



**STATE OF WEST VIRGINIA
PURCHASING DIVISION**

Fiscal Year 2000
Prepared June 30, 2000

www.state.wv.us/admin/purchase



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The West Virginia Purchasing Division is an E.E.O./Affirmative Action Employer



A Message from the Purchasing Director



June 30, 2000

The Honorable Cecil H. Underwood
The Honorable Members of the West Virginia Legislature
Citizens of West Virginia

The momentum of the West Virginia Purchasing Division continues to grow at a rapid pace. We hope to share with you some of the activities and events which have occurred during 2000 as an illustration of this growth.

We are pleased to offer our 2000 **Annual Report** which will highlight the accomplishments made during this past year and to reveal our objectives for year 2001. Our organizational structure and other general information concerning our responsibilities, statutory authority and key contact persons are also included within this document.

The various programs which our Division administers are vital to state government. We maintain the state's fleet, monitor employee business travel, oversee surplus state and federal property, handle the procurement of commodities and services used by state agencies and control state inventory. These functions keep state government operating smoothly.

Thank you for your interest in the West Virginia Purchasing Division. Please let me and my staff know if we can be of assistance to you.

Dave Tincher, CPPO
Director, West Virginia Purchasing Division



General Information About Us

West Virginia Purchasing Division

2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305

Telephone: (304) 558-2306
Fax No.: (304) 558-4115
www.state.wv.us/admin/purchase

Mission Statement

The mission of the West Virginia Purchasing Division is to:

- ◆ improve the quality and efficiency of the services provided to all spending units;
- ◆ to build lasting and respected relationships with the people and vendors who provide goods and services used by and for the people of West Virginia; and,
- ◆ to assure all West Virginians that the services we provide and the purchases we make are conducted fairly and honestly to produce economical and effective results.

Statutory Authority

The Purchasing Division was created and its duties outlined in the ***West Virginia Code***, §5A-3-1 et seq. According to the Code, “the Purchasing Division was created for the purpose of establishing centralized offices to provide purchasing, travel and leasing services to various state agencies.”

The Purchasing Division operates in adherence to its **Legislative Rule** (148 CSR 1), which serves as a clarification of operative procedures for the purchase of products and services by the division. It applies to all spending units of state government, except those statutorily exempt.

Organizational Structure

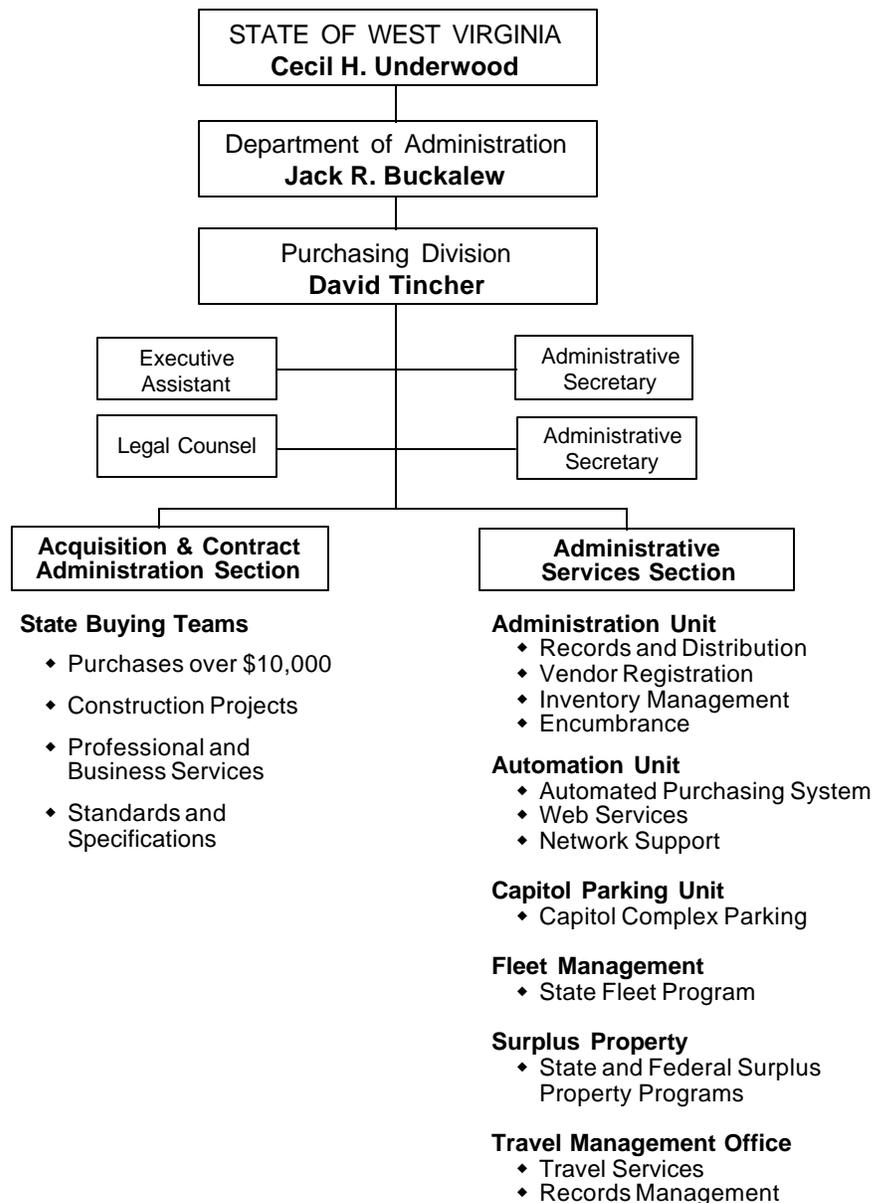
The Purchasing Division is divided into two sections: Acquisition and Contract Administration and Administrative Services.

