



State of West Virginia
Department of
Administration

Purchasing Division



FISCAL YEAR 2005
ANNUAL REPORT

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



June 30, 2005

To the Citizens of West Virginia:

This year has brought about many changes to the Purchasing Division. In addition to welcoming the new leadership of Gov. Joe Manchin III, we implemented new and innovative ways to improve the effectiveness and cost-efficiency of the programs and services we offer.



Organizations, both public and private, are constantly looking at ways to offer more for less. I'm pleased that the Purchasing Division has not only maintained our existing programs and services, but has utilized technology to benefit our customers, while offering our division cost savings.

Our biggest technological accomplishment was offering the statewide contracts processed by the Purchasing Division online at our website (**www.state.wv.us/admin/purchase**). By performing this task, state agencies, vendors, and, equally important, political subdivisions can access the contracts at the touch of their fingertips. In the past, political subdivisions had to pay a subscription to assist with the cost of printing and distributing copies of the statewide contracts for their use. Now, a subscription fee is not necessary since there is no financial overhead to offer this service.

The division also looked at its own organization to determine how customer service could be enhanced. Changes were made to the assignment of our buying staff, resulting in allocating their services by agency rather than commodity.

Numerous other initiatives and accomplishments were realized during this fiscal year, many of which are highlighted within this **Annual Report**. As each year passes, I continue my gratitude for your support of the programs and services offered by the Purchasing Division.

Sincerely,

Dave Tincher, Director
West Virginia Purchasing Division

General Information



West Virginia Purchasing Division

2019 Washington Street, East
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

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 Purchasing Division is to provide valued services to our customers by making sound and effective decisions in accordance with state law. As a customer-driven organization, we strive to exercise prudent and fair spending practices in acquiring quality goods and services in a timely fashion; to continually improve the services we offer to maximize the efficiency of state government; and to provide leadership and guidance to our customers – state agencies, vendors, legislators and the general public – in building lasting business relationships.

Our Values

Integrity...The Purchasing Division values the trust which its customers place upon our organization and works diligently to maintain that level of comfort realized by our customers.

Our Values, Continued

Service...The Purchasing Division strives to serve its customers in the most effective and efficient manner to realize our shared goals.

Knowledge...The Purchasing Division is a knowledgeable source to state agencies and the vendor community regarding our laws and procedures. We seek to understand the needs of our customers and provide necessary information and guidance.

Communication...The Purchasing Division communicates effectively with our customers on policies, procedures and regulations and serves as a reliable resource on public procurement.

Mutual Respect...The Purchasing Division believes in the philosophy of reciprocal respect in the business world.

Fairness...The Purchasing Division conducts our business practices in a fair manner in providing equal opportunities to the vendor community, and guidance and information to state agency purchasers.

Teamwork...The Purchasing Division recognizes the importance of the concept of teamwork in its daily operation. Our organization encourages our customers to provide feedback to realize continuous improvements.

Professionalism...The Purchasing Division believes in the professionalism of our staff and in the manner in which we interact with our customers.

Innovation...The Purchasing Division seeks innovative methods to improve the programs and services provided, while abiding by legislative and regulatory statutes.

Leadership...The Purchasing Division aims to serve as a leader in state government procurement by providing its customers with effective guidance and valuable information.

Customer Expectations

WHAT OUR CUSTOMERS WANT:

<u>Public</u>	<u>Vendors</u>	<u>Legislators</u>	<u>State Agencies</u>
Integrity	Fairness	Guidance	Informative
Accessibility	Communication	Informative	On-Time Delivery
Ethics	Accessibility	Responsiveness	Guidance
Efficiency	Informative	Openness	Partnership
Responsiveness	Ethics	Accessibility	Competence
Efficiency	Added Value	Partnership	Accessibility
Dependability	Simplicity	Competence	Open-Mindedness
Quality	Communication	Simplicity	Innovativeness

Organizational Structure

The Purchasing Division recently reorganized its structure under the Department of Administration. In addition to the Purchasing Director's office, the division now has four sections: Acquisition and Contract Administration, Administration and Inspection, Communication and Technical Services, and Program Services.

Acquisition and Contract Administration Section

This section is responsible for the procurement of products and services for state agencies in excess of \$10,000. It is committed to providing good customer service to agencies and vendors by buying the best quality commodities at the lowest cost to taxpayers. The procurement process is monitored through the Requisition Tracking System from the requisition process to the award of the purchase order. This section strives to provide quality services in the most efficient manner.

Administration and Inspection Section

This section is responsible for administrative functions for the division, including vendor registration, purchase order review, bid receipt and requests, records and micro-filming, and encumbrance. In addition, this section oversees the inspection program, which ensures compliance of proper policies and procedures of purchasing rules. The New Business Development Unit is our vendor 'outreach' program which assists our vendor community with information and guidance on the state purchasing process.

