

The  
Metropolitan Water Reclamation District  
Of  
Greater Chicago

2016

ANNUAL REPORT

OF THE

PROCUREMENT AND

MATERIALS MANAGEMENT DEPARTMENT

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## **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 2016.

### **RESPONSIBILITIES**

The Procurement and Materials Management Department (P&MM) is charged with the responsibility for procurement of all materials and services that are used by the Metropolitan Water Reclamation District of Greater Chicago (District). The "Purchasing Act" for the District 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, determining control and operation of the storerooms, disposing of obsolete, surplus and unusable material, and verifying quality and testing 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 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 and under.

The P&MM 2016 staff totals sixty-three (63) 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-one (21) 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 Executive Division is composed of the Director of P&MM and two (2) Administrative support personnel. The Director supervises the administration of all functions of the Procurement Department: buying, inventory control, and stores. The Director serves as the chair of the Board of Standardization that meets on a tri-monthly basis. The Executive Division has the responsibility for the coordination, preparation and management of the departmental budget totaling \$8,777,400 for 2016, 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 P&MM, is responsible for the processing of all requests for goods and/or services required by the various departments of the District. 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 P&MM, one (1) Budget and Management Analyst, 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 two (2) Head Buyers and consists of a staff of one (1) Buyer III, four (4) Senior Buyers, and four (4) Buyers. 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 Head Buyer and has a staff of four (4) 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 Section, consisting of thirty (30) positions, is managed by the Stores and Inventory Manager and is composed of five (5) units as follows: The Administrative Unit, consisting of one (1) Supervising Stores Specialist, and four (4) plant storerooms. This section is responsible for the accuracy and accountability of the physical material under its control. The staff orders, receives, moves, stores, issues, handles stock transfer material requirements and provides 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 fifteen (15) 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 is managed by the Supervising Stores Specialist. This division is responsible for identifying, cataloging and maintaining commodity standards, ensuring inventory data integrity, effectively balancing supply and demand requirements and offering improvements in systems applications and physical workflow.

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) Materials Planning Supervisor/Senior 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 are responsible for physical count verification using a daily cycle counting technique to reconcile differences between inventory records and physical counts at all storerooms. Personnel also update consumption values, stock locations, material master numbers and material descriptions, iBid and investigate inventory inaccuracies with all staff and departments at the District.

An 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 2016 include:

- Redesigned several processes for the receipt and issuance of materials and supplies from the storerooms to ensure that the Maintenance & Operations Department (M&O) has the material in a timely manner;
- Consolidated several standard contract documents that required individual signatures into one document that requires only one signature;
- Created enhancements to the District portal allowing the ability to post online fillable Adobe PDFs, Microsoft Word documents, and Microsoft Excel files. These enhancements directly benefitted the Engineering and Human Resources Departments and Treasury Section when bidding their requests for proposals;

- Reviewed the modifications implemented in 2015 for the processing of requisitions under \$25,000 for materials and supplies, and under \$10,000 for services, to ensure that a reduction of the turnaround time to five days was achieved or any additional modifications were needed;
- Reviewed and adjusted the organizational structure of the department to support succession planning;
- Collaborated with M&O to issue a request for proposal for soliciting proposals to assist the District in becoming a Pennsylvania-New Jersey-Maryland Interconnection (PJM) service provider to market electricity generation capacity at the Lockport Powerhouse and to maximize return on investment to the District;
- Continued efforts to simplify the SAP procurement process to increase utilization;
- Purchased recyclable plastic pallets for the storerooms.

**ACTIVITY COMPARISON**

Activity		2016	2015	2014
<b>Requisitions:</b>				
Received	Number	7,712	6,559	6,903
Items on Requisitions	Number	10,731	9,524	10,666
Inquiries Mailed/Faxed	Number	31,848	30,729	30,279
Quotes Received	Number	10,395	10,160	10,076
<b>Purchase Order Activity:</b>				
To \$1,000.00	Number	2,932	2,609	2,548
	Value	\$968,430	\$954,796	\$970,667
\$1,000.01 To \$5,000.00	Number	1,179	1,169	1,267
	Value	\$2,765,587	\$2,712,029	\$2,894,727
\$5,000.01 To \$10,000.00	Number	337	325	361
	Value	\$2,460,041	\$2,399,210	\$2,597,554
Over \$10,000.00	Number	413	435	473
	Value	\$322,704,831	\$218,435,278	\$187,203,702
Total	Number	4,861	4,538	4,649
	Value	\$328,898,889	\$224,501,313	\$193,666,650
<b>Emergency Orders Issued:</b>				
Under \$25,000.00	Number	0	1	0
Over \$25,000.00	Number	6	2	4
Total	Number	6	3	4
<b>Contracts Advertised:</b>				
Contracts Advertised	Number	152	150	167
Advertisements Mailed/Faxed	Number	75,106	71,833	63,923
Bid Documents Distributed	Number	3,732	3,083	3,509
Bids Received and Processed	Number	496	471	501
<b>Sales:</b>				
Scrap, Surplus Material and Equipment	Value	\$67,015	\$154,916	\$113,823
Automobiles	Value	\$23,707	\$0	\$0
Document Fees	Value	\$3,800	\$10,050	\$6,900
Total	Value	\$94,522	\$164,966	\$120,723
<b>Stores Operation and Issue:</b>				
Shipments Received	Number	17,013	14,315	13,379
Inventory Issue Slips Processed	Number	15,227	13,713	14,709
Contract Requisitions Prepared	Number	3,948	3,563	4,554
Non-Contract Requisitions Prepared	Number	2,130	1,976	2,016
Transport Requisitions Prepared	Number	4,792	3,275	3,247