Acquisition and Contract Administration Section

This section is responsible for the procurement of products and services over \$10,000 for all state agencies, with emphasis on buying the best quality for the least cost to taxpayers. The administration of the State Purchasing Card Program is monitored by this section. Other areas of responsibility include professional development and contract management.

Administrative Services Section

This section is responsible for various programs and services, including the automated purchasing system (TEAM), fleet management, State Capitol parking, inventory management, records management, Surplus Property Program, travel management, vendor registration, and purchase order encumbrance.



STATE OF WEST VIRGINIA

Purchasing Division

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Quick Contact Reference Guide

	<u>Telephone#</u>	<u>Location</u>
DIRECTOR'S OFFICE		
David Tincher, Director	(304) 558-2538	Main Office
Diane Holley, Executive Assistant	(304) 558-0661	Main Office
Debbie Watkins, Administrative Secretary	(304) 558-3568	Main Office
ACQUISITION & CONTRACT ADMINISTRATION		
Curt Curtiss, Assistant Director	(304) 558-7838	Main Office
Bid Requests	(304) 558-2063	Main Office
Team 1		
Ron Price, Buyer Supervisor	(304) 558-0492	Main Office
John Johnston, Senior Buyer	(304) 558-2402	Main Office
Pam Jones, Senior Buyer	(304) 558-0067	Main Office
Charlyn Miller, Senior Buyer	(304) 558-2596	Main Office
Team 2		
Evan Williams, Buyer Supervisor	(304) 558-2316	Main Office
Jim Jackson, Senior Buyer	(304) 558-0468	Main Office
ADMINISTRATIVE SERVICES SECTION		
Automation Unit		
Dan Miller, Manager	(304) 558-2314	Main Office
Administration Unit		
Jo Ann Dunlap, Manager	(304) 558-0059	Main Office
Capitol Parking		
Janice Boggs, Manager	(304) 558-0086	Main Office
Fleet Management Office		
Janice Boggs, Manager	(304) 558-0086	Main Office
Surplus Property Program		
Ken Frye, Manager	(304) 766-2626	Dunbar
Travel Management		
Catherine DeMarco, Manager	(304) 558-2613	Main Office



Year 2000 Highlights

New Capitol Parking Garage

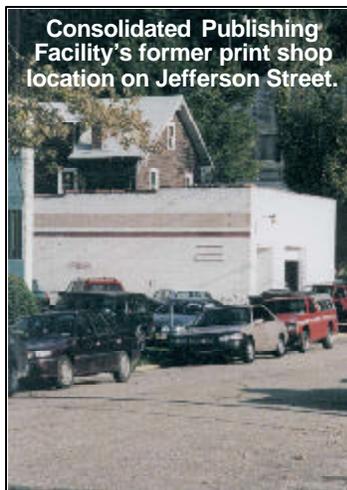
During the 1998 Legislative Session, a bill was passed allowing for the construction of a parking garage on the State Capitol grounds to help alleviate the parking problem at the Capitol Complex.

