

**State of West Virginia  
Purchasing Division**

# ANNUAL REPORT



*Improving the quality and efficiency of the services provided to all spending units;*

*Building lasting and respected relationships with the people and vendors who provide goods and services used by and for the people of West Virginia;*

*Assuring all West Virginians that the services we provide and the purchases we make are conducted fairly and honestly to produce economical and effective results*

**Fiscal Year 2003**

[www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)

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



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# A Message from the Purchasing Director

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June 30, 2003

**The Honorable Bob Wise  
The Honorable Members of the West Virginia Legislature  
Citizens of West Virginia**

During this fiscal year, many sacrifices had to be made in addressing budgetary and funding issues which not only affected our state, but most of the states of the Union. As a result, creative ideas were generated to cut expenditures, while maintaining the services anticipated by our taxpayers.

In January of 2003, Governor Bob Wise issued Executive Order 01-03, which reduced the state's fleet by approximately 15 percent. Because the Purchasing Division oversees the state's fleet and also operates the Surplus Property Program, our division was charged with managing the reduction efforts and given the discretion to successfully accomplish this goal.

Throughout the year, training continued to be emphasized by the division in order to increase competition in the state's bidding process, while educating state agency purchasers and vendors alike in policies and procedures surrounding this process. The first-ever Agency and Vendor Purchasing Conference & Product Expo was conducted in April of 2003. In addition to this training event, the Purchasing Division conducted a fleet conference in June to address many crucial issues, including the fleet reduction.

While creating and clarifying policies and procedures throughout the year, communication was maintained among all parties affected by these changes.

Many other accomplishments were realized throughout this fiscal year, which are outlined within this **Annual Report**. I encourage you to continue to support the programs and services that we provide to our customers: state agencies, businesses and the general public.

Sincerely,

A handwritten signature in black ink that reads "Dave Tincher".

Dave Tincher, CPPO, Director  
West Virginia Purchasing Division





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# General Information

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## **West Virginia Purchasing Division**

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P.O. Box 50130  
Charleston, WV 25305

**Telephone:** (304) 558-2306

**In-state toll-free:** 800-BIDS2WV (800-243-7298)

**Fax:** (304) 558-4115

*[www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)*

## **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.

## **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.

## **Organizational Structure**

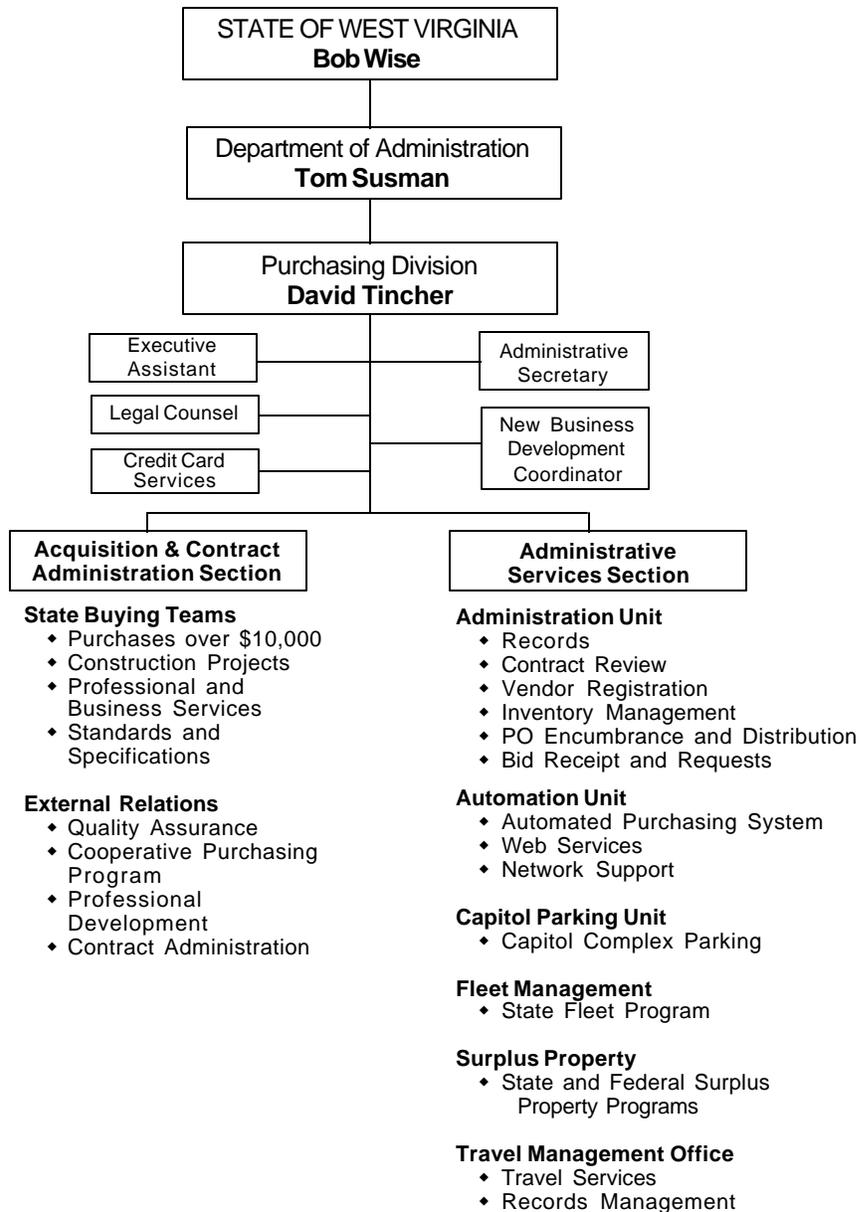
The Purchasing Division is organizationally structured under the Department of Administration. In addition to the Purchasing Director’s office, the division has two sections: Acquisition and Contract Administration and Administrative Services.

