

The
Metropolitan Water Reclamation District
Of
Greater Chicago

2014

ANNUAL REPORT

OF THE

PROCUREMENT AND

MATERIALS MANAGEMENT DEPARTMENT

Darlene A. LoCascio, Director of Procurement and Materials Management

PROCUREMENT AND MATERIALS MANAGEMENT DEPARTMENT

In accordance with Illinois Compiled Statutes, Chapter 70, Section 2605/11.17 entitled the "Purchasing Act for the Metropolitan Water Reclamation District of Greater Chicago," the Director of Procurement and Materials Management respectfully submits to the Board of Commissioners this annual report describing the activities of her office for the year 2014.

RESPONSIBILITIES

The Procurement and Materials Management Department is charged with the responsibility for procurement of all materials and services that are used by the Metropolitan Water Reclamation District of Greater Chicago. The "Purchasing Act" for The Metropolitan Water Reclamation District of Greater Chicago delineates both the authority and operating regulations. This Act outlines the duties and responsibilities of the Director of Procurement and Materials Management in the various areas of purchasing supplies and services, requesting and receiving bids, determination of control, operation of storerooms, disposal of obsolete, surplus and unusable material, and quality of materials.

Formal contracts and purchase orders for commodities (supplies, material or equipment) over \$25,000 and for services over \$10,000 are opened in public in the form of sealed bids on a weekly basis after formal advertisement. Request for Proposals (RFP) over \$10,000 are advertised but not opened in public.

Informal bids are opened on a daily basis for commodities (supplies, material or equipment) \$25,000 and under and for services \$10,000 or under.

The Procurement and Materials Management Department's 2014 staff totals sixty-two (62) positions, with which to fulfill the duties and responsibilities of the "Purchasing Act".

The department is composed of four (4) Divisions: Executive - three (3) positions; Inventory Control - seven (7) positions; Acquisition - twenty (20) positions; and Stores and Inventory - thirty-two (32) positions.

Each Division Head, in addition to supervising the functions of their respective division, is a member of the Procurement Director's staff.

The four (4) Divisions work together closely, as each one of its members is dependent on information supplied by the others.

EXECUTIVE DIVISION

The Administrative Division is composed of the Director of Procurement and Materials Management and two (2) Administrative support personnel. The Procurement and Materials Management Director supervises the administration of all functions of the Procurement Department: buying, inventory control, and stores. The Procurement and Materials Management Director serves as the Chairman of the Board of Standardization that meets on a tri-monthly basis. The Administrative Division has the responsibility for the coordination, preparation and management of the departmental budget totaling \$9,364,500 for 2014, administration of issues relating to personnel, supervision of the computer operation, and collection of revenues from the sale of obsolete, used and surplus materials.

ACQUISITION DIVISION

The Acquisition Division, managed by the Assistant Director of Procurement and Materials Management, is responsible for the processing of all requests for goods and/or services required by the various departments of the Metropolitan Water Reclamation District of Greater Chicago. Both formal and informal proposals are solicited for these requirements whenever practical. The division is separated into three (3) sections: Administrative, Buying and Clerical.

The Administrative Section is comprised of the Assistant Director of Procurement and Materials Management, one (1) Senior Administrative Specialist and three (3) Administrative Assistants/Administrative Specialists. This section has the overall responsibility for this division as well as assignment, control and revision to the vendor bidding lists (or product classification groups); and identification of affirmative action applications for minority business enterprises (MBEs), women-owned business enterprises (WBEs), and small business enterprises (SBE's). The confirmation of MBE's, WBE's and SBE's firms is done by the Diversity section in General Administration.

The Buying Section is supervised by a Head Buyer and consists of a staff of two (2) Buyer IIIs, four (4) Senior Buyers, and four (4) Buyers and one (1) Administrative Specialist. This section is responsible for the procurement of all goods and services for the District in an economical and expeditious manner.

The Clerical Section is supervised by a Buyer III and has a staff of three (3) clerical positions. This section is responsible for data entry, filing, and record keeping, contract documents issuance and quotation receipts. This section reports to the Head Buyer.

STORES DIVISION

The Stores and Inventory Division is managed by the Stores and Inventory Manager. This division is charged with the responsibility of maintaining and controlling an optimum inventory to support the administrative, operating and maintenance requirements of the District in the most effective and economic manner. The division is separated into two (2) sections: Administrative and Stores.

The Administrative Section consists of the Stores and Inventory Manager and one (1) Senior Stores Specialist. The Administrative Section has the overall responsibility for this division and is responsible for developing budgets for materials and preparing a variety of monthly inventory reports. The Administrative Section is responsible for system contract administration. The Stores and Inventory Manager is acting chairman for the Board of Standards committee.

