

The  
Metropolitan Water Reclamation District  
Of  
Greater Chicago

2013

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 2013.

### **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 2013 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 \$8,999,300 for 2013, 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 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) 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) Materials Planning Supervisor 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 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 2013 include:

- Issued a request for proposal for an eProcurement Business Process Solution to be awarded in the fourth quarter. The functionality specified includes integrated contract management, change order processing, automated bid evaluation and award, reverse auction capabilities, an electronic bid board, catalog management, and a document builder component;
- Continued to monitor the District-wide prioritization plan for non-core business projects for 2013 and 2014;

- Started development of employee training programs, “Requisition Processing” and “Request for Proposal Procedures”;
- Developed on-line internal access of the original contract award and current contract value, including change orders and payments made to contractor;
- Replaced the hand soap cleaner currently in use with a more environmentally friendly product made of soybean and crushed walnut shell that can be used in the existing soap dispensers in the plants;
- Reduced electricity consumption at the Stickney storeroom by replacing eight high pressure sodium fixtures and 160 T8 fixtures with 25 LED motion fixtures in areas that are infrequently used.

**ACTIVITY COMPARISON**

<b>Activity</b>		<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Requisitions:</b>				
Received	Number	7,566	7,537	8,166
Items on Requisitions	Number	10,652	10,541	11,568
Inquiries Mailed/Faxed	Number	37,717	37,682	36,196
Quotes Received	Number	12,053	13,380	12,397
<b>Purchase Order Activity:</b>				
To \$1,000.00	Number	2,769	2,872	2,987
	Value	\$1,052,005	\$1,087,131	\$1,076,641
\$1,000.01 To \$5,000.00	Number	1,240	1,219	1,158
	Value	\$2,833,789	\$2,764,378	\$2,539,973
\$5,000.01 To \$10,000.00	Number	324	304	268
	Value	\$2,418,749	\$2,227,536	\$1,977,793
Over \$10,000.00	Number	403	413	351
	Value	\$270,392,676	\$182,627,389	\$145,249,943
Total	Number	4,736	4,808	4,764
	Value	\$276,697,220	\$188,706,434	\$150,844,350
<b>Emergency Orders Issued:</b>				
Under \$25,000.00	Number	0	0	2
Over \$25,000.00	Number	0	3	6
Total	Number	0	3	8
<b>Contracts Advertised:</b>				
Contracts Advertised	Number	162	168	134
Advertisements Mailed/Faxed	Number	60,622	115,164	60,232
Bid Documents Distributed	Number	4,151	6,792	2,749
Bids Received and Processed	Number	510	895	513
<b>Sales:</b>				
Scrap, Surplus Material and Equipment	Value	\$149,295	\$115,533	\$139,466
Agricultural Products	Value	\$8,139	\$23,203	\$13,738
Document Fees	Value	\$17,200	\$21,736	\$22,400
Total	Value	\$174,634	\$160,472	\$175,604
<b>Stores Operation and Issue:</b>				
Shipments Received	Number	11,892	10,872	11,098
Inventory Issue Slips Processed	Number	15,476	13,924	14,275
Contract Requisitions Prepared	Number	4,182	4,215	5,100
Non-Contract Requisitions Prepared	Number	2,296	2,287	2,201
Transport Requisitions Prepared	Number	3,561	3,070	3,196