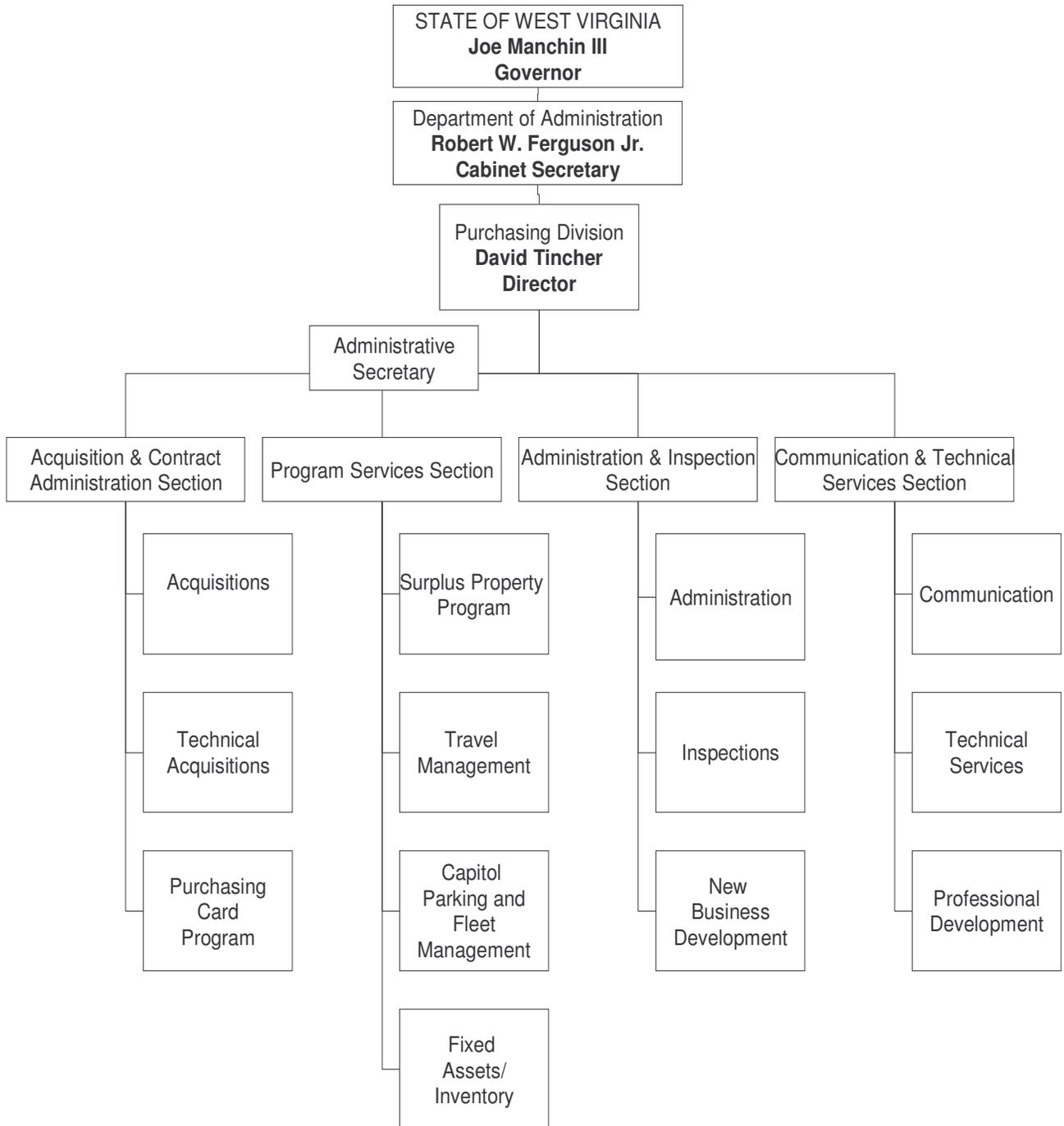
Communication and Technical Services Section

This section focuses on three primary functions: technology, communication and training. The Communication Unit provides information related to the division as well as the individual programs which are administered by the division. The Technical Services Unit maintains the automated purchasing system, our networking services and the division's website. Professional development is a vital aspect of the division. Conferences and seminars are offered throughout the year to offer guidance to our customers.

Program Services Section

This section is responsible for several of the programs administered by the division. The Fleet Management Unit oversees the leasing of vehicles to state agencies. The Travel Management Unit offers guidance to state business travelers and oversees various statewide contracts for travel-related services. The Surplus Property Unit manages the state and federal programs for property no longer needed within the respective governments. The Fixed Assets Unit maintains the state's inventory of property. The Employee Capitol Parking Unit allocates parking spaces to departments and oversees the parking identification and lot entrance passes.

State of West Virginia
 Department of Administration
PURCHASING DIVISION



Quick Contact Reference Guide

	<u>Telephone #</u>	<u>Location</u>
Director's Office		
David Tincher, Director	(304) 558-2538	Main Office
Debbie Watkins, Administrative Secretary	(304) 558-3568	Main Office
Acquisition and Contract Administration Section		
Karen Byrd, Assistant Director	(304) 558-4317	Main Office
<u>Acquisitions Unit</u>		
Ron Price, Buyer Supervisor	(304) 558-0492	Main Office
John Johnston, Senior Buyer	(304) 558-2402	Main Office
Vacant, 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
Charlyn Miller, Senior Buyer	(304) 558-2596	Main Office
Mike Sheets, Senior Buyer	(304) 558-2544	Main Office
<u>Technical Acquisitions Unit</u>		
Evan Williams, Buyer Supervisor	(304) 558-5472, ext.3826	One Davis Square
<u>Purchasing Card Unit</u>		
Ann Mollohan, Coordinator	(304) 558-3486	Main Office
Administration and Inspection Section		
Jo Ann Dunlap, Assistant Director	(304) 558-0059	Main Office
<u>Administration Unit</u>		
<u>Inspections Unit</u>		
<u>New Business Development Unit</u>		
Scott Padon, Manager	(304) 558-3488	Main Office
Communication and Technical Services Section		
Diane Holley, Assistant Director	(304) 558-0661	Main Office
<u>Technical Services Unit</u>		
Dan Miller, Manager	(304) 558-2314	Main Office
<u>Communication Unit</u>		
	(304) 558-0661	Main Office
<u>Professional Development</u>		
	(304) 558-0661	Main Office
Program Services Section		
Ken Frye, Assistant Director	(304) 766-2626	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>Surplus Property Unit</u>		
Ken Frye, Manager	(304) 766-2626	Dunbar
<u>Travel Management</u>		
Catherine DeMarco, Manager	(304) 558-2613	Main Office
<u>Fixed Asset/Inventory</u>		
	(304) 766-2626	Main Office

Year in Review...

Highlights



Statewide Contracts Online

The Purchasing Division completed a project to scan statewide contracts and make them available at the division's website, <http://www.state.wv.us/admin/purchase/swc>.



