = 1/1

LOBS Reduction Impact

Reduction 8: Eliminate Contract Specialist II

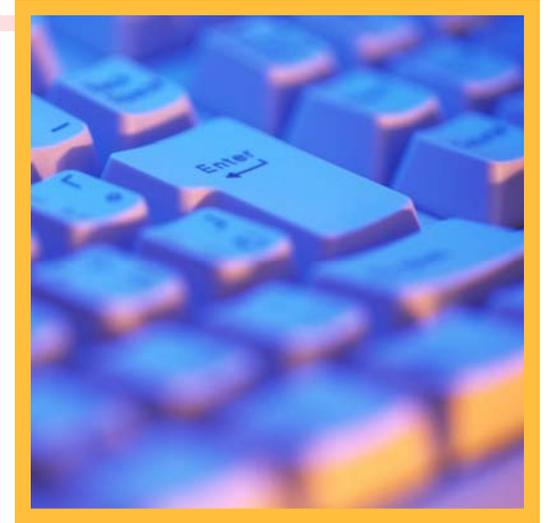
LOB #: 12-01 – Central Purchasing and Contracting for County and Schools

- ◆ **\$68,087 Reduction, 1/1.0 SYE**
- ◆ This position is a senior level procurement professional
- ◆ The reduction will diminish DPSM's capacity for professional procurement consultation and contract development for high dollar value acquisitions and major contracts
- ◆ Reduced participation by SWaM businesses may occur as a result of bundling contracts
- ◆ Reductions in contract development and contract administration due to budget cuts to operational departments may diminish loss of SYE.
- ◆ Recommend raising procurement card single purchase limit and eVA purchase limit to mitigate customer impact
- ◆ Staff Reduction = 1/6



LOBS Reduction Impact

Reduction 9: Eliminate IT Technician I from Systems Support Team

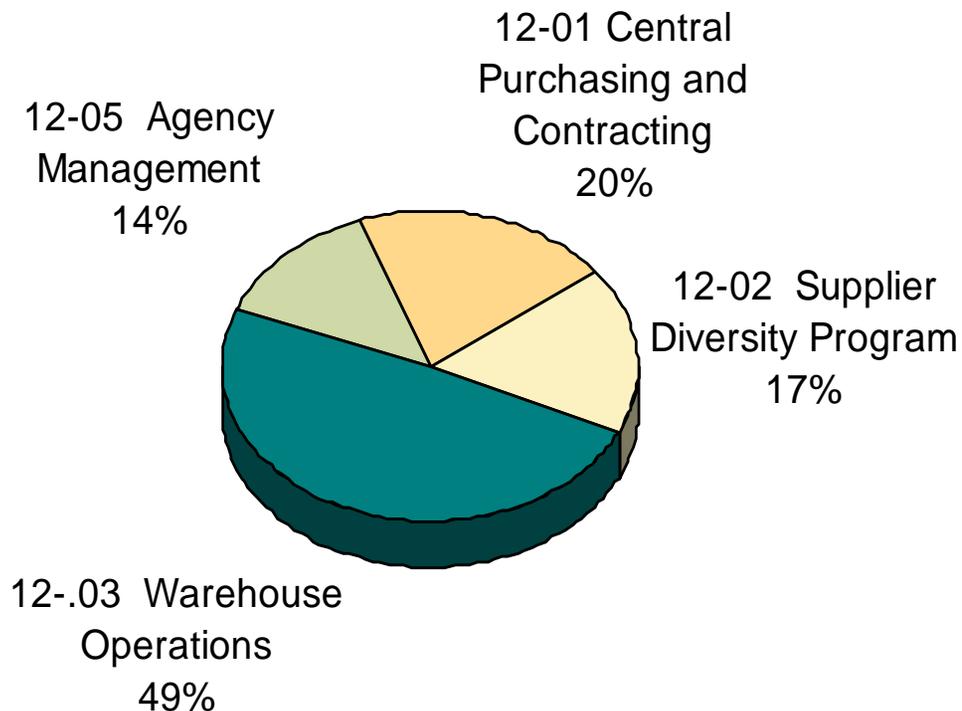


LOB #: 12-01 – Central Purchasing and Contracting for County and Schools

- ◆ **\$58,495 Reduction, 1/1.0 SYE**
- ◆ This position provides technical support for contracts
- ◆ Elimination will reduce service levels to agency customers as remaining members of the Systems Support team assume the responsibilities of this position.
- ◆ Office Depot user administration and “help desk” support will be severely eroded.
- ◆ Delayed updating of county solicitation and contract web pages

Agency Reduction Priorities

Reductions by LOB



Note: There are no reductions proposed for LOB 12-04 Procurement Assistance and Compliance

Questions and Answers