## Acquisition and Contract Administration Section

This section is responsible for the acquisition 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 External Relations Unit serves as the liaison for the Purchasing Division, state agencies, vendors and political subdivisions. Other areas of responsibility include professional development, contract management, quality assurance and the Cooperative Purchasing Program, which allows political subdivisions to utilize statewide contracts.

## Administrative Services Section

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



## Quick Contact Reference Guide

	<u>Telephone #</u>	<u>Location</u>
<b>DIRECTOR'S OFFICE</b>		
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
<u>New Business Development</u>		
Scott Padon, Manager	(304)558-3488	Main Office
<u>Credit Card Services</u>		
Ann Mollohan, Coordinator	(304)558-3486	Main Office
<b>ACQUISITION &amp; CONTRACT ADMINISTRATION SECTION</b>		
Karen Byrd, Director	(304)558-4317	Main Office
<u>Acquisition Teams</u>		
<i>Team 1</i>		
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
Betty Francisco, Senior Buyer	(304)558-0468	Main Office
Chuck Bowman, Senior Buyer	(304)558-2157	Main Office
<i>Team 2</i>		
Evan Williams, Buyer Supervisor	(304)558-2316	Main Office
Charlyn Miller, Senior Buyer	(304)558-2596	Main Office
<u>External Relations</u>		
Vacant, Manager	(304)558-2306	Main Office
<b>ADMINISTRATIVE SERVICES SECTION</b>		
<u>Administration Unit</u>		
Jo Ann Dunlap, Manager	(304)558-0059	Main Office
<u>Automation Unit</u>		
Dan Miller, Manager	(304)558-2314	Main Office
<u>Capitol Parking</u>		
Janice Boggs, Manager	(304)558-0086	Main Office
<u>Fleet Management Office</u>		
Janice Boggs, Manager	(304)558-0086	Main Office
<u>Records Management</u>		
Catherine DeMarco, Manager	(304)558-2613	Main Office
<u>Surplus Property Unit</u>		
Ken Frye, Manager	(304)766-2626	Dunbar
<u>Travel Management</u>		
Catherine DeMarco, Manager	(304)558-2613	Main Office



# Year in Review

## Highlights

### 2003 Agency and Vendor Purchasing Conference and Product Exposition

The 2003 Agency and Vendor Purchasing Conference, conducted at Lakeview Resort & Conference Center on April 7-11, proved to be a tremendous success.

For the first year, the Purchasing Division combined the training for agency purchasers and business representatives. The outcome was a win-win opportunity for both!



In addition, a product exposition was included in the agenda for the conference. Nearly 80 vendors displayed their products and services to over 225 agency representatives. An additional 50 vendors attended the conference, but chose not to participate in the expo.



"Each year, I wonder how we can improve what we feel has always been a worthwhile training event," said Purchasing Director Dave Tincher. "This year, we did it again. We managed to offer nearly 400 agency and business representatives with a top-notch, high quality opportunity to learn and network."

**(top right)** An exposition, showcasing products and services available to state agencies, was an addition to this year's conference; **(top left)** Vendors had the opportunity to schedule one-on-one sessions with Purchasing staff and other agency officials; **(bottom left)** Learning made fun...the conference included its own game show, Purchasing Feud, which enabled the vendor family to tackle the agency family on purchasing issues; **(below)** An agency panel addresses various issues relating to delegated purchasing authority.



# Changes Made to Parking at the State Capitol

As a result of the passage of House Bill 2592 during the 2003 Legislative Session, a change in Legislative Rule 148 CSR 6 was made affecting the monthly parking fees paid by state employees working at the Capitol Complex.



Effective July 1, 2003, the parking fee will increase to \$16 per month and raise \$1 per month each year thereafter until it reaches \$20 per month in 2007. Payment by the employees shall be made through payroll deduction, unless otherwise authorized.

The monthly parking rates will be as follows:

<b>July 1, 2003</b> .....	<b>\$16 per month</b>
<b>July 1, 2004</b> .....	<b>\$17 per month</b>
<b>July 1, 2005</b> .....	<b>\$18 per month</b>
<b>July 1, 2006</b> .....	<b>\$19 per month</b>
<b>July 1, 2007</b> .....	<b>\$20 per month</b>

Other changes relative to parking as a result of recent legislation are highlighted below:

- ☞ Increases the fines for parking violations;
- ☞ Increases the number of times a ticket can be given to four times a day;
- ☞ Authorizes the removal or immobilization of a vehicle whose owner owes more than ten unpaid violations;
- ☞ Authorizes the revocation of a state issued parking space if the employee owes more than ten unpaid violations;
- ☞ Expands the hours in which fines can be given for elapsed time in metered parking areas to 8 a.m. to 5 p.m.;
- ☞ Establishes that fines not paid within ten days are subject to double additional fines, not to exceed \$20;
- ☞ Allows for a civil summons to be issued if fines are not paid within fourteen days;
- ☞ Decreased the meter fees from \$1 per hour to .50 cents;
- ☞ Eliminated the time limit for fines on designated handicap parking areas.

## Governor’s Fleet Reduction Auction

The state of West Virginia conducted its biggest vehicle surplus auction on May 31, 2003 at the Surplus Property Unit’s facility at 2700 Charles Avenue in Dunbar, generating over half a million dollars in revenue. A variety of vehicles were available from sedans to SUVs to heavy-duty trucks.