A \$5.6 million contract was awarded to the Carlton Company to build this facility, which offers parking for 788 vehicles. Of these spaces, 587 are assigned to state employees, with the remaining 201 spaces for visitors.



On October 25, 1999, the State Capitol Parking Building was completed and opened for public and assigned parking. Prior to the parking building opening, a public meeting was held on October 13 to explain the plans at the Capitol Complex to state employees, the media and citizens.

Transfer of Printing Operations



Consolidated Publishing Facility's former print shop location on Jefferson Street.

The Consolidated Publishing Facility (CPF) operations were transferred to the West Virginia Prison Industries in an attempt to combine similar services offered to state agencies. Today, all printing services are performed by one agency rather than two.

The plan allowed for all print services to function under the Division of Corrections. As a result, the Consolidated Publishing Facility (Operations Section of the Purchasing Division) was dissolved.

For several years, the Consolidated Publishing Facility experienced financial difficulties due to equipment and employee costs, and was unable to generate sufficient cash to sustain its operation and maintain its expenditures.

The purpose of this action was to substantially reduce the cost of printing to state government, while offering comparable printing quality and services to the private sector.

Performance Evaluation Mechanism

To address a recommendation offered during a 1999 West Virginia Legislative Audit, a mechanism was formulated to gather data on purchase order transactions and to facilitate discussion with vendors who offer products and services to the state.

This process is used to evaluate statewide contracts and other purchases processed through the Purchasing Division. A satisfaction rating is attained and used when inviting vendors and respective agencies to the table to discuss concerns relating to either a specific purchase order or the performance of a vendor. Although this process is not intended to replace the **Vendor Performance** form, it will increase data on all levels of satisfaction.

The expected results of this process include acquiring more data than the current process for managing contracts; offering a tool to improve quality and performance of products and services purchased by the state; and opening lines of communication among the Purchasing Division, state agencies and vendor community to make continuous improvements.

Professional Development and Training

Purchasing Conferences

The Purchasing Division conducted two training conferences for West Virginia vendors and state agency personnel.

State Agency Procurement Officers

The Agency Purchasing Conference was conducted on September 27-30, 1999 at Canaan Valley State Resort and Conference Center, with approximately 250 agency representatives in attendance.

Seventeen workshops were available for participants, including the Statewide Contract for Office Supplies (OFFICE98), Travel Management, Getting Started, the West Virginia Association of Rehabilitative Facilities, West Virginia Financial Information Management System (WVFIMS) Purchase Order Encumbrance Module, Best Value Purchasing, Agency Feud (a game show format), Prison Industries, Surplus Property, the Statewide Contract for Information Processing Equipment (IP99), Process Improvement, Real Property Leasing, State Fleet Management Program, State Purchasing Card, Fixed Assets, Agency Delegated Purchasing, and Automated Purchasing.

Vendor Purchasing Conference

The 2nd Annual Vendor Purchasing Conference was held on May 15-17, 2000 at Canaan Valley State Resort and Conference Center, with approximately 70 vendors attending.

Small workshop sessions, addressing payment issues, bid and award procedures, the vendor registration process, and the Purchasing Division's website, were conducted as well as one-on-one consultation sessions. Panel discussions provided participants an opportunity to learn how to market to state agencies and the benefits of selling to the state.

A general session was scheduled which offered an opportunity for participants to ask questions to the Purchasing Division staff and nearly 15 agency representatives in attendance.

Continuing Education

The Purchasing Division encourages life-long learning and professional development through the state Education Expense Reimbursement/Leave Program. During fiscal year 2000, three (3) employees participated in the program. The list of new staff credentials include:

- ~ A bachelor's degree in communication from West Virginia State College
- ~ A master's degree in communication from West Virginia University
- ~ A certificate of software engineering from West Virginia University



Financial Statistics

FISCAL YEAR 2000 Purchase Order Summary

Resident Vendor Analysis:

Vendor	Count (#)	Percent (#)	Value (\$)	Percent (\$)
West Virginia	1,345	66.85%	\$322,401,980.64	70.07%
Non West Virginia	667	33.15%	\$137,693,365.07	29.93%
TOTAL	2,012	100.00%	\$460,095,345.71	100.00%

The average PO amount for FY 2000 was \$228,676.00.

