

# 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.

**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 and agreements establish reliable and valuable business relationships with suppliers and providers. The contracts and agreements balance pricing, risk, terms, and conditions to establish a resilient supply chain that benefits both the County and the business community. The Department of Procurement and Material Management consists of four operating cost centers: Contracts, Business and Technical Solutions, Material Management, and Grants and Sponsored Programs. The Strategic Contracts Development and Administration Cost Center has been closed and consolidated into the Contracts Division. The agency's cost centers 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 1,500 active contracts. Contract administration, including the solicitation, award, and management of the contracts is the central focus of the division staff. Contracting for goods and services is a tool to deliver significant operational savings to the County through the competitive bidding and negotiating process. The department is improving procurement processes through enhanced customer engagement, market analysis, and technology tools to develop contracts that align with the County's strategy to emphasize soundness of spending.

In addition to the savings attained through competitive sourcing in FY 2020, DPMM programs including the procurement card, office supply program, and other contract incentives generated revenue and rebates totaling \$2.3 million in FY 2020 and delivered tremendous administrative efficiencies for the County. The Material Management Division cost center manages the redistribution, sale, and disposal of surplus and excess County property. In FY 2020, the web-based auction services for sale of County surplus property produced over \$1.5 million in revenue through the sale of over 1,600 items.

The Department of Procurement and Material Management is committed to leadership in sustainable procurement. The supplier diversity program engages with small, women- and minority-owned (SWaM) businesses through outreach and education. In FY 2020, SWaM business participation reached \$200.1 million or 34.7 percent of procurement dollars expended through the central procurement authority. The department provides support to advance the County's environmental strategy by promoting policies and practices that conserve natural resources and extend County values through the supply chain.

The Material Management Division delivers 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 2.42 million books annually from one branch to another. Consumable and fixed asset property management programs ensure the County effectively controls and manages these assets. Logistical support for the Office of Elections through storage, transportation, and security of elections equipment is a year-round function. The cost center also serves as a strategic resource in County and regional emergency planning and response.

# Department of Procurement and Material Management

Due to the realignment of the Department of Administration for Human Services (DAHS) in FY 2019, the development, management and administration of contracts, grants, and purchases on behalf of clients within the human services system merged with the Department of Procurement and Material Management. The work is concentrated around the business division Grants and Sponsored Programs. The core mission of this business division is to provide strategic contract development consultation, targeted monitoring services for select contracts, and professional administration of agreements as needed for County business requirements, including 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 System and other departments and is focused on maximizing and effectively managing contracts to sustain and grow programs as needed.

## Pandemic Response and Impact

The Department of Procurement and Material Management has a central role in the response to the COVID-19 health emergency. DPMM serves as Supply Chief in the Emergency Operations Center (EOC), and under single-point resource ordering, is responsible for sourcing, receiving, stocking, staging, and delivering critical supplies to County agencies. In addition to sourcing critical supplies, the Contracts Division is managing and coordinating emergency procurements for every County department through emergency purchase orders, contract modifications, and contract awards. The Material Management Division has modified operations to receive, stock, stage, and deliver critical supplies to departments making requests through the EOC, while maintaining as much of normal operations commensurate with the County's operating status. The Administration Division is supporting both activities by managing the procurement and financial reconciliation of all critical item orders. The Grants and Sponsored Programs Division, in collaboration with Neighborhood and Community Services, helped to implement the Nonprofit Sustainability Grants Program – funded through Coronavirus Aid, Relief, and Economic Security (CARES) Act Relief Funds – to provide funding to sustain nonprofit providers of human service safety net programs.

Beginning in March 2020, approximately 75 percent of DPMM staff began teleworking full-time due to the COVID-19 pandemic and adherence to social distancing guidelines and recommendations. DPMM implemented technology solutions to issue formal solicitations, receive bids and proposals, and evaluate responses. Meanwhile, the agency began using virtual meeting platforms to conduct pre-bid conferences, virtual walk-throughs, and negotiation meetings. Additionally, DPMM used technology solutions to review and sign procurement documents. Much of what DPMM has used during the pandemic to complete work remotely will serve the agency well throughout the different recovery phases and will impact normal operations in the future.