This auction was part of the governor's fleet management plan which Governor Bob Wise announced during his State of the State Address. The goal of this plan was to reduce the state's fleet by about 15 percent or 555 vehicles.



According to a release by the Governor's Office, the state will save more than \$2.2 million dollars each year by no longer having the expense of fuel, maintenance and insurance for these vehicles. That amount is in addition to the money raised by the sale.



There were 833 individuals who registered as potential bidders for this sale.

“After the governor's town hall meeting with state employees last December, we received more than 90 suggestions from the Employee Communication Network regarding fleet management,” according to Acting Cabinet Secretary Tom Susman. “Governor Wise announced in his State of the State Address that we would reduce our state's fleet by 555 vehicles, saving the taxpayers insurance, gasoline and maintenance costs.”

Susman added that the state is continuing to look for better ways to manage the state's fleet and reduce costs. “This auction is another step to better government,” he added.

## West Virginia Welcomes MasterCard as the Official State Travel Card



Many state employees are carrying something new in their wallets...the MasterCard Travel Card. United Bank was the successful bidder in the statewide contract for travel credit card services (TCARD).

The existing statewide travel card contract with Diners Club expired March 31, 2003. A smooth transition from Diners Club to MasterCard was experienced, primarily due to the dissemination of information to all state travel coordinators in a timely manner. In February of 2003, six workshop sessions were conducted for state travel coordinators in Morgantown and Charleston.

Tina Smith, Assistant Vice President of United Bank, expands on the many advantages of the new MasterCard Travel Card. “One such advantage is that while traveling for business, you will have access to cash at over 799,000 ATMs worldwide. In addition, you may obtain a cash advance over the counter at any bank displaying the MasterCard logo, including the many convenient locations of United Bank,” she said. Ghost accounts will continue to be available to agencies upon request.

An application and procedures for applying is available at the State Travel Management Office's website at [www.state.wv.us/admin/purchase/travel](http://www.state.wv.us/admin/purchase/travel). Once completed and signed, the applicant

must submit the application to the state travel coordinator for review, approval and processing. The travel coordinator will ensure that the appropriate supervisor has approved the card for the employee and that all necessary sections of the application are complete.

United Bank offers a variety of reporting features for the state, including cardholder lists, aging and credit line analysis, employee activity report, cardholder recap reports by time line, employee cash advance reports, closed accounts reports, etc.

## **Emergency Purchasing Procedures Directed to All Public Governmental Entities**

In accordance with the §15-5-6(g) of the *West Virginia Code*, the governor has the authority to suspend certain laws, rules and/or regulations regarding the acquisition of commodities and services by public organizations in the event the governor declares an emergency.

In January of 2003, public purchasing procedures were developed and put into effect for implementation by all public organizations in declared emergency situations.

The purpose of establishing such procedures was to ensure that, even in such emergency situations, public officials are to conduct business in an ethical and efficient manner by seeking competition for commodities and services and maintaining complete documentation for all purchasing transactions.

It is of the highest importance that state government responds quickly and effectively to safeguard the public safety and welfare during states of emergency. Yet, even under those circumstances, the acquisition of commodities and services must be effectuated in a fair and accountable manner.

Emergency purchases may only be made if the Purchasing Director, exercising sound judgment and discretion, concludes in good faith and upon reasonable and sufficient grounds that some unforeseen or unexpected circumstance has suddenly created a situation requiring that commodities or services be immediately purchased by a state spending unit. **The Purchasing Director must approve in writing such a purchase.**

Accordingly, should the Governor suspend said laws, rules and/or regulations, the following procedures shall apply:

1. The employees or representatives of the public organizations shall exercise sound judgment and discretion when acquiring commodities and services related to the emergency.
2. The employees or representatives of the public organizations shall operate with highest ideals of honor and integrity and strive to avoid the appearance of perceived impropriety.
3. No person shall corruptly combine, collude, or conspire with one or more persons to lessen competition, cause a higher price to be paid or cause one vendor to be preferred over one or more other prospective vendors.
4. No person shall solicit or receive anything of value, directly or indirectly, now or in the future, from any vendor or person supplying commodities or services in relation to the emergency.
5. The acquisition of commodities and services not on contract and in excess of \$1,000 but less than \$5,000 shall at all times be based on three competitive bids. Bids may be verbal but shall be summarized and documented and include the date of purchase, vendor, dollar amount,

commodity or service description, quantity, number of bids obtained and whether the award was made to the low bidder.

6. The acquisition of commodities and services not on contract and in excess of \$5,000 shall be based on three written bids which shall be documented and include the date of purchase, vendor, dollar amount, commodity or service description, quantity, number of bids obtained and whether the award was made to the low bidder.
7. If, in the opinion of the public organizations, using sound judgment and discretion, time does not permit written bids to be received, verbal bids shall be obtained and documented, with written bids received within five working days of the request.
8. The public organizations shall be responsible for developing specifications for commodities and services that do not favor a particular brand or vendor.
9. If, in the opinion of the public organization, using sound judgment and discretion, time does not permit verbal bids to be received, the public organization must secure written approval from the agency head (mayor, county commissioner, governor, etc.) to secure necessary services and supplies without bids for only that period of time absolutely necessary to abate the emergency.
10. All purchase order and/or contract awards shall be made to the lowest, responsible bidder meeting specifications.
11. Should the award not be made to the lowest priced bidder, a written justification shall be placed on file with the bids that document the reason the low price was rejected. This justification must be signed by the head of the public organization.
12. Any contract and/or purchase order in excess of \$100,000 shall be reviewed, approved and signed by the head of the public agency.
13. The public organizations shall document each expenditure and include specifications, bids, no-bids, award justifications and any other relevant data.
14. The documentation for each expenditure shall be complete and shall be kept in an orderly manner that will enable any interested party to understand specifics of the expenditure.
15. A complete written record of all expenditures relating to the emergency shall be submitted to the Governor within 30 days of the expiration of the declaration of the emergency.
16. The written record shall include a summary sheet that details all acquisitions for the emergency and lists date of purchase, vendor, dollar amount, commodity or service description, quantity, number of bids obtained and whether the award was made to the low bidder.
17. The Governor reserves the right to remove the spending authority at any time during the emergency and appoint a person or organization to manage the emergency expenditures and/or transfer that authority to another organization.
18. All emergency expenditures are subject to complete review and/or thorough audit as requested by the Governor.
19. The Governor reserves the right to amend, alter, or cancel these procedures as necessary through written amendments, alterations or cancellations with justification and documentation of specific situations and reasons.