A statewide contract is a legal and binding instrument between the state and a vendor which is used by state agencies and some political subdivisions, such as municipalities, counties, or boards of education, to purchase frequently used commodities and services. State agencies that are statutorily required to follow the guidelines established by the Purchasing Division must use these contracts.

The information at this site is offered for the convenience of our Internet visitors. The site is not maintained in real time; therefore, contract activity such as an award, renewal, extension or cancellation may occur before the information is posted. Official copies of each statewide contract are on file in the Purchasing Division offices located at 2019 Washington Street, East, Charleston, West Virginia. In the event a discrepancy is found between the scanned version appearing on the web site and the official copy, the information contained in the official copy will prevail.

"We are pleased to be able to offer this feature to our website for the convenience of our agency purchasers as well as political subdivisions," said Purchasing Director Dave Tincher. "Many of the political subdivisions within our state have expressed great enthusiasm with being able to utilize the contracts without any fee." In the past, the Purchasing Division maintained a Cooperative Purchasing Program, which in accordance with the **West Virginia Code**, §5A-3-8, allowed eligible political subdivisions the opportunity to purchase from statewide contracts; however, there was a fee of \$100 for 10 contracts. The fee was necessary to pay for the printing, mailing and administrative support to maintain the program." For many years, counties, county schools, municipalities, urban mass transportation authorities of county and municipal governments, volunteer fire departments, and other local governmental bodies within the state have benefited from the discounted savings on our statewide contracts."

Most political subdivisions are required to obtain competitive bids for commodity and service needs. The Purchasing Division buyers have obtained competitive bids for all commodities and services covered by the contracts; therefore, competitive bidding has already been completed, eliminating the need to obtain bids. In most cases, purchasing from statewide contracts meets the political subdivision's requirement for competitive bidding, permitting them to bypass this process, resulting in a time and administrative cost savings for the participating subdivision.

Does purchasing from statewide contracts save money? Definitely! Bids have been based on quantity information provided by state agency participants to ensure the lowest price possible is being obtained for the commodity. Time and administrative costs are saved by not having to repeat the competitive bid process. These contracts offer a large variety of commodities and services which have been requested and are utilized on a regular basis by other state agencies. Specifications have been prepared to ensure quality materials, equipment and services are provided through a formal competitive bid process.

Reassignment of Buying Staff on an Agency Basis

In accordance with a pilot program which successfully went into effect July 1, 2004, the Purchasing Division assigned its buying staff certain agencies for which they process purchasing documents.

In the past, buyers were assigned specific commodities; however, this new concept is expected to result in greater efficiency, enhanced communications and more effective working relationships by having the state agencies work directly with one point of contact within the Purchasing Division.

Positive outcomes have been realized from this change of assignment for the buying staff under the Acquisitions and Contract Administration Section. Below is a summary of the buyers and the larger dollar volume agencies:

Ron Price (Buyer Supervisor)

Agencies include Governor's Office, Secretary of State, Attorney General, Development Office, Veteran's Affairs, Agriculture, Senate, House of Delegates, Labor, Geological Survey, Insurance Commission and Library Commission; **in addition, all unassigned agencies*

Marc Roberts

DHHR (Solely dedicated buyer)

John Johnston

DOH (Solely dedicated buyer)

Betty Francisco

All statewide contracts, contract management and Cooperative Purchasing Program.

Charlyn Miller

Agencies include Administration, Education, Tax, State Auditor, Employment Programs, Public Service Commission, Health Care Authority, School for the Deaf & Blind, Consolidated Public Retirement Board, PEIA, Rehabilitation Services, Culture and History, Education and the Arts, Motor Vehicles, Public Transit, Rail Authority and Port Authority.

Chuck Bowman

Agencies include Workers' Compensation, Environmental Protection, Lottery, Engineering Facilities/Mapping Board, Protective Services and Adjutant General.

Mike Sheets

Agencies include the State Treasurer, Natural Resources, Forestry, Tourism, ABCC, Educational Broadcasting, Criminal Justice, Corrections, Regional Jail Authority, Juvenile Services, Public Defender and State Police.

Evan Williams

Assigned to IS&C's technology-related purchases.

GSA Online Federal Auctions

In an effort to dispose of federal property currently warehoused in Dunbar, the Surplus Property Unit is venturing into online auctions, with the help of the U.S. General Services Administration (GSA). This federal agency works with each state in disposing of federal surplus property to eligible organizations.



"This is the first attempt that we have made in offering federal property as part of these online auctions conducted by GSA," said Ken Frye, Assistant Director of the Purchasing Division for Program Services.

How does it work? It's simple. The Surplus Property Unit gathers a list of federal property that has been on display in its warehouse for at least one year. These are items that would be of interest to a large audience of individuals and can be sold as one item or a 'lot' of items, for example, a specified number of computers.

This list is forwarded to GSA officials, with a description and photograph. The responsibility is then transferred to GSA to make it available on its online auction site (<http://www.gsaauctions.gov>).

At this website, users may "search by state" in order to bid on the items offered in West Virginia by the Surplus Property Unit. The auction is open to the public.

"Our first list of items allowed for individuals to place bids on 16 different items, including snowmobiles, laundry presses, kitchen equipment, a road maintenance system and vehicles," Frye said.

The sale terms and conditions also are available at this website; however, a few of these terms are as follows:

- Bidders must be at least 18 years of age
- A credit card is required for all registered users in the online sale. Credit card validation assists in the prevention of fraudulent bidding activity and ensures that bidders are prepared to accept responsibility for their bidding activity and all submitted bids are valid.
- The condition of property is not warranted. Deficiencies, when known, have been indicated in the property descriptions; however, absence of any indicated deficiencies does not mean that none exist.
- The government does not warrant the merchantability of the property or its purpose.
- Bidders are invited, urged and cautioned to inspect the property prior to bidding.
- Bids are only accepted in whole U.S. dollar amounts.
- The government reserves the right to reject any and all bids.
- Successful bidders are notified by e-mail and must contact the regional sales office.

