

The  
Metropolitan Water Reclamation District  
Of  
Greater Chicago

2009

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 2009.

### **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 Department's 2009 staff totals seventy (70) positions, with which to fulfill the duties and responsibilities of the "Purchasing Act".

The department is composed of four (4) Divisions: Administrative -- three (3) positions; Inventory Control -- eight (8) positions; Acquisition -- twenty-one (21) positions; and Stores and Inventory -- thirty-eight (38) 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.

### **ADMINISTRATIVE DIVISION**

The Administrative Division is composed of the Director of Procurement and Materials Management and two (2) Secretaries to the Officer. The Procurement Director supervises the administration of all functions of the Procurement Department: buying, inventory control, and storage. She is also 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 \$9,807,900 for 2008, administration of issues relating to personnel, supervision of the computer operation, and collection of revenues from the sale of obsolete, used and surplus materials.

### **INVENTORY CONTROL DIVISION**

The Inventory Control Division has a staff of eight (8) employees and is managed by the Materials Planning Administrator. This position is supported by one (1) Materials Planning Supervisor, one (1) Senior Materials Planner and five (5) Materials Planners. 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 Materials Planning Administrator. The purpose of the Board is:

- To maintain inventory policies 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 and consumed on a regular basis to inventory of department 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.

**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 Assistant and three (3) Administrative Assistants. 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 Affirmative Action unit in General Administration.

The Buying Section is supervised by a Head Buyer and consists of a staff of two (2) Buyer IIIs, four (4) Buyer IIs, four (4) Buyer Is and one (1) Principal Office Support 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 one (1) Senior Administrative Assistant 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 AND INVENTORY 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 Materials Planner. The Administrative Section has the overall responsibility for this division and is responsible for preparing a variety of monthly inventory reports. The Administrative Section is responsible for system contract administration.

The Stores Section, consisting of thirty-six (36) positions, is managed by the Stores Administrator, 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, receive, move, store, issue, stock transfer material requirements and provide feedback to central planning. This section develops budgets for materials; 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 twenty-one (21) employees. The remaining storerooms are located and staffed as follows:

<u>Plant</u>	<u>Employees</u>
Calumet Water Reclamation Plant	5
North Side Water Reclamation Plant	4
John E. Egan Water Reclamation Plant	5

## ACTIVITIES AND SIGNIFICANT ACCOMPLISHMENTS

Activities and significant accomplishments during 2009 include:

Significant activities in 2009 include:

- Utilize job order contracting, a competitively bid procurement tool, for small projects (\$10,000 to \$100,000), work orders that are time sensitive and emergency situations that may arise;
- Continue procurement of environmentally friendly products utilized in the day to day operations and include these requirements when contracting for services;
- Implementation of the SAP Suppliers Relationship Management module which will incorporate standard contract management, automated bid evaluations and awards, catalog management and a document builder component;

Accomplishments during 2009 include:

- Development of job order contracting (JOC) contract documents which are tailored to meet the needs of the District. The contract is to be awarded in 2010. JOC is a competitively bid procurement tool, for small projects (\$10,000 to \$100,000), time sensitive work orders and emergency situations that may arise;
- Continued procurement of environmentally friendly products utilized in the day to day operations and include the development of specifications for toilet paper and two types of paper towels;
- Continued success with the State of Illinois iBID as a way to sell obsolete and excel material and supplies. The revenue for 2009 is \$69,942.43;
- Revamped the department's external and internal portal to be more user friendly including the use of interactive forms.

**ACTIVITY COMPARISON**

<b>Activity</b>		<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Requisitions:</b>				
Received	Number	13,737	15,655	15,797
Items on Requisitions	Number	17,270	19,065	19,607
Inquiries Mailed/Faxed	Number	58,313	56,123	47,293
Quotes Received	Number	21,136	18,243	14,681
<b>Purchase Order Activity:</b>				
To \$1,000.00	Number	4,403	4,507	4,308
	Value	\$1,521,847	\$1,648,441	\$1,607,601
\$1,000.01 To \$5,000.00	Number	1,512	1,660	1,603
	Value	\$3,377,994	\$3,718,037	\$3,335,917
\$5,000.01 To \$10,000.00	Number	369	436	469
	Value	\$2,732,293	\$3,309,729	\$3,555,351
Over \$10,000.00	Number	471	534	468
	Value	\$320,489,094	\$497,914,764	\$162,684,995
Total	Number	6,755	7,137	6,848
	Value	\$328,121,228	\$506,590,971	\$171,183,864
<b>Emergency Orders Issued:</b>				
Under \$25,000.00	Number	1	11	3
Over \$25,000.00	Number	2	7	8
Total	Number	3	18	11
<b>Contracts Advertised:</b>				
Contracts Advertised	Number	193	248	302
Advertisements Mailed/Faxed	Number	71,830	79,208	93,784
Bid Documents Distributed	Number	3,824	3,890	3,824
Bids Received and Processed	Number	696	731	836
<b>Sales:</b>				
Scrap, Surplus Material and Equipment	Value	\$68,519	\$83,880	\$87,482
Agricultural Products	Value	\$4,569	\$14,529	\$13,984
Document Fees	Value	\$53,250	\$51,050	\$25,220
Total	Value	\$126,338	\$149,459	\$126,686
<b>Stores Operation and Issue:</b>				
Shipments Received	Number	11,382	11,678	11,336
Inventory Issue Slips Processed	Number	19,958	20,920	21,233
Contract Requisitions Prepared	Number	8,171	8,319	8,422
Non-Contract Requisitions Prepared	Number	4,208	5,341	5,720
Transport Requisitions Prepared	Number	5,036	4,423	2,774