# Year in Review

## Program Accomplishments

### ACQUISITION AND CONTRACT ADMINISTRATION SECTION

The Acquisition and Contract Administration Section is responsible for the procurement of products and services for state agencies. The ACA Section is committed to buying the best quality at the lowest cost to taxpayers. The procurement process is monitored through the Requisition Tracking System, from the requisition process to the purchase order award. This section strives to provide services in the most efficient manner possible.

#### **Non-Conflict of Interest Certification**

A certification of non-conflict of interest requirement was added for state employees effective February 2003. All evaluators and advisors of purchase solicitations are required to sign and submit a Certification of Non-Conflict of Interest for all new purchase transactions. The Certification of Non-Conflict of Interest form is maintained in the transaction file as a public record.

#### **Agency Checklists**

Checklists for each purchasing transaction type were developed and introduced for agency comment at the Purchasing Division's fall conference. The checklists were developed to provide assistance to agencies in preparing bid requisitions and supporting documentation for submission to the Purchasing Division. Agency comments were reviewed, appropriate changes were made, and the checklists were formally adopted at the Purchasing Division's spring conference. Checklists have reduced errors in agency submissions thereby resulting in a more efficient process.

#### **Emergency Procedures**

In addition to §5A-3-15 of the *West Virginia Code* and the procedures outlined in the Purchasing Division's Policies and Procedures Handbook, Governor Bob Wise implemented emergency guidelines for all public agencies in January of 2003. These guidelines stress the importance of maintaining competition in emergency situations. The new guidelines have been incorporated into the Purchasing Division's procedures.

#### **Sole Source Purchases**

The Purchasing Division placed a much stronger emphasis on sole source purchase documentation submitted by agencies during the fiscal year. While reviews of sole source documentation have always been performed by the Purchasing Division, a much harder stance was taken by the Division

to ensure competitive bids are sought whenever possible. Agencies are being required to submit detailed documentation in support of sole source purchase requests.

### **Additional Buyer**

The Purchasing Division was pleased to be able to add a new Senior Buyer to the Acquisition and Contract Administration Section. This addition brings the total number of buyers to seven. These seven buyers are responsible for processing all formal purchases in excess of \$10,000 on behalf of the state agencies.

### **Statewide Contracts**

A new statewide contract was added to provide discounts for airfare. The contract, executed with Delta Airlines in March 2003, provides discounts for state employees' airfare while conducting business on behalf of the state.

Additionally, in response to employee suggestions, a new requirement was added to the statewide office supply contract allowing state employees to go off of the statewide contract, if desired, for purchases of less than \$100. This permits employees to purchase small dollar items at local businesses.

### **Cooperative Purchasing**

The Cooperative Purchasing Program, which makes statewide contracts available for eligible political subdivisions, has continued to expand and grow since providing for on-line membership renewal and contract selection.

## **ADMINISTRATIVE SERVICES SECTION**

**The Administrative Services Section is responsible for various programs and services, including the 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 review, encumbrance and distribution, West Virginia Financial Information Management Fixed Assets System, microfilming of all executed purchase orders and supporting documentation, and the distribution of bid packages and receipt of incoming bids.*

### **West Virginia Purchasing Bulletin**

The West Virginia Purchasing Bulletin, which contains information on purchasing requirements in excess of \$10,000, was published weekly and posted on our division's website. A hard copy of the **West Virginia Purchasing Bulletin** was mailed to more than 6,400 vendors bi-weekly. Vendors wishing to access the Purchasing Bulletin on our website must be a registered vendor and have paid the required \$45 annual fee. The bulletin is secured and vendors may only access the bulletin if they possess a vendor number and password, which is provided by the Purchasing Division.

## **Vendor Registration**

A total number of **10,151** Vendor Registration and Disclosure Statement forms and renewals were received for processing during the 2003 fiscal year. Of this number, **5,344** were vendor renewals and **1,105** were new vendors registering with the Purchasing Division. The balance of **2,809** consisted of exempt vendors or vendors updating their status with the Purchasing Division. A total of **893** were returned due to the vendors not completing the form as required. Revenue generated from the vendor registration fee for fiscal year 2003 was **\$289,983**.

## **Purchase Order Encumbrance, Distribution and Microfilming**

The West Virginia Financial Information Management System (WVFIMS) Purchase Order Encumbrance Module was successfully implemented on May 1, 1998. As a result, all purchase orders and subsequent change orders with a fixed amount were placed on the Purchase Order Encumbrance System.

The total number of purchase orders encumbered by the Purchasing Division, which includes all purchase orders executed by the Purchasing Division (**3,414**) and Higher Education (**1,191**) is **4,605**.

Total documents microfilmed for the Purchasing Division, which contains purchase orders, change orders, vendor registration forms and all supporting documentation, is **296,275**.