Purchasing Bulletin Goes Electronic

Effective with the June 3, 2005 issue, the **West Virginia Purchasing Bulletin** was offered ONLY in an electronic format at the Purchasing Division's website at: <http://www.state.wv.us/admin/purchase/newbul.htm>.



The May 27, 2005 issue was the last printed issue mailed, after which, no future copies have been mailed to vendors. Issues are updated electronically with new bidding opportunities and are available on our division website each Thursday.

Only vendors paying the \$45 annual subscription fee have access to this electronic version by entering their system generated vendor number, group number (if applicable), and the first nine digits of their check number used in paying the current fee as the password.

Printed copies of the **West Virginia Purchasing Bulletin** continue to be available at the Purchasing Division's reception area for review.

The Purchasing Division continuously seeks ways to improve our services to state agencies and our valuable business partners.

Professional Development Training Sponsored by Division



Agency purchasers learned the importance of striving for excellence at a recent NIGP seminar sponsored by the Purchasing Division.

Twenty-three purchasing representatives from state government participated in a course, sponsored by the Purchasing Division, offered by the National Institute of Governmental Purchasing, Inc.

"Purchasing Management and the Relentless Pursuit of Excellence" was the topic for the 8-hour course conducted at Mountaineer Race Track and Gaming Center on October 26-27, 2004. This class provided credit hours for those agency purchasers who were seeking certification through NIGP. Fred Marks was the instructor for this course.

Great managers believe in excellence and create an environment that cultivates excellence. Some of the objectives of this course was to define the fundamentals of excellence and identify the obstacles in the way. Excellence requires a personal commitment, one of which must be recognized and achieved within a supportive operation.

The participants expressed their eagerness in using the information gained through this course.

Some ideas or changes the participants indicated they will be able to implement in their workplace from this course included:

- Learn what excellence is and what it means to co-workers
- Strive for a better organization in managing purchasing aspects of the job
- Look more at my self-image
- Perform an analysis of subordinates' role and develop a plan for personal/professional growth
- Be more professional with vendors
- Make bosses aware of responsibilities I am required to follow
- Consider body language more in negotiations
- Take a more positive approach on the job

All of the participants (100%) indicated that the content was relevant to their work and that their learning objectives were addressed. In addition, all participants revealed they were motivated and challenged by this seminar.

The Purchasing Division is pleased with the positive response from this course and hopes to offer more professional development opportunities in the future.

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 in excess of \$10,000. It is committed to providing good customer service to agencies and vendors in an efficient and ethical manner that will reduce costs, maximize competition, promote good customer and vendor relations, protect public funds, ensure compliance with the West Virginia Code and preserve the integrity in buying the best quality commodities at the lowest cost to taxpayers.

Buyer Assignments

In an effort to improve customer service and satisfaction, the Purchasing Division made major changes in buyer file assignments. Previously, buyer work files were based on commodity/service assignments such as information technology, vehicles, business services, etc. Agency assignments replaced commodity assignments, effective July 1, 2004.

Agencies now work with the same buyer, no matter what the commodity or service need may be. Based on an agency poll conducted approximately six months following the changes, customer satisfaction had risen by as much as 61%. In ranking the top three qualities of a buyer, the responses indicated responsiveness, communication and understanding of needs were of high priority to our agency purchasers.

Many favorable comments were offered, including:

All purchasing buyers have been responsive and helpful. Their insight is appreciated and implementing their suggestions helps avoid pitfalls.

Having only one dedicated buyer assigned to us has been very helpful rather than dealing with various buyers according to the commodity.

By and large, this change has been good for my agency.

Statewide Contracts

Statewide contracts are offered by the Purchasing Division to state agencies and political subdivisions. These contracts provide commonly used commodities and services for the use and convenience of our customers. Through the buyer file reassignments, the Purchasing Division was pleased to be able to place all statewide contracts with a single

buyer. In the past, statewide contracts were assigned to various buyers. More emphasis has been placed on agency needs as a result. Agencies are being polled for information regarding the statewide contracts including volume usage, satisfaction with contract provisions, problems and complaints, suggestions for improvements, etc. As a result, contract specifications are being revised to include agency preferences so that needs are better met.

The Purchasing Division was pleased to begin offering statewide contracts online. (See related article on page 7). This provision has resulted in a savings to the agency due to the elimination of copying and mailing costs.

Cooperative Purchasing Program

The Cooperative Purchasing Program, which makes statewide contracts available for eligible political subdivisions, continues to provide services to political subdivisions throughout the state. All statewide contracts are now available online and copies are no longer needed for mailing to political subdivisions. With the abolition of copying and mailing costs, the Purchasing Division was pleased to be able to eliminate the annual \$100 fee for this service.

Protests

Section §148-1-8 of the **Legislative Rules and Regulations** provides vendors with a means by which to file protests with the Purchasing Division. Two types of protests are recognized. Protests of specifications must be filed with the Purchasing Division at least five (5) business days before the scheduled bid opening. Protests of contract award must be filed within five (5) days of the date of contract award. In fiscal year 2004, forty-two (42) protests were filed with the Purchasing Division, which is considered minimal based on the number of transactions processed. Every possible effort is made by the Purchasing Division to ensure that the bid and contract award processes are conducted in strict accordance with the Code and Legislative Rules and Regulations to ensure fair and consistent treatment of vendors.

ADMINISTRATION AND INSPECTION SECTION

This section oversees several purchasing-related functions, including the production of the *West Virginia Purchasing Bulletin*, contract review, vendor registration, encumbrance and purchase order distribution. Other responsibilities include microfilm all purchase orders and supporting documentation, distribution of bid packages to vendors and receipt of incoming bids, new business development, participation on the Committee for the Purchase of Commodities and Services from the Handicapped, and inspection of delegated purchasing [\$10,000 or less].

