

The  
Metropolitan Water Reclamation District  
Of  
Greater Chicago

2019

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 2019.

### **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 \$25,000 and under and for services \$10,000 and under.

The P&MM 2019 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 - eight (8) positions; Acquisition - twenty-one (21) positions; and Stores and Inventory - thirty-one (31) 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 quarterly basis. The Executive Division has the responsibility for the coordination, preparation and management of the departmental budget totaling \$9,821,100 for 2019, 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 services required by the various departments of the District in an economical and expeditious manner. 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. One Head Buyer supervises five (5) Senior Buyers. This group concentrates on contracts, RFPs and purchase orders with a dollar value greater than \$25,000 for commodities and \$10,000 for services. The second Head Buyer supervises four (4) Buyers and four (4) clerical positions. The Buyers concentrate on purchase orders for commodities that are \$25,000 or less and for services which are \$10,000 or less. The Buyers are responsible for inventory contracts that replenish stock items in the District's storerooms. The Clerical Section is responsible for data entry, filing, record keeping, quotation receipts, and the contract document and purchase order file room on a daily basis.

## **STORES AND INVENTORY DIVISION**

The Stores and Inventory Division is managed by the Stores and Inventory Manager. This division is responsible for maintaining and controlling optimum inventory levels 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 also responsible for system contract administration.

The Stores Section, consisting of twenty-nine (29) 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 also 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 fourteen (14) employees. The remaining storerooms are located and staffed as follows: Calumet Water Reclamation Plant, five (5) employees; Terrence J. O'Brien 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 a 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 eight (8) employees and is managed by the Supervising Stores Specialist. This position is supported by one (1) Materials Planning Supervisor/Senior Stores Specialist, five (5) Stores Specialists, and one (1) Administrative Clerk. 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; administer iBid sales of surplus materials; 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 the District'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.

**ACTIVITY COMPARISON**

Activity		2019	2018	2017
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**Requisitions:**

Received	Number	8,657	8,627	8,828
Items on Requisitions	Number	11,854	11,426	12,232
Inquiries Mailed/Faxed	Number	25,901	28,403	27,978
Quotes Received	Number	6,732	7,014	8,347

**Purchase Order Activity:**

To \$1,000.00	Number	3,500	3,494	3,410
	Value	\$1,186,283	\$1,173,923	\$1,141,430
\$1,000.01 To \$5,000.00	Number	1,423	1,409	1,413
	Value	\$3,237,413	\$3,167,031	\$3,323,492
\$5,000.01 To \$10,000.00	Number	377	324	321
	Value	\$2,786,383	\$2,366,655	\$2,407,399
Over \$10,000.00	Number	457	509	408
	Value	\$210,910,717	\$129,206,233	\$115,483,011
Total	Number	5,757	5,736	5,552
	Value	\$218,120,796	\$135,913,842	\$122,355,332

**Emergency Orders Issued:**

Under \$50,000.00	Number	0	1	1
Equal to or over \$50,000.00	Number	1	6	1
Total	Number	1	7	2

**Contracts Advertised:**

Contracts Advertised	Number	175	177	182
Advertisements Mailed/Faxed	Number	92,756	88,814	87,943
Bid Documents Distributed	Number	4,251	4,093	4,215
Bids Received and Processed	Number	480	505	546

**Sales:**

Scrap, Surplus Material and Equipment	Value	\$71,990	\$118,865	\$116,041
Automobiles	Value	\$35,669	\$29,262	\$42,440
Document Fees	Value	\$1,577	\$1,422	\$2,100
Total	Value	\$109,236	\$149,549	\$160,581

**Stores Operation and Issue:**

Shipments Received	Number	23,108	22,739	19,306
Inventory Issue Slips Processed	Number	17,712	16,663	15,961
Contract Requisitions Prepared	Number	6,009	5,461	6,260
Non-Contract Requisitions Prepared	Number	1,393	1,478	1,749
Transport Requisitions Prepared	Number	3,860	4,008	4,249