## **Fixed Assets (Inventory Management)**

The Purchasing Division successfully completed the implementation of the WVFIMS Fixed Assets System in 1996. State agencies reporting to the Purchasing Division are required to submit a certification to the Purchasing Division on or before July 15th of each year, indicating that assets have been properly documented and retired in accordance with policy and procedures.

Agencies are required to enter their fixed assets with an acquisition value of \$1,000 or more into the WVFIMS Fixed Assets System and retire obsolete equipment in accordance with policy and procedure. Total dollar of assets entered into the Fixed Assets System for fiscal year 2003 was **\$29,454,551.08**. Total dollar assets currently in the system is **\$1,176,188,897.08**. The fixed assets procedural manual was revised in June of 2003 and placed on our website for agencies to download.

## **Bid Package Requests and Incoming Bids**

The Administration Unit received and responded to **8,868** bid requests from vendors and received **3,624** incoming bids from vendors.

## **Automation Unit**

*The Automation Unit has three primary objectives:*

- *Administration of the automated purchasing system;*
- *Maintenance of the Purchasing Division's Internet and Intranet web pages;*
- *PC and local area network support.*

## **Purchasing Forms**

Purchasing forms have been available online for several years. However, there has always been one major drawback: Users could not **type** in the forms unless they were printed and inserted into a typewriter. The issue was resolved in February 2003 when the Purchasing Division introduced "new and improved" forms. The new forms can be downloaded and completed using an ordinary PC and web browser. The forms are available online at **<http://intranet.state.wv.us>**.

## Requisition Tracking System - Phase 2

Phase 2 was an important step forward for our requisition tracking project and involved changes which improved the services we provide to vendors and state agencies. Below is a list of some of the enhancements included in Phase 2:

- New reports showing the average processing time for each step of the process,
- New reports showing overdue requisitions,
- Improvements to the weekly contract status report, and
- New vendor-related reports.

As a result of Phase 2, the Purchasing Division was able to provide state agencies with realistic processing goals for each type of purchasing transaction and individualized reports showing actual number of requisitions and their processing time. This information was communicated to agencies in a statewide memorandum from Purchasing Director David Tincher, CPPO, dated March 31, 2003.

Below is a list of the requisition processing goals shown in calendar days:

Agreement	18
Agency Contract	62
Agency Contract with Prebid or Addendum	83
Statewide Contract	62
Statewide Contract with Prebid or Addendum	86
Direct Purchase	21
Equipment Contract Order (Special)	10
Construction	80
Construction with Prebid or Addendum	98
Expressions of Interest	90
Expressions of Interest with Prebid or Addendum	104
Cancellation & Re-Award	18
Change Order	18
Request for Proposal	98
Request for Proposal with Prebid Or Addendum	112
Regular (Spot) Purchase	60
Regular (Spot) Purchase with Prebid or Addendum	62
Emergency Purchase	18

## **Fleet Management Office**

*The Fleet Management Office provides management services for approximately 1,500 vehicles and ensures that these vehicles are appropriate for 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.*

### **2003 Fleet Conference**

Due to changes in procedures and the reduction of state-owned vehicles in accordance to the Governor's Executive Order 1-03, the Fleet Management Office conducted a one-day conference at Stonewall Jackson State Resort and Conference Center in June for fleet coordinators and other agency representatives who are associated with this program.

Purchasing Director Dave Tincher kicked off the program with a discussion relating to the recent reduction of the state's fleet. Fleet Manager Janice Boggs provided an overview of the central fleet program, with detailed information on its mission, statutory authority, responsibilities, the process, training and the retirement of state vehicles. She also explained the role and responsibilities of the agency fleet coordinators and those state employees who are offered the privilege to drive state vehicles.



The lease terms and conditions outline important information for drivers of state vehicles, such as obeying all motor vehicle laws and regulations, and the prohibition of alcohol, drugs and smoking in state vehicles. Cellular telephone use is also discouraged during the operation of a state vehicle.

Manager Ken Frye presented information on Surplus Property Unit's role in the fleet management program, in regard to the receipt of new vehicles at his agency's location in Dunbar. He also discussed the retirement of state vehicles.

Dan Appleby, Regional Director of Business Development for Government and Utilities for PHH Arval, represented the vendor who services the statewide contract for fleet management services. He provided valuable information on the services his company offers to the Fleet Management and to individual fleet coordinators at the agency level.

Chuck Mazingo, Assistant Claims Manager for the Board of Risk and Insurance Management, discussed issues relating to insurance coverage and accident procedures.

Tincher closed the conference with an interactive discussion on future issues and questions concerning the state's fleet of vehicles. Valuable feedback was received at the conference during this session. "We organized this training conference very quickly; however, the information offered and, more importantly, the open exchange of ideas to continually improve this program was truly a success," Tincher said. He plans to provide similar training for the agency fleet coordinators periodically.

### **State Vehicle Purchase**

The Fleet Management Office completed the purchase of 162 vehicles for model year 2003. The total amount spent on this year's vehicle order was approximately \$3 million. These vehicles were financed through a third party. The Fleet Management Office met with each vendor on the statewide vehicle contract to explain the ordering process, in an attempt to eliminate any problems with delivery that would prevent payment of a vehicle. Billing codes were included on the new model vehicle ordering forms to provide more accurate billing reports.

### **Division of Highways Fueling Stations**

The Fleet Management Office worked closely with the Division of Highways to allow state employees participating in the Fleet Management Program to utilize their gasoline facilities. Fleet Manager Janice Boggs indicated that a pilot program was initiated to ensure that the process worked adequately and that the billing structure established is appropriate.