The Stores Section, consisting of thirty-two (32) positions, is managed by the Supervising Stores Specialist and is composed of five (5) units as follows: The Administrative Unit and four (4) plant storerooms. This section is responsible for the accuracy and accountability of the physical material under its control. The plants' staff order, receives, move, store, issue, stock transfer material requirements and provide feedback to central planning. This section plans, monitors, and analyzes inventory activities to assure a continuing optimum and economic inventory investment and user support level.

The largest storeroom is located at the Stickney Water Reclamation Plant (WRP) and is staffed by sixteen (16) employees. The remaining storerooms are located and staffed as follows: Calumet Water Reclamation Plant, five (5) employees; North Side Water Reclamation Plant, four (4) employees; John E. Egan Water Reclamation Plant, five (5) employees.

INVENTORY CONTROL DIVISION

The Inventory Control Division has a staff of seven (7) employees and is managed by the Supervising Stores Specialist. This position is supported by one (1) Supervising Stores Specialist and five (5) Stores Specialists. They are supported by an on-line computerized inventory database system providing instant access to all pertinent inventory data. Inventory Control personnel identify, catalog and maintain commodity standards, ensure inventory data integrity, effectively balance supply and demand requirements, and effect improvements in systems applications and physical workflow.

Inventory Control personnel assigned to the storeroom locations are responsible for physical count verification using a daily cycle counting technique to reconcile differences between inventory records and physical counts. Personnel also update stock locations, material master numbers and material descriptions, as well as perform spare parts inventory receipts.

The Inventory Review Board is chaired by the Supervising Stores Specialist. The purpose of the Board is:

- To maintain inventory for M&O ordered spare parts that balances an acceptable level of inventory investment while providing a high level of service to operating departments;
- To transfer items purchased by M&O and consumed on a regular basis to P&MM at the recommendation of the Inventory Review Board;
- To manage spare parts inventory by providing a link with the MRP controller within the SAP inventory module and Mainsaver;
- To review reorder points and maximum stock levels to maintain spare parts inventory in a cost-effective manner consistent with best business practices and MWRDGC's mission statement and operational goals;
- To identify and dispose of obsolete and surplus spare parts in a timely manner;
- To identify and consolidate duplicate spare parts inventory.

ACTIVITIES AND SIGNIFICANT ACCOMPLISHMENTS

Activities and significant accomplishments during 2014 include:

- Continued the commitment to customer service and transparency in the procurement process by providing the public with a collaboration area on the District's portal to submit questions concerning contract documents and specifications;

- On March 6, 2014, the construction contract for the O'Brien Water Reclamation Plant storeroom was awarded. This contract will provide additional storage space and office space for staff. Estimated completion date is March 31, 2015;
- Completed the training course titled "Requisitioning Processing" and completed 60 percent of the request for proposal class and handbook. Estimated completion date is the first quarter of 2015;
- Developed the request for proposals for both natural gas and electricity to have a pool of potential bidders available for future reverse auctions, as needed.

ACTIVITY COMPARISON

Activity		2014	2013	2012
Requisitions:				
Received	Number	6,903	7,566	7,537
Items on Requisitions	Number	10,666	10,652	10,541
Inquiries Mailed/Faxed	Number	30,279	37,717	37,682
Quotes Received	Number	10,076	12,053	13,380
Purchase Order Activity:				
To \$1,000.00	Number	2,548	2,769	2,872
	Value	\$970,667	\$1,052,005	\$1,087,131
\$1,000.01 To \$5,000.00	Number	1,267	1,240	1,219
	Value	\$2,894,727	\$2,833,789	\$2,764,378
\$5,000.01 To \$10,000.00	Number	361	324	304
	Value	\$2,597,554	\$2,418,749	\$2,227,536
Over \$10,000.00	Number	473	403	413
	Value	\$187,203,702	\$270,392,676	\$182,627,389
Total	Number	4,649	4,736	4,808
	Value	\$193,666,650	\$276,697,220	\$188,706,434
Emergency Orders Issued:				
Under \$25,000.00	Number	0	0	0
Over \$25,000.00	Number	4	0	3
Total	Number	4	0	3
Contracts Advertised:				
Contracts Advertised	Number	167	162	168
Advertisements Mailed/Faxed	Number	63,923	60,622	115,164
Bid Documents Distributed	Number	3,509	4,151	6,792
Bids Received and Processed	Number	501	510	895
Sales:				
Scrap, Surplus Material and Equipment	Value	\$113,823	\$149,295	\$115,533
Agricultural Products	Value	\$0	\$8,139	\$23,203
Document Fees	Value	\$6,900	\$17,200	\$21,736
Total	Value	\$120,723	\$174,634	\$160,472
Stores Operation and Issue:				
Shipments Received	Number	13,379	11,892	10,872
Inventory Issue Slips Processed	Number	14,709	15,476	13,924
Contract Requisitions Prepared	Number	4,554	4,182	4,215
Non-Contract Requisitions Prepared	Number	2,016	2,296	2,287
Transport Requisitions Prepared	Number	3,247	3,561	3,070