# Department of Procurement and Material Management

## Organizational Chart



## Budget and Staff Resources

| Category   | FY 2020 Actual     | FY 2021 Adopted    | FY 2021 Revised    | FY 2022 Advertised |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>FUNDING</b>   |                    |                    |                    |                    |
| <b>Expenditures:</b>                                   |                    |                    |                    |                    |
| Personnel Services                                     | \$5,458,533        | \$6,099,116        | \$6,049,116        | \$6,099,116        |
| Operating Expenses                                     | 2,301,739          | 1,758,536          | 2,631,503          | 1,758,536          |
| <b>Subtotal</b>  | <b>\$7,760,272</b> | <b>\$7,857,652</b> | <b>\$8,680,619</b> | <b>\$7,857,652</b> |
| Less:  |                    |                    |                    |                    |
| Recovered Costs  | (\$288,803)        | (\$288,803)        | (\$288,803)        | (\$288,803)        |
| <b>Total Expenditures</b>                              | <b>\$7,471,469</b> | <b>\$7,568,849</b> | <b>\$8,391,816</b> | <b>\$7,568,849</b> |
| <b>Income:</b>   |                    |                    |                    |                    |
| Contract Rebates                                       | \$2,299,078        | \$2,165,423        | \$2,165,423        | \$2,165,423        |
| <b>Total Income</b>                                    | <b>\$2,299,078</b> | <b>\$2,165,423</b> | <b>\$2,165,423</b> | <b>\$2,165,423</b> |
| <b>NET COST TO THE COUNTY</b>                          | <b>\$5,172,391</b> | <b>\$5,403,426</b> | <b>\$6,226,393</b> | <b>\$5,403,426</b> |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                    |                    |                    |                    |
| Regular  | 76 / 76            | 76 / 76            | 76 / 76            | 76 / 76            |

# Department of Procurement and Material Management

## FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 program:

FY 2022 funding remains at the same level as the FY 2021 Adopted Budget Plan.

## Changes to FY 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, and all other approved changes through December 31, 2020:

**Carryover Adjustments** **\$822,967**

As part of the FY 2020 Carryover Review, the Board of Supervisors approved encumbered funding of \$822,967 in Operating Expenses associated with communications and media services, professional contractual services, building materials and supplies for the Logistics Center, office equipment and furniture, and other operating expenses.

## Cost Centers

DPMM is divided into five cost centers: Leadership and Management, Contracts, Grants and Sponsored Programs, Material Management, and Business and Technical Solutions. The Strategic Contract Development cost center has been closed and consolidated into the Contracts Division. Working together, all five 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 2020<br>Actual | FY 2021<br>Adopted | FY 2021<br>Revised | FY 2022<br>Advertised |
|--|-------------------|--------------------|--------------------|-----------------------|
| <b>EXPENDITURES</b>                                    |                   |                    |                    |                       |
| Total Expenditures                                     | \$814,190         | \$819,566          | \$1,028,258        | \$805,124             |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                   |                    |                    |                       |
| Regular  | 10 / 10           | 10 / 10            | 10 / 10            | 10 / 10               |

# Department of Procurement and Material Management

## 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. In FY 2021, the Strategic Contract Development and Administration Cost Center was consolidated into the Contracts Division. This 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 lifecycle. 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 Division follows the highest ideals of integrity and professionalism and conducts all procurement transactions with objectivity, transparency, fairness, accountability, and efficiency.

| Category   | FY 2020 Actual | FY 2021 Adopted | FY 2021 Revised | FY 2022 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| <b>EXPENDITURES</b>                                    |                |                 |                 |                    |
| Total Expenditures                                     | \$1,599,840    | \$1,775,510     | \$2,835,214     | \$2,866,580        |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                |                 |                 |                    |
| Regular  | 21 / 21        | 21 / 21         | 28 / 28         | 28 / 28            |

## 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 also oversees the development, issuance, management and monitoring of awards to nonprofits through the Consolidated Community Funding Pool.

| Category   | FY 2020 Actual | FY 2021 Adopted | FY 2021 Revised | FY 2022 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| <b>EXPENDITURES</b>                                    |                |                 |                 |                    |
| Total Expenditures                                     | \$752,260      | \$894,665       | \$894,665       | \$894,665          |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                |                 |                 |                    |
| Regular  | 13 / 13        | 13 / 13         | 13 / 13         | 13 / 13            |