The DOH fueling stations are not automated as some of the private gasoline stations. Similar procedures, however, apply. The driver must indicate the license number and the mileage at the time of fueling. The Fleet Management Office discourages all drivers to purchase any items other than gasoline at these facilities, such as oil, windshield washer fluid, etc.

The Division of Highways provides nearly 120 fueling stations within its 10 districts. The gasoline distributors consist of Oliver Fuel, Tri-State Petroleum, Petroleum Products, Harris Oil, Guttman Oil, Hampshire Distributor and R.T. Rogers Oil.

"We are pleased to join with the Division of Highways in offering these gasoline stations throughout the state to the drivers who use our program," Boggs said.

### **FleetSense**

A new reporting tool known as FleetSense has been made available to the State of West Virginia through PHH Arval, the state contractor for fleet management services. Approximately 30 agency fleet coordinators are utilizing this feature.

FleetSense enables the coordinators to measure, monitor and make decisions about fleet costs, such as capturing odometer information automatically at the point of sale when purchasing gasoline. This eliminates mileage information being sent directly to PHH on a monthly basis. When the driver fills up his tank, he will need to know his personal identification number and current odometer reading.

FleetSense will also identify changes in your fleet overtime and will provide vehicle comparisons from year to year. Some of the specialized reports offered through this feature include:

#### Fleet Replacement Schedule

This report identifies vehicles due for replacement based on the replacement policy for months in service and projected odometer reading. If no odometer data is available, the replacement date is projected based on months in service.

#### Three-Year Projected Odometer

This report provides vehicle-by-vehicle projected odometer readings for three years from the effective run date. This report helps to determine preventive maintenance schedules.

#### Summary Depreciation Analysis

This report provides summary depreciation statistics on sold vehicles for a twelve-month period to assist in the selection of lease terms, sales methods and other policy factors to control and reduce depreciation costs.

### **Violation Complaints**

Violations complaint procedures have been put into place, which require the driver to respond to any complaint issued against him or her. The Cabinet Secretary, Governor's Chief of Operations and any other appropriate official within their agency should be included in the response the driver prepares.

### **Future Plans**

- Continue to improve the vehicle ordering process to ensure agency needs are satisfied; overhaul the new and retired vehicle process to ensure efficiency and accountability; evaluate the current fleet; retire vehicles that are five years old and replace with new vehicles; continue offering education to all drivers of state-owned vehicles.

- Continue to meet with Agency Fleet Coordinators to review vehicle orders. This action ensures that the agency is ordering vehicles which accommodate its needs for utilization.
- Establish a direction for fleet services into the year 2004. Develop several strategies to be followed. Within each strategy are goals that will aid the Fleet Management Office in measuring progress.
- The vehicle maintenance contract expired on May 31, 2003. Continue negotiations to implement a new contract.

### **State Capitol Parking**

*The State Capitol Parking Unit oversees approximately 3,000 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.*

#### **Parking Meters**

The Capitol Parking Unit has developed procedures for the maintenance of parking meters utilized on the State Capitol Complex. The need for meters at the Laidley Field visitor's section is being evaluated, which would offer 93 meters. If approved, this project should be completed by the end of 2003.



#### **Transportation Building**

Building 2 (Transportation Building) was closed due to repairs necessary to ensure the safety of individuals and property. Individuals parking at this location were reallocated to other spaces throughout the Capitol Complex, utilizing 54 meters.

#### **State Capitol Website**

The program's website continues to be updated, detailing various aspects of parking at the State Capitol ([www.state.wv.us/admin/purchase/parking](http://www.state.wv.us/admin/purchase/parking)).

#### **Future Plans**

- Update the Capitol Complex Parking Manual
- Continue to monitor the parking situation to provide the most convenient parking for employees and visitors doing business on campus.

### **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.*

#### **Fiscal Year 2003 Statistics**

The following are totals for various programs administered by the West Virginia State Agency for Surplus Property:

Federal Property Service Charge:	\$ 182,502.92
State Property Service Charge:	779,829.50
Public Auctions:	1,263,078.68
Weekly Sealed Bids:	619,367.32
Statewide Sealed Bids:	<u>16,104.22</u>
<b>Total Revenue:</b>	<b>\$2,860,882.64</b>

### State Vehicles

Approximately 815 vehicles were sold during Fiscal Year 2003. Below is a breakdown of the method by which they were sold:

Public Auction:	424	\$1,150,935.00
Weekly Sealed Bids:	225	585,332.04
Statewide Sealed Bids:	6	7,672.80
Negotiated Sales:	<u>160</u>	\$685,332.04
<i>Municipalities</i>	70	
<i>Non-profit Organizations:</i>	11	
<i>County Commissions:</i>	35	
<i>State Agencies:</i>	20	
<i>Board of Education</i>	19	

The organizations listed purchased the majority of the vehicles. Public service districts, fire departments, housing authorities, and committees on aging purchased the remaining 5 vehicles.

### Vehicle Reduction Initiative

Governor Bob Wise issued an Executive Order 1-03 requiring state departments and agencies to reduce their fleet of vehicles. The Order stated that the current fleet available to state employees consists of "an excess of vehicles, many of which are under-utilized". Accordingly, 555 vehicles were to be eliminated from the state's fleet.

Vehicle fleets of state departments and agencies must be reduced by the following numbers with no exceptions:

Commerce .....	<b>22</b>
Education.....	<b>2</b>
Education and the Arts .....	<b>4</b>
Employment Programs .....	<b>3</b>
Environmental Protection .....	<b>53</b>
Office of the Governor .....	<b>1</b>
Health and Human Resources .....	<b>22</b>
Higher Education.....	
Policy Commission .....	<b>123</b>
Public Service Commission .....	<b>3</b>
Natural Resources .....	<b>35</b>
Tax and Revenue.. ..	<b>8</b>
Transportation.....	<b>279</b>

The head of the respective departments and agencies were instructed in this Order to make the fleet reduction a top priority with the flexibility of eliminating the vehicles in any manner desired.

