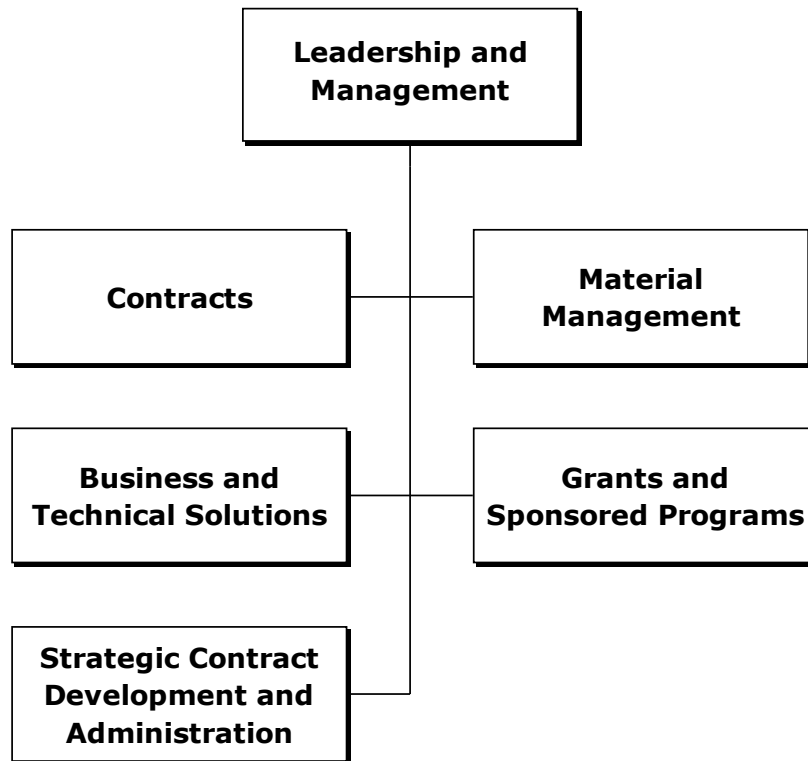


# Department of Procurement and Material Management







## 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 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 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

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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 early customer engagement and market analysis to develop contracts that align with county strategy. As part of a strategic sourcing initiative, the Contracts Division is working to reduce the number of contracts managed and administered. Use of the cooperative contracts, where appropriate, has been an effective tool in accomplishing the goal.

In addition to the savings attained through competitive sourcing, DPMM programs produce over \$3.4 million in revenue. The procurement card and office supply programs generated revenue and rebates totaling \$2.16 million in FY 2018 and delivered tremendous administrative efficiencies for the County. As the lead public body for several national cooperative contracts, DPMM receives incentive revenue yielding approximately \$775,000 annually. The Material Management Division cost center manages the redistribution, sale, and disposal of surplus and excess County property. In FY 2018, the web based auction services for redistribution and sale of County and Fairfax County Public Schools (FCPS) excess and surplus property produced over \$1.3 million in revenue through the sale of over 4,000 items.

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 2018, SWaM business participation reached \$290.2 million or 42 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 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 just under 3 million books from one branch to another. As the Material Management Division is co-located with FCPS, the units provide shared services, where appropriate. 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.

Due to the realignment of the Department of Administration for Human Services 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 two 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: Sustainable Housing; Connected Individuals; Economic Self-Sufficiency; Healthy People; Positive Living for Older Adults and Individuals with Disabilities; and Successful Children and Youth.

# Department of Procurement and Material Management

## Budget and Staff Resources

Category	FY 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>FUNDING</b>					
<b>Expenditures:</b>					
Personnel Services	\$2,873,167	\$5,695,030	\$5,806,278	\$5,942,544	\$6,006,416
Operating Expenses	1,584,747	1,758,536	2,560,842	1,758,536	1,758,536
Capital Equipment	0	0	10,000	0	0
<b>Subtotal</b>	<b>\$4,457,914</b>	<b>\$7,453,566</b>	<b>\$8,377,120</b>	<b>\$7,701,080</b>	<b>\$7,764,952</b>
Less:					
Recovered Costs	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)	(\$288,803)
<b>Total Expenditures</b>	<b>\$4,169,111</b>	<b>\$7,164,763</b>	<b>\$8,088,317</b>	<b>\$7,412,277</b>	<b>\$7,476,149</b>
<b>Income:</b>					
Contract Rebates	\$2,165,423	\$1,990,214	\$2,165,423	\$2,165,423	\$2,165,423
<b>Total Income</b>	<b>\$2,165,423</b>	<b>\$1,990,214</b>	<b>\$2,165,423</b>	<b>\$2,165,423</b>	<b>\$2,165,423</b>
<b>NET COST TO THE COUNTY</b>	<b>\$2,003,688</b>	<b>\$5,174,549</b>	<b>\$5,922,894</b>	<b>\$5,246,854</b>	<b>\$5,310,726</b>
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	49 / 49	72 / 72	73 / 73	73 / 73	73 / 73