West Virginia Purchasing Bulletin

This publication, which contains information on purchasing requirements in excess of \$10,000, is published weekly and posted on the Purchasing Division's website. A hard copy of the **West Virginia Purchasing Bulletin** was mailed to more than 6,400 vendors bi-weekly. Effective June 3, 2005, hard copies of the Bulletin were no longer mailed to vendors. Vendors wishing to access the Purchasing Bulletin on the website must be registered with the division and have paid the required \$45 annual fee. The Bulletin is secured, requiring vendor who

wish to access the Bulletin to have their vendor number and password, which is provided to them by the Purchasing Division.

Contract Review

All purchase orders/contracts executed by the Purchasing Division are reviewed for proper format and accuracy by this section prior to the Attorney General's signature.

Vendor Registration

A total number of **10,220** vendor registration and disclosure statement forms, renewal notices and vendors updating their status were received for processing during the **2005** fiscal year. Revenue generated from vendor registration fees for the fiscal year was **\$277,830**.

Purchase Order Encumbrance and Distribution

The West Virginia Financial Information Management System (WVFIMS) Purchase Order Encumbrance Module was successfully implemented 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. A total of **3,666** purchase orders, including open-end contracts were encumbered by the Purchasing Division for FY2005.

Records and Microfilming

Total documents microfilmed for the Purchasing Division, which contained purchase orders, change orders, vendor registration forms and all supporting documentation was **298,794**. Over **17,000** copies were made for vendors requesting copies of documents.

Bid Package Requests and Incoming Bids

The Administration Unit is responsible for receiving and responding to vendors requesting bid packages who wish to participate in the competitive bid process. This Unit responded to **6,750** vendors requesting bid packages and received **3,773** incoming bids.

New Business Development Office

Continue to focus on the vendor outreach program established as New Business Development to actively register new vendors who wish to conduct business with state government.

Committee for the Purchase of Commodities and Services from the Handicapped

Serve as Executive Secretary on the Committee for the Purchase of Commodities and Services from the Handicapped.

Inspection Unit

There was little activity in this Unit for FY2005 due to lack of personnel to actively inspect agency purchases under \$10,000 for compliance with Purchasing's guidelines.

COMMUNICATION AND TECHNICAL SERVICES SECTION

This section focuses on three primary functions: technology, communication and training. The Communication Unit provides information related to the division as well as the individual programs which are administered by the division. The Technical Services Unit maintains the automated purchasing system, our networking services and the division's website. Professional development is a vital aspect of the division. Conferences and seminars are offered throughout the year to offer guidance to our customers.

Technical Services Unit

Posting of the Notice of Awards

Effective September 1, 2004, the Purchasing Division began posting the "Notice of Award Reports" on its website for paid, registered vendors to view.

This listing is located in the secured area of the division's Internet site where the *West Virginia Purchasing Bulletin* may be accessed. This location requires a User ID and password. However, state employees may utilize the state's Intranet at **[http://intranet.state.wv.us /admin/purchase](http://intranet.state.wv.us/admin/purchase)** to view the awards report and the issues of the bulletin.

To view the reports, the users of both the Internet and Intranet locations must have Adobe Reader installed on their computer's hard drive. This software is free to download and a link is provided at our website.

It is important to note that the Notice of Award Report does not constitute an official purchase order; therefore, vendors are not to act until they receive a signed, encumbered purchase order executed by the state of West Virginia.

In the future, the Notice of Award reports may replace the letters which are currently mailed and faxed to unsuccessful bidders.

HIPAA Business Associate Addenda

The Purchasing Division modified several of its forms to include the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Business Associate Addenda (BAA).

These forms now include a footnote stating:

*HIPAA Business Associate Addendum - The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's website (**<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>**) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.*

This notation is available at the bottom of all affected forms, with the exception of the TEAM Request for Quotation and Purchase Order forms. For these forms, this notation has been added to the terms and conditions on the reverse side of these documents. All of these modified forms are now available on the Purchasing Division's website on the "forms page" at www.state.wv.us/admin/purchase/vrc/pforms.htm.

Certain statewide contracts have been required to initiate a change order to facilitate incorporation of the BAA into the agreement, along with a cover letter explaining the purpose of the BAA.

The forms affected by HIPAA include:

- **Request for Quotation** (TEAM)
- **Purchase Order** (TEAM)
- **Request for Quotation** (Agency Delegated) [WV-43]
- **Agreement** [WV-48]
- **Verbal Bid Quotation Summary** [WV-49]
- **Agency Purchase Order** [WV-88]

Questions regarding the HIPAA Business Associate Addendum may be directed to our specially dedicated page for this Addendum at <http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>.

General Accomplishments

- Resolved 2,176 service requests between July 1, 2004 and June 30, 2005.
- Created a Visitor Logging System to enhance building security
- Set up three highspeed scanners and network printers which made it possible for the scanning and posting of all statewide contracts on the Division's website
- Developed a mailing labels database (MASH) to replace an older, mainframe system
- Created the Daily Incoming Requisition Reports; these reports are designed to keep the Purchasing Director and managers better informed.
- Developed a new Purchase Order Transmittal Sheet System which is used when contracts are transported to and from the Attorney General's Office and Auditor's Office

Challenge

- Replacement of current inefficient mainframe-based purchasing system with a modern, web based application.

Communication Unit

Modification/Elimination of Program Publications

Due to the high cost of printing and distribution, the Purchasing Division reviewed the publications produced to determine more cost-effective alternatives, while maintaining communication levels. Understanding the importance of communicating valuable information that affects state employees' jobs, the division focused on the use of technology that is available to all of us as the most logical choice.

The May 2005 issue of ***The Buyers Network*** was the last paper copy distributed to agency procurement officers and support staff; however, electronic issues are available at our division's website.

In addition, two of our program newsletters, ***State Travel News*** and ***The Fleet Manager***, were incorporated into ***The Buyers Network***. The division encouraged our agency fleet and travel coordinators to bookmark this publication's website for future information on these programs.

The Surplus Property Unit newsletter, ***The Property Connection***, will continue to be prepared and distributed as in the past, due to its use as a marketing tool to the targeted audience of eligible organizations.