# Department of Procurement and Material Management

## Strategic Contract Development and Administration

The Strategic Contract Development and Administration Cost Center provided customer-informed consultation to departments in determining a strategic approach to providing contracted services. This included 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 collaborated with health and human services customer agencies to provide targeted contract administration, in-depth performance monitoring, and oversight of contracted services. This cost center has been closed and consolidated into the Contracts Cost Center.

| Category   | FY 2020 Actual | FY 2021 Adopted | FY 2021 Revised | FY 2022 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| <b>EXPENDITURES</b>                                    |                |                 |                 |                    |
| Total Expenditures                                     | \$723,593      | \$1,091,070     | \$0             | \$0                |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                |                 |                 |                    |
| Regular  | 7 / 7          | 7 / 7           | 0 / 0           | 0 / 0              |

## Material Management

The Material Management Logistics Center provides material management and logistical support to County agencies by storing, receiving, and distributing and redistributing 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, as well as the fixed asset oversight required for accountability of capital equipment assets. 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 2020 Actual | FY 2021 Adopted | FY 2021 Revised | FY 2022 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| <b>EXPENDITURES</b>                                    |                |                 |                 |                    |
| Total Expenditures                                     | \$984,035      | \$770,907       | \$1,103,520     | \$770,907          |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                |                 |                 |                    |
| Regular  | 15 / 15        | 15 / 15         | 15 / 15         | 15 / 15            |

# Department of Procurement and Material Management

## Business and Technical Solutions

The Business and Technical Solutions Cost Center manages a variety of procurement-related programs to support 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 (ERP) 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 2020 Actual | FY 2021 Adopted | FY 2021 Revised | FY 2022 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| <b>EXPENDITURES</b>                                    |                |                 |                 |                    |
| Total Expenditures                                     | \$2,597,551    | \$2,217,131     | \$2,530,159     | \$2,231,573        |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                |                 |                 |                    |
| Regular  | 10 / 10        | 10 / 10         | 10 / 10         | 10 / 10            |

## Position Detail

The FY 2022 Advertised Budget Plan includes the following positions:

| <b>LEADERSHIP AND MANAGEMENT - 10 Positions</b>        |                                 |   |                                |
|--|---------------------------------|---|--------------------------------|
| 1  | Director                        | 1 | Human Resources Generalist I   |
| 2  | Deputy Directors                | 1 | Administrative Assistant IV    |
| 1  | Management Analyst IV           | 2 | Administrative Assistants III  |
| 2  | Management Analysts III         |   |                                |
| <b>CONTRACTS - 28 Positions</b>                        |                                 |   |                                |
| 1  | Contracts Division Manager      | 7 | Contract Specialists II        |
| 4  | Contract Specialist Supervisors | 5 | Contract Specialists I         |
| 2  | Contract Analysts III           | 4 | Assistant Contract Specialists |
| 5  | Contract Analysts II            |   |                                |
| <b>GRANTS AND SPONSORED PROGRAMS - 13 Positions</b>    |                                 |   |                                |
| 1  | Management Analyst IV           | 4 | Contract Analysts III          |
| 1  | Management Analyst III          | 7 | Contract Analysts II           |
| <b>MATERIAL MANAGEMENT - 15 Positions</b>              |                                 |   |                                |
| 1  | Management Analyst IV           | 1 | Inventory Manager              |
| 2  | Management Analysts II          | 4 | Material Management Drivers    |
| 1  | Material Management Supervisor  | 1 | Custodian II                   |
| 2  | Material Mgmt. Specialists III  | 1 | Custodian I                    |
| 2  | Material Mgmt. Specialists II   |   |                                |
| <b>BUSINESS AND TECHNICAL SOLUTIONS - 10 Positions</b> |                                 |   |                                |
| 1  | Management Analyst IV           | 1 | Network/Telecom Analyst II     |
| 1  | Management Analyst III          | 1 | Business Analyst IV            |
| 3  | Management Analysts II          | 1 | Business Analyst III           |
| 1  | Management Analyst I            | 1 | Business Analyst II            |

### Performance Measurement Results

In FY 2019, DPMM adopted peer standards for calculating processing time for Invitation for Bid and Request for Proposal procurements. As such, the processing time begins when the solicitation is issued and concludes upon contract award. The FY 2019 actual for processing time became the benchmark for future progress in this important metric. The department remains committed to balancing performance targets and improving customer satisfaction, both key performance metrics. There were 571 contracts and agreements awarded in FY 2020, consistent with cyclical trends. Eighty-two percent of the contracts were awarded through a competitive procurement action using market dynamics to drive savings to the County.

