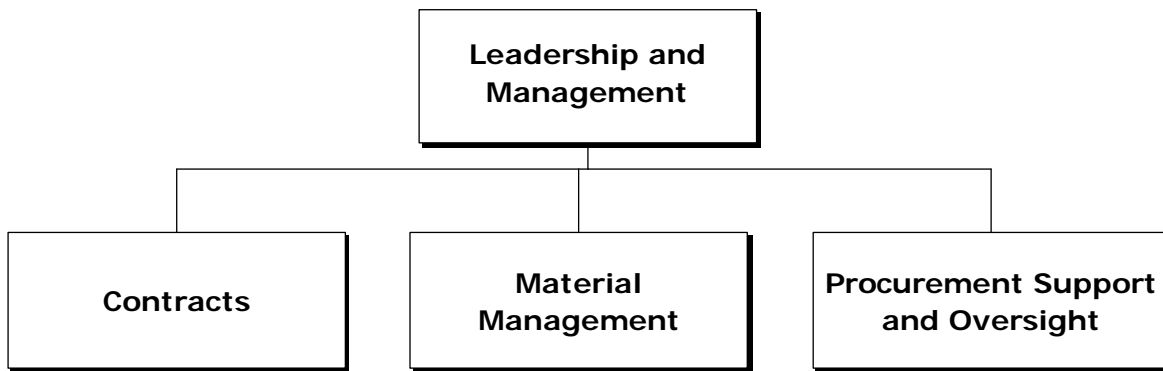


Department of Procurement and Material Management



Mission

The Department of Procurement and Material Management (DPMM) 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 2014	FY 2015	FY 2016
1. Quantity of formal contractual actions	287	320	404
2. Quantity of active contracts	2,377	2,308	2,237
3. Quantity of books transferred (in millions) ¹	6.8	4.1	3.0
4. Quantity of excess and surplus items	7,883	8,205	5,941
5. Total dollars spent using the p-card (County + Fairfax County Public Schools) (in millions)	\$94.8	\$98.0	\$100.0

¹ The FY 2016 decrease in Quantity of books transferred is primarily due to the utilization of floating circulation by the Fairfax County Public Library beginning in FY 2015 which resulted in the decrease in book transfers.

The Department of Procurement and Material Management (DPMM) 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 Leadership and 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 is working to reduce the number of contracts managed and administered through requirements consolidation and development of strategic sourcing.

Department of Procurement and Material Management

In FY 2016, through the work of the Procurement Support and Oversight Division, the department's Supplier Diversity Program reported approximately \$273 million or 43 percent of procurement dollars to small, minority- and women-owned (SWaM) businesses. The division also administers the County's robust procurement card and office supply programs. The procurement card program has been operational for almost two decades and handled 122,000 transactions in FY 2016, totaling \$54 million spent for the County, a slight increase from FY 2015. The office supply program highlights the County's commitment to sustainable procurement, with just over 45 percent of office supplies purchased identified as green or containing recycled content.

The Contracts Division supports County operations by managing more than 2,200 active contracts requiring an average of more than 106 formal contractual actions per contract specialist. In recent years, the number of active contracts has been reduced through a concerted effort to utilize cooperative procurements. Unlike many peer organizations, DPMM is able to offset the cost of procurement operations through revenue programs. Contract rebates and incentives produced over \$3.1 million in FY 2016.

The core mission of the Material Management Division is to provide material management and logistical support to County agencies. The division manages the storage space at the central warehouse in a manner that is cost effective and maximizes use of the facility. The Material Management Division supports the Fairfax County Public Library system

and its patrons by transferring just under 3.0 million books from one branch to another. The cost center also manages the redistribution, sale and disposal of surplus and excess County property. In FY 2016, the web-based auction services for redistribution and sale of County and Fairfax County Public Schools (FCPS) excess and surplus property produced over \$1.6 million in revenue through the sale of nearly 6,000 items. As the Material Management Division is co-located with FCPS, the units provide shared services, where appropriate. The cost center also serves as a strategic resource in County and regional emergency planning and response.

The Department of Procurement and Material Management supports the following County Vision Elements:



Maintaining Healthy Economies



Practicing Environmental Stewardship



Creating a Culture of Engagement



Exercising Corporate Stewardship

Department of Procurement and Material Management

Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$3,253,608	\$3,436,244	\$3,436,610	\$3,488,929	\$3,488,929
Operating Expenses	1,840,990	1,592,540	1,696,090	1,592,540	1,592,540
Capital Equipment	0	0	10,800	0	0
Subtotal	\$5,094,598	\$5,028,784	\$5,143,500	\$5,081,469	\$5,081,469
Less:					
Recovered Costs	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)
Total Expenditures	\$4,805,795	\$4,739,981	\$4,854,697	\$4,792,666	\$4,792,666
Income:					
Contract Rebates	\$1,922,661	\$2,016,169	\$2,016,169	\$2,036,331	\$2,036,331
Total Income	\$1,922,661	\$2,016,169	\$2,016,169	\$2,036,331	\$2,036,331
NET COST TO THE COUNTY	\$2,883,134	\$2,723,812	\$2,838,528	\$2,756,335	\$2,756,335
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	49 / 49	49 / 49	49 / 49	49 / 49	49 / 49

FY 2018 Funding Adjustments

The following funding adjustments from the FY 2017 Adopted Budget Plan are necessary to support the FY 2018 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 May 2, 2017.

- ◆ **Employee Compensation** **\$52,685**
An increase of \$52,685 in Personnel Services includes \$52,195 for performance-based and longevity increases for non-uniformed merit employees effective July 2017, and \$490 for the full-year impact of the increase in the County's living wage (from \$13.13 to \$14.50 per hour), effective October 2016 for all impacted employees, as approved by the Board of Supervisors as part of the *FY 2016 Carryover Review*.

Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the *FY 2016 Carryover Review*, *FY 2017 Third Quarter Review*, and all other approved changes through April 30, 2017.

- ◆ **Carryover Adjustments** **\$114,716**
As part of the *FY 2016 Carryover Review*, the Board of Supervisors approved encumbered funding of \$106,000 in Operating Expenses for postage, computer software, safety equipment and materials. In addition, unencumbered funding of \$8,350 was approved as part of the Incentive Reinvestment Initiative that allowed agencies to identify savings and efficiencies in FY 2016 and retain a portion to reinvest in employees. Lastly, an adjustment of \$366 in Personnel Services was included for a living wage adjustment.

Department of Procurement and Material Management

Cost Centers

DPMM is divided into four cost centers: Leadership and 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.

Leadership and Management

The Leadership and Management cost center provides strategic 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 cost center also provides financial, budget, human resources and management support to DPMM.

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$614,234	\$633,259	\$666,609	\$642,435	\$642,435
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 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$1,306,961	\$1,562,876	\$1,577,876	\$1,586,033	\$1,586,033
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	19 / 19	19 / 19	19 / 19	19 / 19	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					

Department of Procurement and Material Management

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 a function of the Material Management cost center. In addition, the cost center provides management, policy development, and audits of the County's consumable inventories.

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$833,803	\$615,835	\$662,201	\$626,376	\$626,376
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	13 / 13	13 / 13	13 / 13	13 / 13	13 / 13
1 Management Analyst III	1	1 Material Management Supervisor	1	1 Inventory Manager	
1 Management Analyst II	2	2 Material Mgmt. Specialists III	7	7 Material Management Drivers	
TOTAL POSITIONS					
13 Positions / 13.0 FTE					

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 eVA, the Commonwealth of Virginia e-procurement portal, office supplies and procurement cards. In addition, the cost center provides management, policy development and audits of the County's accountable equipment. The cost center also manages the customer-focused Supplier Diversity and Environment Procurement programs.

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$2,050,797	\$1,928,011	\$1,948,011	\$1,937,822	\$1,937,822
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	10 / 10	10 / 10	10 / 10	10 / 10	10 / 10
1 Management Analyst IV	4	4 Management Analysts II	1	1 Business Analyst II	
2 Management Analysts III	1	1 Management Analyst I	1	1 Network Telecommunications Analyst II	
TOTAL POSITIONS					
10 Positions / 10.0 FTE					

Department of Procurement and Material Management

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate/Actual	FY 2017	FY 2018
Leadership and Management					
Percent of formal contractual actions awarded without valid protest	100%	99.6%	100%/100%	100%	100%
Percent of procurement dollars awarded to small and minority businesses	43.0%	44.0%	40.0%/43.2%	40.0%	40.0%
Net surplus sales revenue – includes: online auction sales, consignment equipment and vehicle sales, direct sales and recycling proceeds	\$3,511,847	\$1,984,046	\$2,180,000/\$1,625,455	\$1,800,000	\$1,800,000
Contracts					
Processing time in days for an Invitation for Bid (IFB)	110	108	103/102	101	99
Processing time in days for a Request for Proposal (RFP)	239	212	211/210	210	209
Percentage of contracts awarded through a competitive procurement action	80.1%	87.5%	95.0%/76.0%	85.0%	85.0%
Material Management					
Percent of consumable items accurately tracked	100%	100%	99%/100%	99%	99%
Percentage of annual library circulation transferred by DPMM	62%	79%	75%/25%	30%	30%
Peak warehouse capacity used (peak capacity used / capacity available)	97%	97%	97%/98%	97%	97%
Cost per mile	\$0.46	\$0.53	\$0.50/\$0.76	\$0.72	\$0.72
Procurement Support and Oversight					
Percent of fixed assets accurately tracked	99%	99%	98%/100%	98%	98%
Percent of rebates achieved relative to plan	123.0%	103.0%	100.0%/111.0%	100.0%	100.0%

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2018/adopted/pm/12.pdf

Department of Procurement and Material Management

Performance Measurement Results

In FY 2016, DPMM successfully awarded a total of 404 contracts with no valid protests. This is a reflection of the commitment to a fair and open process in which County procurement is conducted. Processing times for Request for Proposals decreased by 22 percent from FY 2013 to FY 2016. Efforts to reduce the number of days for processing formal solicitations will continue through ongoing management of major project milestones.

In FY 2016, DPMM awarded over 43 percent of procurement dollars to small, minority, and women-owned (SWaM) businesses. DPMM's outreach events provide SWaM businesses the opportunity to discuss their supply and service offerings and learn of potential procurement opportunities at the County. The jointly sponsored Fairfax County/Fairfax County Small Business Commission's annual Vendor Forum has become one of the premier events of its kind in the region. Educating contracting specialists and County buyers on the small business marketplace along with frequent, meaningful engagement is critical to encouraging SWaM business participation in County procurement.

In addition to serving as a means to conduct the County's procurement transactions, the department's procurement card and office supply programs were responsible for producing over \$1 million in County rebates in FY 2016. Efficient and conscientious management of these programs, which are widely used by internal customers and highly regarded by external entities, are essential to our role as corporate stewards.

The Material Management cost center continued its support for the Fairfax County Public Library (FCPL) system, transferring just under 3.0 million library books, or approximately 25 percent of the annual library circulation. The warehouse is supporting the library renovations through long-term storage of books. In FY 2016, Material Management achieved a peak warehouse capacity of 98 percent, a warehousing industry metric that indicates high utilization of the available space.