Media Relations

All contacts with the media are coordinated through the Communication Unit to ensure accurate and complete information is released in a timely manner.

Legislative Tracking

All legislation introduced during the Legislative Session is tracked to maintain the latest action taken. Fiscal notes for introduced bills are prepared and approved, then distributed electronically to the Legislature.

News Clippings

All newspaper articles and press releases related to the Department of Administration are maintained within this Unit for informational purposes.

Professional Development Unit

Agency Purchasing Conference

There was no scheduled agency purchasing conference during the 2005 fiscal year. The next conference sponsored by the Purchasing Division is October 24-28, 2005, at Mountaineer Race Track and Gaming Center in Chester, West Virginia.

NIGP Course Sponsored by Purchasing Division

The Purchasing Division sponsored a course offered by the National Institute of Governmental Purchasing titled, "Purchasing Management and the Relentless Pursuit of Excellence."

The 8-hour course was conducted by instructor Fred Marks at Mountaineer Race Track and Gaming Center on October 26-27, 2004, with 23 participants attending. Credited hours were provided for those agency purchasers seeking certification through NIGP.

PROGRAM SERVICES SECTION

This section is responsible for several of the programs administered by the division. The Fleet Management Unit oversees the leasing of vehicles to state agencies. The Travel Management Unit offers guidance to state business travelers and oversees various statewide contracts for travel-related services. The Surplus Property Unit manages the state and federal programs for property no longer needed within the respective governments. The Fixed Assets Program maintains the state's inventory of property.

Fixed Assets - Inventory Management

The Purchasing Division successfully completed the implementation of the WVFIMS Fixed Asset 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 Asset system and retire obsolete equipment in accordance with policy and procedure. Total dollar of assets entered into the Fixed Asset system for fiscal year 2005 was **\$43,607,638.55**. Total dollar assets currently in the system is **\$1,212,375,602.27**.

Fleet Management

State Vehicle Purchase

The Fleet Management Office completed the purchase of approximately **100** vehicles for model year 2005. The total amount spent on this year's vehicle order was approximately **\$1,741,000**. Sixty-three vehicles were financed through a third party and thirty-seven were purchased by cash. 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.

Contract for Fuel and Maintenance of Vehicles

A new contract was awarded to Automotive Resources International (ARI) to provide fuel and maintenance for approximately 1,500 vehicles in the Fleet Management Office.

Criteria for Retiring Vehicles

The retirement criteria changed from five years or 100,000 miles to five years and 125,000 miles before a vehicle can be retired, resulting in fewer vehicles being retired during the 2005 model year.

State Capitol Parking

Program Changes

Major changes occurred during the 2005 fiscal year affecting parking for the Capitol Complex. The enforcement responsibilities of parking, such as parking attendant personnel and ticket writing was transferred to the General Services Division. The Purchasing Division continued to be responsible for allocating parking spaces to state agencies while providing the proper identification, such as decals and access cards, necessary to park. Additionally, four-hour agency parking passes are distributed by the Purchasing Division to allow satellite offices to visit the Capitol complex and park up to four hours daily in a designated area.

Surplus Property

Fiscal Year 2005 Statistics

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

Federal Fixed Price Vehicles	\$107,780.00*
Federal Online Sales	32,992.12
Federal Property Service Charge	59,992.12
State Property Service Charge	428,794.24
Public Auctions	400,410.60
Weekly Sealed Bids	309,047.01
Statewide Sealed Bids	<u>257,456.91</u>
Total Revenue	\$1,596,472.90

*See article, "GSA Fixed Price Vehicle Program," below

State Vehicles

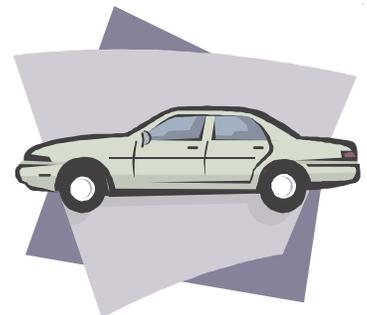
Approximately 297 vehicles were sold during Fiscal Year 2005. Below is a breakdown of the method by which they were sold:

Public Auction	137	\$287,925.00
Weekly Sealed Bids	76	225,118.00
Statewide Sealed Bids	23	12,651.35
Negotiated Sales	<u>61</u>	<u>\$213,471.75</u>
Totals	297	\$739,166.10

GSA Fixed Price Vehicle Program

The GSA Vehicle Program enables the West Virginia State Agency for Surplus Property (WVSASP) to purchase federal vehicles from the U.S. General Services Administration (GSA) and sell to political subdivisions and to governmental entities.

The GSA vehicles are not considered as 'federal surplus property,' with different rules applying to their disposal.



"Years ago, these vehicles were not available to us," said Surplus Property Manager Ken Frye. "They sold them at public auctions or by other methods of disposal. The states did not have the opportunity to purchase them before they went to sale." About 15 years ago, the National Association of State Agencies for Surplus Property was able to lobby Congress and succeeded in getting the law changed, allowing other governmental agencies the opportunity to acquire these vehicles.

Each state has its own State Agency for Surplus Property and, as a result of this new law, are the only entities that can participate in this program. For instance, if the West Virginia Division of Highways wanted to buy vehicles through the GSA, it would have to go through the West Virginia State Agency for Surplus Property (WVSASP).

Every vehicle that goes through this program has to be titled through a State Surplus Property agency. The savings is passed on to the agencies. When this law passed, it offered a significant boost for the WVSASP.

What makes this program so promising is that GSA replaces its vehicles at three years of age with only 36,000 miles, four years of age regardless of the mileage or 60,000 miles regardless of age. "We were able to obtain 2001 compact vehicles with only 15,000 to 20,000 miles," Frye said. Some of the vehicles acquired from WVSASP through this program thus far have included Oldsmobile Achievas, Dodge Stratus and Ford Taurus. "These vehicles are a great opportunity for towns and counties, especially with the police package vehicles, pickup trucks and SUVs," he said.