Agency Analysis:

Top 10 Agencies	Count (#)	Percent (#)	Value (\$)	Percent (\$)
Highways	728	36.18%	\$194,824,314.14	42.34%
DHHR*	146	7.26%	\$ 55,244,954.14	12.01%
DEP	159	7.90%	\$ 39,144,392.08	8.51%
Reg'l Jail & Corr.	30	1.49%	\$ 32,131,334.12	6.98%
Div. Eng. Facilities	26	1.29%	\$ 19,804,546.44	4.30%
Natural Resources	101	5.02%	\$ 11,249,538.80	2.45%
Administration	100	4.97%	\$ 11,187,387.84	2.43%
Lottery	9	0.45%	\$ 10,312,612.00	2.24%
State Police	56	2.78%	\$ 8,620,959.69	1.87%
Public Transit	13	0.65%	\$ 7,102,211.00	1.54%
Others	644	32.01%	\$ 70,473,095.46	15.32%
TOTAL	2,012	100.00%	\$460,095,345.71	100.00%

*The transactions for the state hospitals, the Board of Medicine, and the Board of Pharmacy were considered separately and individually, and are not included in the DHHR totals.



Division Accomplishments

Acquisition and Contract Administration Section

Acquisition and Contract Administration Section is responsible for the procurement of products and services for all state agencies, with emphasis on buying the best quality at the lowest cost to taxpayers. The administration of the State Purchasing Card Program is monitored by this section. Professional development and education of purchasing personnel is also addressed by this section.

State Purchasing Card

The State Purchasing Card has resulted in nearly \$7 million per month in small dollar purchases by state agencies.

Acceptance of the State Purchasing Card Program is a requirement to receive award on a statewide contract. The Purchasing Division has implemented this requirement on 65% of all current statewide contracts in order to reduce transaction costs in processing payment.

National Toll-Free Telephone Number

A toll-free telephone number (1-800-BIDS2WV) is available to all vendors throughout the continental United States who need general information or would like to request bid packages.

Best Value Purchasing - “Minimum Acceptable Score” Concept

Best Value Purchasing is a philosophy implemented last fiscal year which is used primarily for complex, high dollar purchases over \$250,000. This process selects the offer which is most advantageous to the state based on comparing and evaluating all pertinent factors in addition to cost, so that the overall combination that best serves the state is chosen.

To ensure quality, this fiscal year the Purchasing Division implemented the concept of “minimum acceptable score” which requires all vendors to attain a minimum of 70% of the total points possible for technical ability in order to be considered further in the evaluation and award process.

New Statewide Contracts

The Purchasing Division issued nearly 100 statewide contracts which must be utilized by agencies and may also be used by political subdivisions.

This fiscal year, two new statewide contracts were created:

SWC-DIGITALCM-00: Digital Copy Machines
SWC-SUPPLEMENTS-00: Food Supplements

Administrative Services Section

Administrative Services Section is responsible for various programs and services, including the TEAM automated purchasing system, vendor registration, inventory management, travel management, fleet management and the Surplus Property Program.

Administration Unit

The Administration Unit oversees several purchasing-related functions, including the production of the *West Virginia Purchasing Bulletin*, vendor registration, purchase order encumbrance, West Virginia Financial Information Management Fixed Assets System, microfilming and distribution of all executed purchase orders, and distribution of bid packages and receipt of bids.

West Virginia Purchasing Bulletin

This publication contains information on purchasing requirements in excess of \$10,000. Published twice monthly, this news bulletin is mailed to over 6,300 subscribed vendors.

Vendor Registration

A total number of 8,847 ***Vendor Registration and Disclosure Statement*** forms were processed during the 2000 fiscal year. Of this number, 5,283 were vendor renewals, while 1,173 were new vendors. The remaining were for exempt vendors or for address/name changes.

As of June 30, 2000, the Purchasing Division collected \$289,440 in revenue through the Vendor Registration Program.

