

Department of Procurement and Material Management

LOB #34:

MATERIAL MANAGEMENT

Purpose

The Material Management LOB, working from the Springfield Warehouse, serves as the central receiving and distribution point for supplies and equipment and provides short and long-term storage for all County departments. The Springfield Warehouse is used for storage of customer owned inventory to include items such as forms, program supplies, art supplies, and voting equipment. From this facility, Material Management LOB staff transport, sort and re-deliver Fairfax County Public Library books. The Material Management LOB manages the County's excess and surplus property program ensuring best use disposition (redistribution, recycling, sale, or disposal). The Material Management LOB has a vital role in emergency response at the local, state and regional levels.

Description

The Springfield Warehouse tenants include Fairfax County Public Schools (FCPS), DPMM, Fire & Rescue Department (FRD), Archives, Department of Public Works and Environmental Services, Office of Elections, and the Health Department. The County's footprint within the Springfield Warehouse is approximately 136,000 square feet of the 750,000 square foot facility. The County and FCPS operate separate and distinct operations under separate management, although collaboration is promoted.

Within the Springfield Warehouse, DPMM operations use approximately 43,000 square feet to provide logistical support to County programs as detailed below:

- **Fairfax County Public Library**: Library book collection and distribution is the largest distribution activity for the Material Management LOB. An average of 300 bins of books are collected, sorted, and delivered each day, equaling over 4 million books per year. Books for renovated facilities are stored and are delivered to the appropriate facility upon completion. Books for Friends of the Library are stored and delivered to the appropriate facility for their sale of books to the public.
- **Office of Elections**: The voting equipment is securely stored and managed based on mandates from the Commonwealth of Virginia. Up to 750 machines and apparatus are stored, delivered, and retrieved for each election for the Office of Elections. Prescribed chain-of-custody procedures ensure integrity of the equipment and ballots.
- **Department of Information Technology Paper Inventory**: The Material Management LOB receives, stores, and delivers all bulk paper to meet the daily operational requirements for the Department of Information Technology (DIT) data center.
- **Print Shop**: The Material Management LOB picks up completed materials from the County Print Shop and makes delivery to all County agencies.
- **Office for Children**: – Receiving and distribution of School Age Child Care program material for both school year and summer programs.
- **Fairfax County Park Authority**: – Receiving and distribution of RecPac summer program supplies. Non-consumable items, such as athletic equipment, are stored between program sessions.
- **Storage of Consignment Stock**: The Material Management LOB stores material for various County agencies that are purchased in bulk and for which the user agency does not have the necessary storage space.
- **Management of Excess and Surplus Property**: This activity includes pick-up, storage, transfer and/or redistribution, and the sale of excess and surplus property from all County agencies. Auctions are advertised, conducted, and monitored by County staff using an on-line auction website and generated \$1.98 million in revenue in FY 2015. The types of items include electronics, fleet vehicles, and furniture

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Benefits

The programs in this LOB benefit both internal and external customers and are primarily tied to two of the County's vision elements.

- The Library Book Distribution Program is an internal service that demonstrates our commitment to **corporate stewardship** by using collaborative logistics with Fairfax County Public Libraries in order to reduce the cost of transporting books, maximizing the collection, and reducing the cost to citizens.
- General distribution and storage is an internal service that demonstrates our commitment to **corporate stewardship** by using collaborative logistics with FCPS and FRD in order to reduce cost of transporting materials and equipment countywide. The Material Management LOB is responsible for the County's consumable inventory program encompassing 10 stock rooms and warehouses and 7,845 stock line items. By consistently operating at 97 percent of peak capacity, the Springfield Warehouse under DPMM operations saves the County \$516,000 in cost avoidance relative to market rates for warehouse leasing.
- Management of the Excess and Surplus Property Program is an internal and external service that focuses on mitigating environmental impacts of material disposal by seeking to maximize re-use, redistribution, and revenue of the County's excess and surplus property, thus sustaining the commitment to **corporate stewardship** and **environmental stewardship**.
- The Materials Management LOB also supports Emergency Efforts as an internal and external service that focuses on distribution and storage of emergency materials and equipment in emergency situations. This supports our commitment to **corporate stewardship** and **environmental stewardship** by ensuring efficient and effective distribution and storage of emergency supplies. The programs in this LOB benefit both internal and external customers and are primarily tied to two of the County's vision elements.