The retiring criterion is different for pickup trucks and SUVs, Frye added. Most of these types of vehicles have seven years of age or 60,000 miles. "We once purchased two Jeep Cherokees for the Hatfield and McCoys trail group that only had about 40,000 miles. They were tickled to death," he said. "The Town of Pineville was able to get a 1998 Jeep Cherokee with less than 35,000 miles. The vehicle looked brand new inside and out."

Prior to acquiring vehicles through this program, Frye said the vehicles are inspected and, in most cases, are driven to ensure they are operable. Customers are under no obligation if the WVSASP brings a vehicle through this program to its Dunbar location and it does not meet their needs. "I can always find a home for these vehicles," Frye said. "It is a great opportunity where they can buy a good, usable vehicle for a third of what they would pay for a new one."

GSA replaces their vehicles during the spring season. If any organization is interested in purchasing a vehicle from this program, please contact Ken Frye at (304) 766-2626 or (800) 576-7587 or via e-mail at kfrye@wvadmin.gov.

While the WVSASP can assist 'walk-in' customers, it is preferred that they offer a request in advance. "It is helpful if the customer is not *too specific*, by asking for a certain color," he said, "because it does limit what we are able to find."

GSA Online Federal Auctions

In an effort to dispose of federal property currently warehoused in Dunbar but not needed by its eligible customers, the Surplus Property Unit is venturing into online auctions, with the help of the U.S. General Services Administration (GSA). This federal agency works with each state to make federal surplus property available to eligible organizations. (See related article on page 9).

The Surplus Property Unit gathers a list of federal property that has been on display in its warehouse for at least one year. These are items that would be of interest to a large audience of individuals and can be sold as one item or a 'lot' of items, for example, a specified number of computers. This list is forwarded to GSA officials, with a description and photograph. The responsibility is then transferred to GSA to make it available on its online auction site (<http://www.gsaauctions.gov>).

Scrap Rail

Approximately 20 miles of scrap rail was sold on behalf of the State Rail Authority (South Branch Railroad). This rail was located in remote sections of the railroad and was only accessible by customers with hy-rail equipment. Revenue of **\$192,000** was generated from the sale.

Firearms

Various firearms no longer needed by the West Virginia State Police were sold by sealed bid. The guns included 20 shotguns, 13 sniper rifles and 7 fully-automatic machine guns. The machine guns were sold to dealers holding a class 3 license, in accordance with Bureau of Alcohol, Tobacco and Firearm regulations. Revenue of **\$40,000** was generated from the sale.

Travel Management Office

Statewide Contract for Car Rentals [Enterprise]

The total number of rental days for the 2005 fiscal year was **8,135**. Based on an expenditure of **\$384,441.96**, the average cost of a rental car per day for this time period was **\$47**. Without a preferred car rental contact, the normal (average) daily rate is **\$68**, for a savings of **\$168,739**.

The statewide contract now includes SUVs, pickup trucks and vans.

Statewide Contract for Travel Management Services [National Travel]

Year end transactions include:

Exchanges	1,076
Refunds	127
Airline tickets	8,668
Service fees paid	\$194,779.63
Total Transactions	16,010
Cost	\$3,229,503.47
Full Fare	\$11,059,466.30
Savings	\$7,829,962.83

Statewide Contract for Travel Charge Card Services [United Bank MasterCard]

The statewide contract for travel charge card services with MasterCard includes CDW insurance when renting a vehicle. The average rate for collision insurance is **\$21** per day. Based on a total of **6,658** rental days reported from United Bank, the state saved **\$139,818**. The state's travel volume for the 2005 fiscal year was **\$32,605,310.58**.

Recognizing Excellence

2004 Award Winners



The Purchasing Division continued the tradition of recognizing professionals who demonstrate the qualities of excellence each year through our recognition programs. Our division values the expertise and professionalism of our state agency partners who have the responsibilities of performing the daily tasks and responsibilities within their division.

There are two awards which are offered by the Purchasing Division: 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.

2004 Agency Procurement Officer of the Year

Carole Woodyard of the West Virginia State Police

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.

Carole Woodyard, procurement officer for the West Virginia State Police, was pleasantly surprised on September 29, 2004, when her name was announced as the **2004 Agency Procurement Officer of the Year**.



State Police's Carole Woodyard (c) is joined with many of her friends and co-workers at the ceremony conducted at the Purchasing Division.

This year marks the ninth year the Purchasing Division has offered this award which recognizes one individual who has demonstrated professionalism and quality performance in the state's governmental purchasing field. This program focuses on the value of the expertise and cooperation of those individuals at the agency level who handle their daily purchasing operations.

With 29 years of public sector experience, Woodyard has worked as a procurement officer since 1985. Her peers state that she exemplifies hard work, loyalty and the pursuit of excellence.

While supervising the agency's purchasing staff, she offers training and guidance on a daily basis. As a result of her guidance and insight, the State Police's procurement section has experienced a significantly smooth and efficient work flow.

As this year's recipient of this program, Woodyard received an engraved clock, and a certificate signed by Governor Bob Wise, Acting Cabinet Secretary of Administration John Poffenbarger and Purchasing Director Dave Tincher. In addition, she receives free registration and lodging to the 2005 Agency Purchasing Conference.

Woodyard joins several prestigious agency purchasers who have been awarded this honor in the past:

- 1996:** Edi Barker, BEP
- 1997:** Susie Teel, DEP
- 1998:** Lt. Col. Jim Powers, State Police
- 1999:** Jo Miller, DHHR
- 2000:** Lendin Conway, DEP
- 2001:** Beverly Carte, BEP
- 2002:** Ratha Boggess, Treasurer's Office
- 2003:** Syble Atkins, Tax

2004 Partner in Purchasing

Tammy Canterbury of the Department of Environmental Protection

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.