The Purchasing Division was charged with managing the fleet reduction and communicated closely with the departments to assist in meeting these goals by the established deadline of **March 31, 2003**.

The Order directs the Purchasing Division to not encumber or mail any vehicle contracts or purchase orders to the affected departments and agencies for one year without first demonstrating to the Cabinet Secretary of the Department of Administration the existence of extraordinary circumstances warranting additional purchase orders.

Each vehicle was to be retired with proper documentation and delivered to the Surplus Property Unit at 2700 Charles Avenue in Dunbar, West Virginia. All vehicles were to be in good condition, free of defects, with clear titles, keys and any other options or enhancements intact.

The Surplus Property Unit aggressively marketed eligible organizations, including state agencies, municipalities, county commissions, county boards of education, public service districts, housing authorities, non-profit organizations and other entities.

In addition, the public had opportunities to acquire the vehicles retired through this statewide vehicle reduction. Auctions and a weekly sealed bid process were used to competitively market to private citizens. A public vehicle auction was conducted on May 31, 2003 (see page 7 of this **Annual Report**) at Surplus Property's Dunbar location.

### **Travel Management Office**

*The Travel Management Office oversees business travel within state government. Serving as the administrator and overseer of the Governor's Travel Regulation, this office approves travel abnormalities and coordinates with the authorized travel agency all travel-related activities, including air, surface and rail travel, hotel reservations and vehicle rental for both in-state and out-of-state travel. This office also administers contracts with the authorized corporate credit card vendor, car rental carrier and travel agency, ensuring that the traveler on state business gets first rate services at a cost equal to or below the current market price.*

### **Car Rental Statewide Contract - Avis**

In fiscal year 2003, the total rental days decreased to 7,586, based on an expenditure of \$308,916. Raising the average cost of a rental car per day to \$40.72. Without a preferred car rental contract the normal (average) daily rate is \$68.00 for a savings of \$206,946. Of the 1,682 intermediate cars rented, approximately 50% were upgraded to full sized vehicles at no additional cost.

### **Travel Management Services Statewide Contract - National Travel**

Year end transactions include:

Exchanges	982
Refunds	118
Airline tickets	8,523 (for a total volume of \$3,212,149.11)
Service fees paid	\$187,644.29

## City-Pair Fares Statewide Contract - Delta Airline

Effective March 15, 2003

Tickets Issued	Cost	Full Fare	Savings
32	\$16,236	\$30,262	\$14,026

## Travel Card Services Statewide Contract

### **Diners Club** - *Statewide Contract for Travel Credit Card (from 7/1/02 to 3/31/03)*

The statewide contract for travel charge card services with Diners Club included CDW insurance when renting a vehicle. This information is approximate since all locations did not provide pick-up and drop-off dates. The average rate for collision insurance is \$21.00 per day. Based on a total of 7,314 rental days, the state saved a total cost of \$153,594.

### **Master Card** - *Statewide Contract for Travel Credit Card (effective 3/31/2003)*

The statewide contract for travel charge card services with MasterCard includes CDW insurance when renting a vehicle. This information is approximate since all locations did not provide pick-up and drop-off dates. The average rate for collision insurance is \$21.00 per day, based on a total of 1710 rental days reported from United Bank, the state saved a total cost of \$35,910.

## NEW BUSINESS DEVELOPMENT OFFICE

**The New Business Development Office is organized as part of the Director's Office to assist vendors and to promote competition within the state's procurement process. Its goal is to serve in the capacity of an ombudsman for businesses in problem-solving by advancing those issues-of-interest by businesses that may be advantageous to the public-private sectors business relationship.**

### Vendor Participation

The Purchasing Division's New Business Development Office advances the continuing division efforts of encouraging greater vendor participation and expanding the vendor pool (registered vendors) to state government. The business community continues to expand the use of digital solicitation and inquiries about how to effectively solicit state government agencies to the division. These inquiries are directed to and coordinated through the New Business Development Office. Additional inquiries are directed to this office by state government agencies outside of the Purchasing Division. This increase in traffic serves as an indication that the division's new business development charge is understood by state government agencies and is viewed as another favorable division tool to be used by state agencies.

Capitalizing on the goodwill created by the 2003 Agency and Vendor Purchasing Conference which, for the first time, brought vendors and procurement staff from across state government together for a joint conference, the New Business Development Office worked with more than 120 businesses of various sizes on a one-on-one basis to secure their participation in selling goods and services to state government. This office assisted businesses in locating an appropriate market for their goods and services within state government, and to be the *'feet on the ground'* within state government so that those businesses could continue or to expand their business relationship with state government.

### **Vendor Outreach**

The New Business Development Office continues a dedicated outreach effort that includes responding to and pro-actively working with the West Virginia Development Office's Small Business Development Centers, the Regional Contracting Assistance Center, Inc. (RCAC provides services in 41 counties), and the Procurement Technical Assistance Center (PTAC provides services in 17 northern and western counties), and Chamber of Commerce organizations across the state to provide basic, broad education and industry-specific training for potential as well as experienced vendors.

### **Training Opportunities**

Participation opportunities, such as those presented by the Chamber of Commerce of the Mid-Ohio Valley, for the New Business Development Office to speak during a series of extended lunchtime workshops represent the ongoing and expanding efforts of the office to reach small businesses. This provides an opportunity for small businesses to learn about marketing their business to state government more on their terms, in a way that meets their needs in recognizing the limited staff of small businesses, and to do so in conjunction with positively-identified organizations that have established a record of trust with the businesses.