## FY 2020 Funding Adjustments

The following funding adjustments from the FY 2019 Adopted Budget Plan are necessary to support the FY 2020 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 7, 2019.

- ◆ **Employee Compensation** **\$200,138**  
 An increase of \$200,138 in Personnel Services includes \$121,936 for a 2.10 percent market rate adjustment (MRA) for all employees and \$78,202 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2019.
- ◆ **Health and Human Services Position Realignment** **\$111,248**  
 As approved by the Board as part of the *FY 2018 Carryover Review*, funding of \$111,248 in Personnel Services is included to support the transfer of 1/1.0 FTE position from the Office of Strategy Management for Health and Human Services to DPMM to better align resources within the Health and Human Services System.

## Changes to FY 2019 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2019 Revised Budget Plan since passage of the FY 2019 Adopted Budget Plan. Included are all adjustments made as part of the FY 2018 Carryover Review, FY 2019 Third Quarter Review, and all other approved changes through April 30, 2019.

- ◆ **Carryover Adjustments** **\$812,306**  
 As part of the *FY 2018 Carryover Review*, the Board of Supervisors approved encumbered funding of \$802,316 in Operating Expenses and \$10,000 in Capital Equipment for office equipment and furniture, building materials, contract services, and certifications.

# Department of Procurement and Material Management

- ◆ **Health and Human Services Position Realignment** **\$111,248**  
 As part of the *FY 2018 Carryover Review*, the Board of Supervisors approved the transfer of \$111,248 in Personnel Services funding and 1/1.0 FTE position from the Office of Strategy Management for Health and Human Services to DPMM to better align resources within the Health and Human Services System.

## 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.

Category	FY 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>EXPENDITURES</b>					
Total Expenditures	\$225,374	\$793,915	\$1,154,915	\$811,429	\$819,566
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	7 / 7	8 / 8	8 / 8	8 / 8	8 / 8
1 Director	1	1 Management Analyst III	1	1 Administrative Assistant IV	
2 Deputy Directors	1	1 Management Analyst II	2	2 Administrative Assistants III	
<b>TOTAL POSITIONS</b>					
<b>8 Positions / 8.0 FTE</b>					

# 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. 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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>EXPENDITURES</b>					
Total Expenditures	\$1,321,448	\$1,718,433	\$1,905,630	\$1,757,374	\$1,775,510
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	19 / 19	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			
<b>TOTAL POSITIONS</b>					
<b>19 Positions / 19.0 FTE</b>					

## 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.

Category	FY 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>EXPENDITURES</b>					
Total Expenditures	\$0	\$753,432	\$864,680	\$885,153	\$894,665
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	0 / 0	9 / 9	10 / 10	10 / 10	10 / 10
1 Management Analyst IV	2	Contract Analysts III		1	Financial Specialist III
1 Management Analyst III	5	Contract Analysts II			
<b>TOTAL POSITIONS</b>					
<b>10 Positions / 10.0 FTE</b>					

# Department of Procurement and Material Management

## 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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>EXPENDITURES</b>					
Total Expenditures	\$0	\$1,054,969	\$1,054,969	\$1,079,618	\$1,091,070
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	0 / 0	12 / 12	12 / 12	12 / 12	12 / 12
1 Management Analyst IV	3	Contract Analysts III		8	Contract Analysts II
<b>TOTAL POSITIONS</b>					
12 Positions / 12.0 FTE					

## 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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>EXPENDITURES</b>					
Total Expenditures	\$604,101	\$652,915	\$787,062	\$669,830	\$678,207
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	12 / 12	12 / 12	12 / 12	12 / 12	12 / 12
1 Management Analyst III	2	Material Mgmt. Specialists III		1	Inventory Manager
1 Management Analyst II	2	Material Mgmt. Specialists II		4	Material Management Drivers
1 Material Management Supervisor					
<b>TOTAL POSITIONS</b>					
12 Positions / 12.0 FTE					

