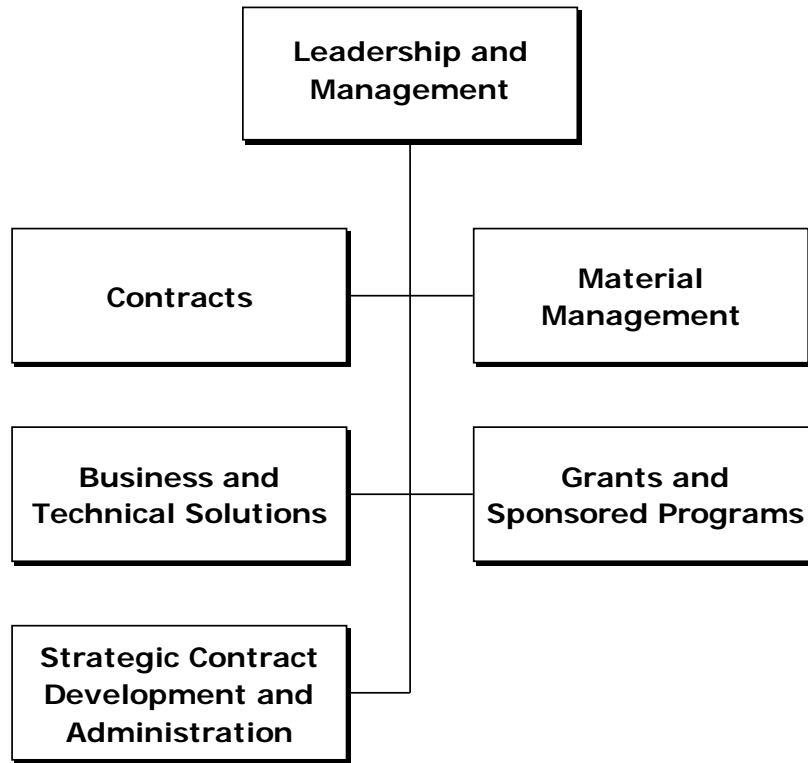


Department of Procurement and Material Management



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 2015	FY 2016	FY 2017	
1. Quantity of formal contractual actions	320	404	425	
2. Quantity of active contracts	2,308	2,237	1,549	
3. Quantity of active sponsored agreements ¹	N/A	N/A	638	
4. Quantity of books transferred (in millions)	4.1	3.0	3.5	
5. Quantity of excess and surplus items	8,205	5,941	6,101	
6. Total dollars spent using the p-card (County + Fairfax County Public Schools) (in millions)	\$98	\$100	\$101	

¹ The agency began tracking the quantity of active sponsored agreements in FY 2017.

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Focus

The Department of Procurement and Material Management (DPMM) delivers value to County departments and residents through a business model that is the platform for the County's programs and services. The quality contracts that are created through the competitive procurement process establish reliable and valuable business relationships with our contractors. The contracts balance pricing, risk, terms and conditions to establish a resilient supply chain that benefits both the County and the business community. The department's five operating cost centers - Contracts, Business and Technical Solutions, Material Management, Grants and Sponsored Programs, and Strategic Contract Development and Administration - 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.

The Contracts Division supports County operations by managing a portfolio of over 2,100 active contracts. Contract administration, including the solicitation, award, and management of the contracts is the central focus of the division staff. As part of a strategic sourcing initiative, the Contracts Division is working to reduce the number of contracts managed and administered. Use of cooperative contracts, where appropriate, has been an effective tool in accomplishing the goal. DPMM serves as the lead public body for 8 national cooperative contracts in the U.S. Communities national cooperative purchasing program. U.S. Communities is the leading national cooperative purchasing program, providing world-class government procurement resources and solutions to public purchasers nationally. As the lead public agency, DPMM receives incentive revenue that offsets the cost of procurement operations. The County's robust procurement card and office supply programs are centrally administered in the Department of Procurement and Material Management. Not only do these programs deliver tremendous administrative efficiencies for the County, each program generates revenue and rebates, totaling \$2 million in FY 2017.

