

The
Metropolitan Water Reclamation District
Of
Greater Chicago

2015

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 2015.

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 2015 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; General & 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 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 \$8,645,100 for 2015, 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) 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 a Head Buyer and consists of a staff of two (2) Buyer IIIs, 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 Buyer III 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 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 2015 include:

- In collaboration with the Maintenance and Operations (M&O) and Law Departments, the District locked in the price for electricity for December 2017 to December 2018 at a price of \$.03643 per kWh RTC for a cost savings of approximately \$1.7 million from the December 2016 to December 2017 pricing;

- In 2014, the District did the first online auction for demand response and curtailment service. As a result of the auction, in 2015 the District received approximately \$1.29 million for the demand response event and curtailment of electricity;
- The expansion of the O'Brien storeroom was completed. Operationally, this storeroom expansion provides more functionality and efficiency along with a better working environment for the staff;
- Established a picture catalog for engineering spare parts. This effort will continue over the next three years;
- Implemented modifications for the processing of requisitions under \$25,000 for materials and supplies and under \$10,000 for services to reduce the turnaround time. The goal is five days.

ACTIVITY COMPARISON

Activity		2015	2014	2013
Requisitions:				
Received	Number	6,559	6,903	7,566
Items on Requisitions	Number	9,524	10,666	10,652
Inquiries Mailed/Faxed	Number	30,729	30,279	37,717
Quotes Received	Number	10,160	10,076	12,053
Purchase Order Activity:				
To \$1,000.00	Number	2,609	2,548	2,769
	Value	\$954,796	\$970,667	\$1,052,005
\$1,000.01 To \$5,000.00	Number	1,169	1,267	1,240
	Value	\$2,712,029	\$2,894,727	\$2,833,789
\$5,000.01 To \$10,000.00	Number	325	361	324
	Value	\$2,399,210	\$2,597,554	\$2,418,749
Over \$10,000.00	Number	435	473	403
	Value	\$218,435,278	\$187,203,702	\$270,392,676
Total	Number	4,538	4,649	4,736
	Value	\$224,501,313	\$193,666,650	\$276,697,219
Emergency Orders Issued:				
Under \$25,000.00	Number	1	0	0
Over \$25,000.00	Number	2	4	0
Total	Number	3	4	0
Contracts Advertised:				
Contracts Advertised	Number	150	167	162
Advertisements Mailed/Faxed	Number	71,833	63,923	60,622
Bid Documents Distributed	Number	3,083	3,509	4,151
Bids Received and Processed	Number	471	501	510
Sales:				
Scrap, Surplus Material and Equipment	Value	\$154,916	\$113,823	\$149,295
Agricultural Products	Value	\$0	\$0	\$8,139
Document Fees	Value	\$10,050	\$6,900	\$17,200
Total	Value	\$164,966	\$120,723	\$174,634
Stores Operation and Issue:				
Shipments Received	Number	14,315	13,379	11,892
Inventory Issue Slips Processed	Number	13,713	14,709	15,476
Contract Requisitions Prepared	Number	3,563	4,554	4,182
Non-Contract Requisitions Prepared	Number	1,976	2,016	2,296
Transport Requisitions Prepared	Number	3,275	3,247	3,561