### **Small Business Initiative**

Following the division's initiative of last year to sharpen our focus on West Virginia's largest groups of defined-business ownership categories: disabled-owned small business, minority-owned small business, veteran-owned small business, women-owned small business, and other small businesses, the New Business Development Office effected changes on the division's Vendor Registration and Disclosure Statement in order to capture information, voluntarily provided by the vendor, to identify registered vendors within those business categories. This never-before accessible information allows for the division to reach a goal of identifying the makeup of vendors conducting business with state government.

### **The Future**

The Division's New Business Development Office has mapped a path for the division to be an organizational leader in the state government efforts to more fully involve West Virginia vendors in government purchasing and increase the competition for government business using vendors more fully informed and better educated in the processes of state government - all to the benefit of both West Virginia state government organizations and the citizens for whom those government organizations perform.



# Recognizing Excellence

## 2003 Award Winners

The Purchasing Division is pleased to continue recognizing individuals who demonstrate the qualities of excellence each year through our recognition programs. Our division values expertise and cooperation of those state employees who handle the daily tasks and responsibilities within their division.

There are two awards which are offered each year at our Agency and Vendor Purchasing Conference & Product Expo: The **Agency Procurement Officer of the Year** and the **Partner in Purchasing**.

The criteria for these awards include such qualities as tenure, performance, internal training efforts, communication, cooperation and exerting a positive image.

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### 2003 Agency Procurement Officer of the Year Syble Atkins of the Department of Tax & Revenue

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*The Agency Procurement Officer of the Year award began in 1997. Its purpose is to recognize each year one individual working in the procurement field who has demonstrated high levels of performance and professionalism.*

Syble Atkins of the Department of Tax & Revenue was the recipient of the 2003 Agency Procurement Officer of the Year. Serving as the Procurement Officer for the Department of Tax and Revenue, she has worked in West Virginia state government for eight years.

In 1999, she was promoted to her current position and, according to her superiors and peers, she has adapted very well with the heavy workload. She made minor changes to the internal procurement procedures, which improve the process by 90%.



According to one of her co-workers, "Syble's image and professional energy makes the workplace a positive and calm atmosphere. She is a valuable asset."

Another co-worker added, "Her coordination of her work with vendors and agency purchasing personnel in a professional manner guarantees and secures the required purchasing documentation."

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## 2003 Partner in Purchasing

### Patricia Holtsclaw of the Alcohol Beverage Control Administration

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*The Partner in Purchasing award recognizes individuals who have exceeded expectations in working with the various programs administered by the Purchasing Division, including Capitol Parking, Fleet Management, Fixed Assets, Surplus Property, TEAM and Travel Management.*

Patricia is the agency fleet coordinator for the Alcohol Beverage Control Administration. She has diligently worked to organize, manage and improve her agency's operations concerning its fleet of vehicles.

She has been instrumental in determining which employees, through regularly performed mileage cost-benefit ratio analysis, should be assigned a vehicle.



According to one of Patricia's co-workers, "In addition to managing the fiscal affairs of the ABCA, Patricia has shown great enthusiasm and propensity for her work relating to fleet management. As comptroller of the agency, her responsibilities ultimately touch and effect every aspect of the agency."

Sadly, we regret to announce that Patricia passed away in October, 2003, from injuries received from an automobile accident. She will be greatly missed by her family, friends and fellow state employees.



# Financial Statistics

## FISCAL YEAR 2003

### Purchase Order Summary

#### *Resident Vendor Analysis:*

Vendor	Count (#)	Percent (#)	Value (\$)	Percent (\$)
West Virginia	1,153	65%	\$306,280,111.28	63%
Non West Virginia	613	35%	\$182,056,497.10	37%
<b>TOTAL</b>	<b>1,766</b>	<b>100%</b>	<b>\$488,336,608.38</b>	<b>100%</b>

The average purchase order amount for FY 2001 was \$276,521.30.

#### *Agency Analysis:*

Top 10 Agencies	Count (#)	Percent (#)	Value (\$)	Percent (\$)
Highways	506	29%	\$148,393,764.51	30%
DHHR	221	12%	\$77,938,565.73	16%
DEP	179	10%	\$43,189,490.69	9%
Div. Eng. Facilities	31	2%	\$41,221,066.93	8%
Reg. Jail Auth.	33	2%	\$36,027,980.58	7%
Administration	74	4%	\$28,942,964.10	6%
Education	63	4%	\$12,956,303.22	3%
Emergency Services	18	1%	\$7,088,685.35	2%
Natural Resources	81	5%	\$6,798,023.92	1%
BEP	41	2%	\$5,823,627.12	1%
Others	519	29%	\$79,956,136.23	17%
<b>TOTAL</b>	<b>1,766</b>	<b>100%</b>	<b>\$488,336,608.38</b>	<b>100%</b>



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# Legislative Changes

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## **House Bill 2592**

Authorizes the Department of Administration to promulgate legislative rules. These rules deal with Records Management and Preservation; Technology Access for the Visually Impaired; Parking; Qualifications for Participation in the State Use Program; Consolidated Public Retirement Board; Lobbying; and Personnel. The rules relative to parking made some changes, including an increase in the monthly fees and parking fines, allows for the removal or immobilization of any vehicle whose owner owes more than 10 unpaid violations, and increases the number of times a ticket may be given from twice to four times a day.

## **Senate Bill 636**

Exempts competitive bidding requirements for commodities and services by nonprofit workshops that employ the handicapped.