In FY 2020, DPMM awarded over 34.7 percent of procurement dollars to small, women- and minority-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 annual Small Business Forum, jointly sponsored by Fairfax County and the Fairfax County Small Business Commission, is an event that joins suppliers and County buyers. 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 FY2020, DPMM adjusted the anticipated percent of procurement dollars awarded to SWaM businesses to reflect a reduction in actual small business participation. Despite this adjustment, the department is investing in other strategies to mitigate the impact and to represent the County's One Fairfax initiative.

In addition to serving as a means to conducting the County's procurement transactions, the department's procurement card and office supply programs were responsible for producing over \$2.29 million in County rebates in FY 2020. Efficient and conscientious management of these programs, which are widely used by internal customers and highly regarded by external entities, are essential to the role of corporate stewardship.

The Material Management Cost Center continued its support for the Fairfax County Public Library (FCPL) system, transferring 2.42 million library books, or approximately 27 percent of the annual library circulation. The warehouse supports the library renovations through long-term storage of books. In FY 2020, Material Management achieved a peak warehouse capacity of 141% percent, a warehousing industry metric that indicates high utilization of the available space. This increase in peak warehouse capacity is related to the changes in use of the County warehouse as a response to the COVID-19 pandemic. The warehouse began using capacity to acquire, store, and distribute personal protective equipment and cleaning supplies for the County. In FY 2020, the department began to no longer measure and report on fuel consumption. Instead, DPMM continues to focus on tracking strategic metrics that allow the department to make necessary adjustments in operations in a way that supports the departmental mission.

# Department of Procurement and Material Management

| Indicator   | FY 2018<br>Actual | FY 2019<br>Actual | FY 2020<br>Estimate | FY 2020<br>Actual | FY 2021<br>Estimate | FY 2022<br>Estimate |
|---|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| <b>Leadership and Management</b>  |                   |                   |                     |                   |                     |                     |
| Percent of formal contractual actions awarded without valid protest   | 100.0%            | 100.0%            | 100.0%              | 100.0%            | 100.0%              | 100.0%              |
| Percent of procurement dollars awarded to small and minority businesses   | 42.6%             | 41.3%             | 35.0%               | 34.7%             | 35.0%               | 35.0%               |
| Net surplus sales revenue – includes: online auction sales, consignment equipment and vehicle sales, direct sales, and recycling proceeds | \$1,300,124       | \$1,354,614       | \$1,405,000         | \$1,530,252       | \$1,500,000         | \$1,500,000         |
| <b>Contracts</b>  |                   |                   |                     |                   |                     |                     |
| Processing time in days for an Invitation for Bid (IFB)   | 101.0             | 57.0              | 51.0                | 90.3              | 46.0                | 46.0                |
| Processing time in days for a Request for Proposal (RFP)  | 226.0             | 170.0             | 160.0               | 175.3             | 150.0               | 150.0               |
| Percentage of contracts awarded through a competitive procurement action  | 90.2%             | 83.0%             | 85.0%               | 82.0%             | 85.0%               | 85.0%               |
| <b>Material Management</b>  |                   |                   |                     |                   |                     |                     |
| Percent of consumable items accurately tracked  | 99%               | 100%              | 99%                 | 100%              | 99%                 | 99%                 |
| Percentage of annual library circulation transferred by DPMM  | 28%               | 31%               | 30%                 | 27%               | 30%                 | 30%                 |
| Peak warehouse capacity used (peak capacity used / capacity available)  | 90%               | 93%               | 90%                 | 90%               | 90%                 | 90%                 |
| Cost per mile <sup>1</sup>  | \$0.50            | \$0.49            | \$0.00              | NA                | NA                  | NA                  |
| <b>Business and Technical Solutions</b>   |                   |                   |                     |                   |                     |                     |
| Percent of fixed assets accurately tracked  | 99%               | 100%              | 99%                 | 100%              | 99%                 | 99%                 |
| Percent of rebates achieved relative to plan  | 104.0%            | 98.0%             | 100.0%              | 106.0%            | 100.0%              | 100.0%              |

<sup>1</sup> In FY 2020, the department began to no longer measure and report on fuel consumption.

A complete list of performance measures can be viewed at  
<https://www.fairfaxcounty.gov/budget/fy-2022-advertised-performance-measures-pm>