When Tammy Canterbury of the Department of Environmental Protection was overseeing her agency's fixed assets, she was just 'doing her job.' In the Purchasing Division, we make sure that a good job doesn't go unnoticed.

On September 29, 2004, she was honored as our **2004 Partner in Purchasing**. Since 2000, the Purchasing Division has recognized an individual at the agency level each year who excels in one of the statewide programs administered by our division, including Fleet Management, Capitol Parking, Travel Management, Fixed Assets, Surplus Property and our automated purchasing system.



For the past 10 years, Canterbury has worked for DEP, overseeing the daily operations in the areas of inventory, safety, leases, insurance and mail. Her efforts enabled her agency to be brought into compliance with the division by combining inventory records from three systems into one.

Canterbury conducts in-house training on the WVFIMS Fixed Assets Program as well as the proper equipment retirement process in the agency.

Described by her peers as "one of the most dedicated and hardest working individuals in the agency," Canterbury was named 2004 Employee of the Year for DEP.

Canterbury joins other honored recipients of the Partner in Purchasing award:

2000:Brent Kessinger, DEP

2001:Barbara Haddad, IS&C
Susie Teel, DHHR

2002:June Casto, DEP

2003:Patricia Holtsclaw, ABCC

Financial Statistics

Fiscal Year 2005



PURCHASE ORDER SUMMARY

Resident Vendor Analysis:

Vendor	Count (#)	Percent (#)	Value (\$)	Percent (\$)
West Virginia	1,131	64.59%	\$229,212,299.84	59.71%
Non West Virginia	620	35.41%	\$154,668,609.58	40.29%
TOTAL	1,751	100%	\$383,880,909.42	100%

The average purchase order amount for FY 2005 was \$219,235.24.

Agency Analysis:

Top 10 Agencies	Count (#)	Percent (#)	Value (\$)	Percent (\$)
Transportation	540	30.84%	\$141,409,398.46	36.84%
MAPS	159	9.08%	\$51,030,097.39	13.29%
DEP	170	9.71%	\$48,042,414.88	12.51%
DHHR	277	15.82%	\$44,506,843.89	11.59%
Administration	94	5.37%	\$26,731,162.06	6.96%
Commerce	130	7.42%	\$18,416,043.64	4.80%
Education	96	5.48%	\$6,520,430.53	1.70%
Revenue	45	2.57%	\$5,239,602.86	1.36%
Education & the Arts	55	3.14%	\$3,480,009.01	0.91%
Agriculture	41	2.34%	\$1,764,867.73	0.46%
Others	144	8.22%	\$36,740,038.97	9.57%
TOTAL	1,751	100%	\$383,880,909.42	100%

Legislative Changes



House Bill 2591 **Design Build**

The Design Build Board was created in 1999 within the Department of Administration to allow for an advantageous method of construction. The single duty of the board at that time was to approve or reject projects that are constructed and owned by a state, county or city government agency where the design build method of construction is to be used.

This method of construction places the single responsibility on the design and construction of a project within one entity, as opposed to a separate design-bid-build method. This translates into cost and time savings.



Gov. Joe Manchin III is pictured signing House Bill 2592 which addresses the Design-Build Board.

During the 2005 Legislative Session, House Bill 2592 passed which greatly affects the Design-Build Procurement Act. The bill provides more oversight authority to the Board to assure the rules are met following approval; offers more openness in the process; and, allows for a more level playing field.

Specific changes in the law now allow for a two-step process as design builders will now have to pre-qualify. It requires the technical review committee to have the required education and experience. Lastly, it prohibits the performance criteria developer from being a state employee on projects over one million dollars to ensure an independent oversight of the projects. Itemized scoring of the technical proposals is required to be made available to the public and the Department of Administration is to provide monthly reports to the Board and an annual report to the Legislature.

Nancy Tonkin, lobbyist for the American Institute of Architects (AIA), was pleased with the passage of this legislation. "We've tried to make sure that some of the shortcomings of the Design Build process have been collected to make it easier for the boards to approve projects and allow additional, what we call, sunlight into the process. It realigns the bidding process. We are very happy and appreciate the work of the legislators on the bill and the cooperative spirit of all of the professionals involved," Tonkin said.

Mike Clouser, Executive Director of the Contractors Association of West Virginia, agreed with Tonkin in support of this bill. "This bill does basically three things to the current Design Build law," he explains. "It provides greater oversight by the Design Build Board of the project that they approve. Under the previous law, the Board would approve the project and then never see it again," he said. "Secondly, it provides more light of day into the Design Build process. All the scores of the Design Build developers are open for inspection by the public. Thirdly, it provides a more level playing field for Design Build proposers."

He added design build is a more subjective measurement of awarding public projects. When utilizing state taxpayers' monies, the process should be from an objective standpoint.

Senate Bill 728 **Cannibalization of State Property**

West Virginia Code, §5A-3-45, relates to the disposition of state surplus property, allowing cannibalization of commodities under certain circumstances and the disposal of commodities as waste under certain circumstances.

According to the legislation, the Purchasing Director shall propose for promulgation legislative rules to establish procedures that permit the cannibalization of a commodity when it is in the best interests of the state. Prior approval of the Director will be required. State agencies will be required to submit a form, in writing or electronically, that elicits specific information about the commodity to be cannibalized.

If the agency has immediate plans to use the cannibalized parts, the form solicits information about the commodity that will receive the cannibalized part or parts. If the agency intends to retain the cannibalized parts for future use, it shall provide information justifying its request.

Also as part of this legislation, the Purchasing Director shall propose for promulgation legislative rules to establish procedures that allow state agencies to dispose of commodities in a landfill, or by other lawful means of waste disposal, if the value of the commodity is less than the benefit that may be realized by the state using another disposal method.

If the Surplus Property Unit determines, within fifteen days of receiving a commodity, that disposing of the commodity in a landfill or by other lawful means of waste disposal would be more beneficial to the state than another disposal method, the cost of the disposal is the responsibility of the agency retiring the commodity.