Mandates

The Code of Virginia, §15.2-414, which establishes the County Purchasing Agent, attaches the authority for the transfer of supplies, materials, and equipment, and sell surplus equipment, materials and supplies not needed by, the departments, officers, and agencies of the County.

The Fairfax County Purchasing Resolution, Article 6, Supply Management mandates responsibility for the following functions in this LOB:

- Consumable inventory management
- Operation of the Springfield warehouse
- Excess and surplus property and inventory

The Electoral Board, General Registrar and Clerk of Court are responsible for establishing and maintaining security of ballots and elections equipment before and after each election, in accordance with Code of Virginia, §§24.2-625.1 and 24.2-668. The Material Management LOB serves as the custodian of the elections equipment at all times, except when the equipment is deployed during an election.

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Trends and Challenges

The trends and challenges for the Material Management LOB are consistent with those in private sector warehousing and transportation operations. Warehousing is increasingly viewed as a sub-process of the end-to-end supply chain. County departments, responding to commercial sector practices, are expecting more value-added services such as tracking and heightened responsiveness to storage and transportation needs. 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 this LOB cannot be attained without the benefit of a technology solution to improve the collaborative use of space and trucks. An investment in an inventory / delivery management system will provide the foundation for shared use of space and equipment with the FRD and FCPS. Efficiencies can be attained in improving service levels and demand management through the use of predictive data, and transportation management.

Staffing in the Material Management LOB has been relatively stable. As the drivers reach retirement age, recruitment may be a challenge. The American Trucking Association recently reported an industry shortfall of 35,000 to 40,000 drivers. Demographics are an underlying factor, the driver workforce is getting older and younger Americans are showing less interest in a career as a driver.

The Material Management LOB has realized great success in maximizing revenue from County surplus. It should be noted that the declining and unpredictable supply of excess and surplus inventory may flatten revenue. Low fuel pricing, predicted for the next year, will allow the freight operations to perform at a cost effective level.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #34: Material Management			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$600,020	\$614,350	\$704,961
Operating Expenses	168,339	208,670	180,328
Work Performed for Others	(288,803)	(288,803)	(288,803)
Total Expenditures	\$479,556	\$534,217	\$596,486
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$479,556	\$534,217	\$596,486
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	12 / 12	14 / 14	13 / 13
Total Positions	12 / 12	14 / 14	13 / 13

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Net surplus sales revenue	\$3,144,855	\$3,511,847	\$1,984,046	\$2,180,000	\$2,400,000
Percent of books transferred within one working day	100%	100%	100%	100%	100%
Peak warehouse capacity used	90%	97%	97%	97%	97%

Net surplus sales revenue

Revenue is generated through the auctioning of surplus property. Auctions are advertised, conducted, and monitored by County staff using an on-line auction website and generated \$1.98 million in revenue in FY 2015. The types of items include electronics, fleet vehicles, and furniture. Factors that impact the amount of revenue collected is the number of items sold and the type of items sold. The sales of a helicopter in FY 2013 and FY 2014 greatly impacted the amount of revenue generated.

Percent of books transferred within one working day

Library book collection and distribution is the largest distribution activity for the Material Management LOB. An average of 300 bins of books are collected, sorted, and delivered each day, equaling over 4 million books per year. Books for renovated facilities are stored and are delivered to the appropriate facility upon completion. The goal is to continue transferring all books received within one business day.

Peak warehouse capacity used

The Material Management LOB stores customer owned inventory (both bulk and item level) for various County agencies for which the user agency does not have the necessary storage space. By consistently operating at 97 percent of peak capacity, the Springfield Warehouse under DPMM operations saves the County \$516,000 annually in cost avoidance relative to market rates for warehouse leasing. It is anticipated that the facility will continue to operate near or at capacity for the foreseeable future due to several extraordinary requirements such as the renovation of two Fairfax County Public Libraries and the closure of the public safety building.