

The
Metropolitan Water Reclamation District
Of
Greater Chicago

2012

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 2012.

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 2012 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) Secretaries to the Officer. 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 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 \$8,487,400 for 2012, 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 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, and 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 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 Materials Planner. 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 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, 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 Materials Planning Administrator. This position is supported by one (1) Materials Planning Supervisor 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.

ACTIVITIES AND SIGNIFICANT ACCOMPLISHMENTS

Activities and significant accomplishments during 2012 include:

- Developed the gap analysis and request for proposal for the SAP Procurement for Public Sector module. The functionality will incorporate integrated contract management and change order processes, reverse auction capabilities, electronic bid board, catalog management, and document builder component;
- Implemented a District-wide prioritization plan for non-core business projects for 2013;

- Extended the electricity contract to December 31, 2014 which produced a cost saving of \$878,430 over the 2013 pricing;
- Developed training program with General Administration, Human Resources, and Finance titled “Budget – Procurement and Payments for all District employees”;
- Procurement and Materials Management Department has developed access on-line for contract advertisements, contract documents, tab sheets, plan holder list, addendums and information on the status of contracts through the District’s portal;
- Assisted in the development of the dashboard for the status of purchase requisitions District-wide and by department;
- Proposed and implemented a new change order policy for capital improvement projects only.

ACTIVITY COMPARISON

Activity		2012	2011	2010
Requisitions:				
Received	Number	7,537	8,166	10,265
Items on Requisitions	Number	10,541	11,568	12,984
Inquiries Mailed/Faxed	Number	37,682	36,196	42,788
Quotes Received	Number	13,380	12,397	15,684
Purchase Order Activity:				
To \$1,000.00	Number	2,872	2,987	3,690
	Value	\$1,087,131	\$1,076,641	\$1,309,460
\$1,000.01 To \$5,000.00	Number	1,219	1,158	1,348
	Value	\$2,764,378	\$2,539,973	\$3,063,822
\$5,000.01 To \$10,000.00	Number	304	268	282
	Value	\$2,227,536	\$1,977,793	\$2,066,845
Over \$10,000.00	Number	413	351	428
	Value	\$182,627,389	\$145,249,943	\$526,717,691
Total	Number	4,808	4,764	5,748
	Value	\$188,706,434	\$150,844,350	\$533,157,818
Emergency Orders Issued:				
Under \$25,000.00	Number	0	2	0
Over \$25,000.00	Number	3	6	4
Total	Number	3	8	4
Contracts Advertised:				
Contracts Advertised	Number	168	134	179
Advertisements Mailed/Faxed	Number	115,164	60,232	63,104
Bid Documents Distributed	Number	6,792	2,749	3,160
Bids Received and Processed	Number	895	513	578
Sales:				
Scrap, Surplus Material and Equipment	Value	\$115,533	\$139,466	\$159,524
Agricultural Products	Value	\$23,203	\$13,738	\$0
Document Fees	Value	\$21,736	\$22,400	\$18,200
Total	Value	\$160,472	\$175,604	\$177,724
Stores Operation and Issue:				
Shipments Received	Number	10,872	11,098	9,736
Inventory Issue Slips Processed	Number	13,924	14,275	17,002
Contract Requisitions Prepared	Number	4,215	5,100	5,571
Non-Contract Requisitions Prepared	Number	2,287	2,201	3,167
Transport Requisitions Prepared	Number	3,070	3,196	4,192