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**

The Department of Procurement and Material Management is committed to leadership in sustainable procurement. The supplier diversity program engages with small, minority, and women-owned (SWaM) businesses through outreach and education. In FY 2017, SWaM business participation reached \$276 million or 40 percent of procurement dollars expended through the central procurement authority. The department provides support to the County's environmental vision and energy strategy, ensuring consideration of environmental attributes in the procurement process and making environmentally friendly products available on contracts.

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 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 2017, the web-based auction services for redistribution and

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sale of County and Fairfax County Public Schools (FCPS) excess and surplus property produced over \$1.1 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.

Due to realignment of the Department of Administration for Human Services, the development, management and administration of contracts, grants and purchases on behalf of clients within the human services system is merging with the Department of Procurement and Material Management. The work will be concentrated around two new business divisions, Grants and Sponsored Programs, and Strategic Contract Development and Administration. The core mission of these business divisions is to provide strategic contract development consultation, targeted monitoring services for select contracts, and professional administration of agreements as needed for County business requirements, to include memoranda of agreement, agreements for the purchase of services on behalf of clients, and agreements which receive or distribute grant funds. The department's work is achieved through a collaborative approach among the County's health and human services and other departments and is focused on maximizing and effectively managing contracts to sustain and grow programs as needed in these six result areas: Affordable Housing; Connected Individuals; Economic Self-Sufficiency; Healthy People; Positive Living for Older Adults and Individuals with Disabilities; and Successful Children and Youth.

Budget and Staff Resources

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$3,316,335	\$3,488,929	\$3,488,929	\$5,695,030
Operating Expenses	1,567,441	1,592,540	1,829,502	1,758,536
Capital Equipment	10,799	0	0	0
Subtotal	\$4,894,575	\$5,081,469	\$5,318,431	\$7,453,566
Less:				
Recovered Costs	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)
Total Expenditures	\$4,605,772	\$4,792,666	\$5,029,628	\$7,164,763
Income:				
Contract Rebates	\$2,042,418	\$2,036,331	\$1,990,214	\$1,990,214
Total Income	\$2,042,418	\$2,036,331	\$1,990,214	\$1,990,214
NET COST TO THE COUNTY	\$2,563,354	\$2,756,335	\$3,039,414	\$5,174,549
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	49 / 49	49 / 49	49 / 49	72 / 72

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FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 program.

- ◆ **Employee Compensation** **\$205,684**
An increase of \$205,684 in Personnel Services includes \$123,509 for a 2.25 percent market rate adjustment (MRA) for all employees and \$82,175 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018.

- ◆ **Health and Human Services Realignment** **\$2,166,413**
An increase of \$2,166,413 is associated with the realignment of funding and positions within Health and Human Services (HHS) based on work done as part of Phase 2 of the FY 2016 Lines of Business process. This funding includes \$2,000,417 in Personnel Services to support the transfer of 23/23.0 FTE positions and \$165,996 in Operating Expenses. As part of the HHS realignment, administrative functions provided by the Department of Administration for Human Services are shifted to individual agencies to ensure regulatory, financial and program compliance, and to more effectively support each agency's specialized service needs. Additionally, a new agency, Agency 77, Office of Strategy Management for Health and Human Services is established to support the management of HHS strategic initiatives and inter-agency work to include: integration of business processes, information management and data analytics, performance management, strategic planning, service transformation, and planning for facility needs. There is no net impact on the General Fund in terms of funding or positions associated with these changes.

Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, and all other approved changes through December 31, 2017.

- ◆ **Carryover Adjustments** **\$236,962**
As part of the FY 2017 Carryover Review, the Board of Supervisors approved encumbered funding of \$236,962 in Operating Expenses for office equipment and furniture, building materials, contract services, and certifications.

Cost Centers

DPMM is divided into six cost centers: Leadership and Management, Contracts, Grants and Sponsored Programs, Strategic Contract Development and Administration, Material Management, and Business and Technical Solutions. Working together, all six 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.