Purchase Order Encumbrance Module

The West Virginia Financial Information Management System (WVFIMS) Purchase Order Encumbrance Module was successfully implemented with all agencies using the system by May 1, 1998. As a result, all purchase orders with a fixed amount were placed on the Purchase Order Encumbrance Module and encumbered. Total Number of documents encumbered by the Purchasing Division, which includes all purchase orders executed by both the Purchasing Division and Higher Education, is 5,570.

Fixed Assets (Inventory Management) System

The Purchasing Division successfully completed the implementation of the WVFIMS Fixed Assets System in 1996. State agencies are required to submit a certification to the Purchasing Division on July 15 of each year, indicating that assets have been properly entered.

All agencies are required to enter their fixed assets with an acquisition value of \$1,000 or more on the WVFIMS Fixed Assets Systems. As such, property retirement procedures must be followed or the asset will remain in the agency's inventory. The value of assets in the WVFIMS Fixed Assets System as of the end of the 2000 fiscal year was \$872,997,979.46.

Automation Unit

The Automation Unit has three primary objectives:

- ~ **Administration of the automated purchasing system (TEAM);**
- ~ **Maintenance of the Purchasing Division's Internet and Intranet web pages;**
- ~ **PC and network support.**

TEAM Training

The automated purchasing system continued to attract new users during the 2000 fiscal year. The latest additions from the Department of Health and Human Resources included the Bureau of Medical Services, the Bureau of Child Support Enforcement, and all four regions of the Bureau for Children and Families.

Purchasing Division Website

Several enhancements were made to the Purchasing Division's Internet site, including:

- ~ A new section on the West Virginia State Agency for Surplus Property (containing information on eligibility, auction dates, location, and property availability);
- ~ A Java-enhanced alternate log-in for America Online customers.
- ~ An online request feature to receive bid packages.
- ~ An applet showing the next publication date of the online edition of the ***West Virginia Purchasing Bulletin***.
- ~ Online registration for the 2nd Annual Vendor Purchasing Conference.

Fleet Management Office

The Fleet Management Office provides management services for approximately 1,500 vehicles and ensures that these vehicles are appropriate to the transportation needs of the users. This office interfaces with all levels of state government and coordinates the involvement of state agencies that lease vehicles from the Purchasing Division.

Major Achievements

- ~ Completed the purchase of 287 vehicles for the model year 2000. The total amount spent on this year's vehicle order was approximately \$5,000,000.
- ~ Several agencies, including the West Virginia State Police and some higher education institutions, have continued to participate in the state Vehicle Lease/Maintenance Program despite being statutorily exempt from the program.
- ~ The current gasoline/maintenance credit card fee was lowered from \$.80 a card per month to no charge.

- ~ Monthly lease rates on certain 2000 vehicles were comparable to last year.
- ~ Included billing codes on new model vehicle ordering forms to provide more accurate reports.

Future Plans

- ~ Overhaul the new and retired vehicle process to ensure efficiency and accountability. Evaluate the current fleet to determine vehicles that are five years old or have 100,000 miles on them which need to be retired and replaced with new vehicles. Vehicles that are not driven the required 1,500 miles a month will be reassigned to an agency with a greater need.
- ~ Bid and award a new maintenance/service contract for all vehicles.
- ~ Establish a direction for fleet services into the year 2001 and develop several strategies to be followed.
- ~ Update website to include more information on the Fleet Management Program.

State Capitol Parking

The State Capitol Parking Unit oversees approximately 2,600 parking spaces for employees, visitors and legislators at the State Capitol Complex in compliance with the rules and regulations as set forth by the Cabinet Secretary of the Department of Administration.

Major Accomplishments

- ~ A new parking facility opened in October of 1999, providing 201 additional spaces for visitors and 587 additional spaces for employees.
- ~ All parking lots have been assigned a colored-hanging decal to be display from the rearview mirror of vehicles to assist the guards in identifying and enforcing reserved parking.
- ~ A permanent divider has been erected on the Laidley Field parking lot to distinguish between reserved and visitor parking.
- ~ Restructured visitor parking at the Laidley Field lot to relocate parking patrons closer to the State Capitol Complex.
- ~ Provided parking for most state vehicles at the Morris Street lot, allowing state employees to benefit from the convenient parking of the Transportation Parking Garage.