# 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 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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
<b>EXPENDITURES</b>					
Total Expenditures	\$2,018,188	\$2,191,099	\$2,321,061	\$2,208,873	\$2,217,131
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Regular	11 / 11	12 / 12	12 / 12	12 / 12	12 / 12
1 Management Analyst IV	1	1 Management Analyst I		1 Business Analyst IV	
2 Management Analysts III	1	1 Network/Telecom Analyst II		1 Business Analyst II	
4 Management Analysts II	1	1 Contract Analyst III			
<b>TOTAL POSITIONS</b>					
<b>12 Positions / 12.0 FTE</b>					

## Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate/Actual	FY 2019	FY 2020
<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	43.2%	41.0%	40.0%/42.6%	40.0%	40.0%
Net surplus sales revenue – includes: online auction sales, consignment equipment and vehicle sales, direct sales and recycling proceeds	\$1,625,455	\$1,504,941	\$1,450,052/\$1,300,124	\$1,320,750	\$1,375,000
<b>Contracts</b>					
Processing time in days for an Invitation for Bid (IFB)	102	110	99/101	98	95
Processing time in days for a Request for Proposal (RFP) <sup>1</sup>	272	235	209/226	220	210
Percentage of contracts awarded through a competitive procurement action	76.0%	82.0%	85.0%/90.2%	90.0%	90.0%

# Department of Procurement and Material Management

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate/Actual	FY 2019	FY 2020
<b>Material Management</b>					
Percent of consumable items accurately tracked	100.0%	100.0%	99.0%/99.0%	99.0%	99.0%
Percentage of annual library circulation transferred by DPMM	25.0%	31.0%	30.0%/28.0%	30.0%	30.0%
Peak warehouse capacity used (peak capacity used / capacity available) <sup>2</sup>	98.0%	92.0%	93.0%/90.0%	93.0%	93.0%
Cost per mile	\$0.76	\$0.82	\$0.72/\$0.50	\$0.72	\$0.78
<b>Business and Technical Solutions</b>					
Percent of fixed assets accurately tracked	100.0%	99.0%	98.0%/99.0%	99.0%	99.0%
Percent of rebates achieved relative to plan	111.0%	107.0%	100.0%/104.0%	100.0%	100.0%

<sup>1</sup>FY 2016 is an amended outcome, based on a modification of the calculation methodology. As noted by Office of Financial and Program Auditor, the processing times are consistent with local peer data (Montgomery County, MD).

<sup>2</sup>The FY 2017 actual reduction in capacity is the result of a re-allocation of the warehouse floor space to accommodate new voting machines.

A complete list of performance measures can be viewed at  
<https://www.fairfaxcounty.gov/budget/fy-2020-adopted-performance-measures-pm>

## Performance Measurement Results

In FY 2018, DPMM successfully awarded a total of 387 contracts with no valid protests. Processing time improvements were realized in both methods of formal solicitations. Invitations for Bid decreased 10 percent, and Requests for Proposals decreased 4 percent. The department remains committed to balancing performance targets and improving customer satisfaction, both key performance metrics. Over 90.2 percent of the contracts were awarded through a competitive procurement action using market dynamics to drive savings to the County.

In FY 2018, DPMM awarded over 42 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 Small Business 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 \$2.16 million in County rebates in FY 2018. 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.



## **Department of Procurement and Material Management**

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The Material Management cost center continued its support for the Fairfax County Public Library (FCPL) system, transferring 2.86 million library books, or approximately 28 percent of the annual library circulation. The warehouse is supporting the library renovations through long-term storage of books. In FY 2018, Material Management achieved a peak warehouse capacity of 90 percent, a warehousing industry metric that indicates high utilization of the available space.

Although not formally included in the department's performance measures, the department anticipates adding new measures for the two cost centers added in FY 2019, Grants and Sponsored Programs and Strategic Contract Development and Administration. In the Grants and Sponsored Programs cost center, a new performance objective is to increase the percentage of contracts in substantial compliance with the contract terms to 95 percent. This cost center conducts enhanced monitoring of both federal sub-recipients and contractors, to include the Board of Supervisors directed financial monitoring of non-profit organizations receiving more than \$100,000 in contracted funds from county human services programs. The Strategic Contract Development and Administration cost center has added a performance objective to increase new contracts developed that contain program outcome measures to 90 percent. This cost center also collaborates with health and human services customer agencies to provide targeted contract administration, enhanced performance monitoring, and oversight of contracted services.