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Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
EXPENDITURES				
Total Expenditures	\$638,766	\$642,435	\$642,435	\$793,915
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	7 / 7	7 / 7	7 / 7	8 / 8
1 Director		1 Management Analyst III	2 Administrative Assistants III	
2 Deputy Directors (1T)		1 Management Analyst II	1 Administrative Assistant IV	
TOTAL POSITIONS				
8 Positions (1T) / 8.0 FTE (1.0T)			T Denotes Transferred Positions	

Contracts

The Contracts cost center supports the procurement needs of the County by facilitating and delivering timely and efficient procurement of goods, services, technology, construction, and supplies required for County government operations. The Contracts cost center provides professional procurement, contract management support and advice to County departments, in accordance with the *Fairfax County Purchasing Resolution*. This cost center issues solicitations, oversees the evaluation and selection process, assists in contract negotiations, makes contract awards, and ensures contractor performance throughout the contract life-cycle. The Contracts cost center manages high dollar, complex contracts, assessing liabilities and risks, reviews legal terms and financial statements, and ensures that the County has the best possible contract terms at a fair and reasonable price. In all procurement transactions, the Contracts cost center follows the highest ideals of integrity and professionalism and conducts all procurement transactions with objectivity, transparency, fairness, accountability, and efficiency.

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
EXPENDITURES				
Total Expenditures	\$1,388,739	\$1,586,033	\$1,673,033	\$1,718,433
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	19 / 19	19 / 19	19 / 19	19 / 19
1 Contracts Division Manager		7 Contract Specialists II	3 Assistant Contract Specialists	
3 Contract Specialist Supervisors		5 Contract Specialists I		
TOTAL POSITIONS				
19 Positions / 19.0 FTE				

Grants and Sponsored Programs

The Grants and Sponsored Programs cost center supports the County's needs related to consultation, development and management of agreements relating to external funding opportunities, public assistance and social services for direct use by recipients, interdepartmental agreements, and the issuance of County grants. This cost center manages the development and execution of Federal Sub-award agreements, while ensuring compliance with federal and other pass-through requirements. The cost center develops and manages agreements for programs such as the Children's Services Act and Community Services Board. This cost center oversees the development, issuance, management and monitoring of awards to nonprofits through the Consolidated Community Funding Pool.

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Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
EXPENDITURES				
Total Expenditures	\$0	\$0	\$0	\$753,432
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	0 / 0	0 / 0	0 / 0	9 / 9
1 Management Analyst IV (1T)		5 Contract Analysts II (5T)		
2 Contract Analysts III (2T)		1 Financial Specialist III (1T)		
TOTAL POSITIONS				
9 Positions (9T) / 9.0 FTE (9.0T)				T Denotes Transferred Positions

Strategic Contract Development and Administration

The Strategic Contract Development and Administration cost center provides customer-informed consultation to departments in determining a strategic approach to providing contracted services. This may include market analysis and research, scope and requirements definition, and writing and executing contracts and solicitations in accordance with the *Fairfax County Purchasing Resolution*. This cost center also collaborates with health and human services customer agencies to provide targeted contract administration, in-depth performance monitoring, and oversight of contracted services.

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
EXPENDITURES				
Total Expenditures	\$0	\$0	\$0	\$1,054,969
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	0 / 0	0 / 0	0 / 0	12 / 12
1 Management Analyst IV (1T)		7 Contract Analysts II (7T)		1 Assistant Contract Specialists (1T)
3 Contract Analysts III (3T)				
TOTAL POSITIONS				
12 Positions (12T) / 12.0 FTE (12.0T)				T Denotes Transferred Positions

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Material Management

The Material Management Logistics Center provides material management and logistical support to County agencies by storing, receiving, and (re)distributing County property. This cost center is the logistics and transportation provider to the Fairfax County Public Library system. The Material Management division manages the County's excess and surplus property program ensuring best use disposition (redistribution, recycling, sale, or disposal) for all County agencies. The cost center has a vital logistical role in emergency response at the local, state and regional levels. In addition, the cost center provides management, policy development, and audits of the County's consumable inventories.