Future Plans

- ~ Modify the Title 148 - "Parking Rules and Regulations."
- ~ Update the **Capitol Complex Parking Manual**.
- ~ Complete the final phase of the State Capitol Parking Plan, which includes lot renovations, reallocations of all parking spaces for state agencies to provide an even percentage of available parking. During this process, parking was provided within closer proximity to the building in which the agency is located.
- ~ Add additional handicap parking spaces to the State Capitol Complex for visitors and employees.
- ~ Continuously survey the parking situation to provide the most convenient parking for employees and visitors doing business at the Capitol Complex.
- ~ Create a website detailing various aspects of parking at the State Capitol.

Surplus Property Unit

The Surplus Property Unit coordinates the acquisition of federal surplus property for resale to eligible organizations. It approves the disposal of retired state-owned property and oversees the sale of retired state property to eligible organizations and the general public through auctions and sealed bids.

State Surplus Property Program

Sales through the State Surplus Program totaled \$1,630,534 for fiscal year 2000, with \$816,205 through negotiated sales to eligible governmental and non-profit organizations and \$814,327 through public sales (auctions and sealed bids). The negotiated sales figures included 100 surplus vehicles sold primarily to governmental agencies for \$638,000.

Federal Surplus Property Program

The Federal Surplus Property Program contributed \$318,061 in revenue during this fiscal year. This property, which was distributed to eligible organizations, including non-profit health and educational organizations and other entities of state, local and municipal governments, originally cost the federal government \$3.9 million.

Onsite Auction at Romney, WV

The West Virginia State Agency for Surplus Property conducted a public auction on July 17, 1999 at the West Virginia School for the Deaf and Blind in Romney, West Virginia. The purpose for selecting this location was to provide citizens of the eastern part of the state an opportunity to purchase state surplus property without having to travel the distance to Dunbar. Several tractor-trailer loads of property were hauled from the agency's warehouse facility in Dunbar to supplement the state surplus gathered from the School for the Deaf and Blind and other nearby agencies. The auction was a success with over 100 participants from Romney and nearby communities.

Travel Management Office

The Travel Management Office develops, administers and revises travel regulations for most executive branch agencies. Several statewide contracts are utilized to offer the most cost-efficient and beneficial services to state travelers.

Car Rental Statewide Contract

With the new statewide contract with Avis, the average cost of a car rental dropped from \$40.18 per day to \$37.97. Overall, without a preferred car rental contract, the normal daily rate is \$57.00 per day for a savings of \$172,840.

Travel Credit Services Statewide Contract

Diners Club is the contractor for travel credit card services to state travelers. This contract offers many features, including CDW insurance when renting vehicles. This alone saved the state \$101,700 during 1999, based on \$15 a day for insurance and 6,780 rental days.

Travel Services Statewide Contract

Based on volume, the state's revenue shared agreement with National Travel (the state contractor for travel services) earned in excess of \$50,000 for state agencies and West Virginia University for the fiscal year.



Legislative Changes

House Bill 4805

This legislation concerns fraud in the purchasing process, with special emphasis on political subdivisions. The bill notes that awards cannot be made on contracts with lower quality than indicated on specifications.

House Bill 4442

Referred to as the Vendor Debarment Bill, this legislation monitors vendors for breach of contract, failure to pay required taxes, and federal debarment status. It affects those agencies which follow the state purchasing guidelines, as well as those legally exempt from our regulations.



Objectives for Year 2001

- ~ To complete the final phase of the State Capitol Parking Plan, which includes reallocation of parking spaces and lot renovation and maintenance.
- ~ To overhaul the new and retired vehicle process to ensure efficiency and accountability.
- ~ To continue enhancing the services offered to state travelers by rebidding and awarding the statewide contracts for travel services, travel/hospitality credit card and rental vehicles to the most qualified and efficient vendor.
- ~ To bid and award a new statewide contract for the storage of state documents and records.
- ~ To examine alternatives in automating the state purchasing process with special emphasis on electronic commercing.
- ~ To continue to conduct informative professional development training programs for state agency procurement officers and vendors in order to facilitate a more productive working relationship.
- ~ To roll out the purchase order evaluation mechanism to all state agencies to better measure the level of satisfaction of the products and services contracted by the state.
- ~ To seek ways to encourage and educate West Virginia vendors to participate in the state's competitive purchasing process.