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
EXPENDITURES				
Total Expenditures	\$595,653	\$626,376	\$686,376	\$652,915
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	13 / 13	13 / 13	12 / 12	12 / 12
1 Management Analyst III		1 Material Management Supervisor	1 Inventory Manager	
1 Management Analyst II		2 Material Mgmt. Specialists III	6 Material Management Drivers	
TOTAL POSITIONS				
12 Positions / 12.0 FTE				

Business and Technical Solutions

The Business and Technical Solutions cost center manages a variety of procurement-related programs to support to internal and external customers including suppliers and County users. The cost center staff are the procurement functional liaison to the County's Enterprise Resource Planning system, providing a link between business requirements and system technical capabilities. Cost center staff provide technical support to ancillary procurement systems such as the contract register, contract request system, and the web-based performance reporting system; provide customer support for FOCUS users; and respond to reporting for transparency. It includes management of the county's procurement card program, office supply program, and other special programs. This cost center manages the fixed asset oversight required for accountability of capital equipment assets. Lastly, the cost center staff manage the sustainable procurement program, encompassing environmentally-preferable procurement and supplier diversity efforts.

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
EXPENDITURES				
Total Expenditures	\$1,982,614	\$1,937,822	\$2,027,784	\$2,191,099
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	10 / 10	10 / 10	11 / 11	12 / 12
1 Management Analyst IV		5 Management Analysts II	1 Business Analyst II	
2 Management Analysts III		1 Management Analyst I	1 Network Telecommunications Analyst II	
1 Contract Analyst III (1T)				
TOTAL POSITIONS				
12 Positions (1T) / 12.0 FTE (1.0T)				

T Denotes Transferred Position

Department of Procurement and Material Management

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate/Actual	FY 2018	FY 2019
Leadership and Management					
Percent of formal contractual actions awarded without valid protest	99.6%	100%	100%/100%	100%	100%
Percent of procurement dollars awarded to small and minority businesses	44.0%	43.2%	40.0%/41.0%	40.0%	40.0%
Net surplus sales revenue – includes: online auction sales, consignment equipment and vehicle sales, direct sales and recycling proceeds	\$1,984,046	\$1,625,455	\$1,800,000/\$1,504,941	\$1,450,052	\$1,320,750
Contracts					
Processing time in days for an Invitation for Bid (IFB)	108	102	101/110	99	95
Processing time in days for a Request for Proposal (RFP) ¹	212	272	210/235	209	205
Percentage of contracts awarded through a competitive procurement action	87.5%	76.0%	85.0%/82.0%	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	79%	25%	30%/31%	30%	30%
Peak warehouse capacity used (peak capacity used / capacity available)	97%	98%	97%/92%	93%	93%
Cost per mile	\$0.53	\$0.76	\$0.72/\$0.82	\$0.72	\$0.78
Business and Technical Solutions					
Percent of fixed assets accurately tracked	99%	99%	98%/99%	98%	98%
Percent of rebates achieved relative to plan	103.0%	111.0%	100.0%/\$107.0%	100.0%	100.0%

¹FY 2016 is an amended outcome, based on a modification of the calculation methodology. As noted by OFPA, the processing times are consistent with local peer data (Montgomery County, MD).

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2019-advertised-performance-measures-pm>

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Performance Measurement Results

In FY 2017, DPMM successfully awarded a total of 284 contracts with no valid protests. Long-term improvements to the processing times for formal solicitations (Invitation for Bid and Request for Proposal) have been inconsistent and bear strong correlation to staffing levels. In FY 2017, the department was hampered by unusual position turnover. Nonetheless, the department is committed to achieving the targets and improving customer satisfaction related to this key performance metric.

In FY 2017, DPMM awarded over 40 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 \$2 million in County rebates in FY 2017. 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 2017, Material Management achieved a peak warehouse capacity of 90 percent, a warehousing industry metric that indicates high utilization of the available space.