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State of West Virginia / Department of Administration  
**PURCHASING DIVISION**

260

2009 Agency  
Purchasing  
Conference Attendees

10,721

Vendor Registration  
and Disclosure  
Statement Forms

26.8M

Total Hits on the Purchasing  
Division Website

2010 Fiscal Year  
**ANNUAL REPORT**

1,218

Purchase Orders  
Processed

\$1.1M

Total Revenue in Vehicle Sales  
by Surplus Property

\$540.2M

Total Value of Purchase Order Purchases

[www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)  
an E.E.O. Employer

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# DIRECTOR'S MESSAGE

June 30, 2010

## To the Citizens of West Virginia:

The Purchasing Division has focused on three primary areas during this fiscal year: professional development, communication and efficient management strategies.

As budgets tighten, it becomes even more important to ensure that our staff, along with the agency purchasers and our suppliers, understand the procedures in place to procure goods and services for the state of West Virginia. We have escalated our professional development program by offering more training opportunities through our annual conference and in-house training curriculum as well as utilizing technology for our online training modules. Additionally, we created an agency purchasing certification program to ensure that state employees with the responsibility of public procurement are certified in the skills necessary to perform their jobs.

Our communication efforts expanded with our network of Agency Purchasing Liaisons, a designation established through the **Code of State Rules**. Additionally, we utilize electronic mail, monthly publications and special events, such as our annual Open House, to maintain an open communication flow with our agency partners.

Efficient management strategies are constantly sought to ensure that the state is attaining the best value for the taxpayers' dollars, while ensuring the integrity and safeguards of the process. We stress to our agency procurement officers that it is their responsibility to follow the state laws, rules and procedures that have been approved to ensure that the state taxpayers' money is being used appropriately. Purchasing ethics is vital in spending these tax dollars. To ensuring fairness in the competitive bid process, the **West Virginia Code** demands the highest degree of discretion and ethical behavior.

The Purchasing Division is pleased to report the status and accomplishments of our programs and services in this **Annual Report**. Thank you for your cooperation and support of our organization.

Sincerely,



**Dave Tincher**

Director, West Virginia Purchasing Division



# GENERAL INFORMATION

## Contact Information

### West Virginia Purchasing Division

2019 Washington Street, East  
P.O. Box 50130  
Charleston, WV 25305-0130

**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 **Code of State Rules** (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

Below is the mission of the Purchasing Division, which stresses the valued services provided to our customers by making sound and effective decisions in accordance with state law.

*To provide prudent and fair spending practices in procuring quality goods and services at the lowest cost to state taxpayers by maximizing efficiencies and offering guidance to our customers.*

## Marketing Strategy

The Purchasing Division communicates with its state agency partners and vendor community regarding its programs and services through a variety of mediums, including the **West Virginia Purchasing Bulletin**, a weekly listing of bid opportunities for state government expected to exceed \$25,000, which now includes a monthly article for paid, registered vendors; a monthly online newsletter, titled **The Buyers Network** for state procurement officers; as well as frequent e-mail correspondence to our designated purchasing liaisons at the state agency level.

In an effort to provide our customers with the best possible service, the Purchasing Division seeks ways to network with our agency partners. For the third consecutive year, the Purchasing Division continued its tradition of our Open House. During this event, the division opened its doors to our agency partners and encouraged them to bring documentation or questions they wished to discuss. (See **Page 13** for more details on the 3<sup>rd</sup> annual Open House event.)

### ***Customer Service Representative***

The Purchasing Division has a designated customer service representative to serve as the primary contact for all inquiries, suggestions and concerns. **Diane Holley-Brown**, Assistant Purchasing Director for the Communication and Technical Services Section, serves in this role and may be contacted at (304) 558-0661 or via e-mail at ***Diane.M.Holley@wv.gov***.

## **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.

**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 by 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.

# Customers Expectations

## What Our Customers Want...

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

## Organizational Structure

The Purchasing Division is organizationally structured under the Department of Administration. In addition to the Purchasing Director's office, the division has three sections: Acquisition and Contract Administration, 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 \$25,000. 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 receipt to the award of the purchase order.

The Contract Management Unit within this section oversees the managing of all contracts and the inspection of purchasing documents to ensure compliance with state laws, regulations and procedures. This section strives to provide quality services in the most efficient manner.

### ***Communication and Technical Services Section***

This section is responsible for a variety of services offered to agency purchasers, the business community and to the general public. It focuses on technology, communication, training, new business development and administrative functions, such as vendor registration, records imaging, purchase order encumbrance, bid receipt and bid package distribution.

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 systems, our networking services and the division's website.

In addition, this unit oversees the administrative functions outlined above. Professional develop-

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ment is also a vital aspect of the division. Conferences, online training modules and workshop sessions 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.

# QUICK REFERENCE GUIDE

	<u>TELEPHONE NO.</u>	<u>LOCATION</u>
<b>Director's Office</b>		
David Tincher, Director	(304) 558-2538	Main Office
Debbie Watkins, Administrative Secretary	(304) 558-3568	Main Office
James Meadows, Attorney	(304) 558-8806	Main Office
<b>Acquisition and Contract Administration Section</b>		
Mike Sheets, Assistant Director	(304) 558-0492	Main Office
<b>Acquisitions Unit</b>		
Jo Ann Adkins, Buyer Supervisor	(304) 558-8802	Main Office
Chuck Bowman, Buyer Supervisor	(304) 558-2157	Main Office
Krista Ferrell, Buyer Supervisor	(304) 558-2596	Main Office
Roberta Wagner, Buyer Supervisor	(304) 558-0067	Main Office
Jean Jones, Senior Buyer	(304) 558-8269	Main Office
Tara Lyle, Senior Buyer	(304) 558-2544	Main Office
Shelly Murray, Senior Buyer	(304) 558-8801	Main Office
Frank Whittaker, Senior Buyer	(304) 558-2316	Main Office
<b>Contract Management Unit</b>		
Vacant, Contract Manager	(304) 558-5780	Main Office
Susan King, Inspector III	(304) 558-2652	Main Office
Shane Hall, Inspector II	(304) 558-8803	Main Office
Junior Blount, Inspector II	(304) 558-3488	Main Office
<b>Communication and Technical Services Section</b>		
Diane Holley-Brown, Assistant Director	(304) 558-0661	Main Office
<b>Communication Unit</b>		
Tony O'Leary, Public Information Specialist	(304) 558-4213	Main Office
Chad Williamson, Public Information Specialist	(304) 558-2315	Main Office
<b>Professional Development Unit</b>		
Brian Holmes, Staff Development Specialist	(304) 558-7022	Main Office
<b>Technical Services Unit</b>		
Dan Miller, Manager	(304) 558-2314	Main Office
<b>Support Services</b>		
Beverly Toler, Supervisor	(304) 558-2336	Main Office
<b>Program Services Section</b>		
Ken Frye, Assistant Director	(304) 766-2626	Dunbar
<b>Fixed Assets Management</b>		
Pam Jarrell	(304) 766-2626	Dunbar
<b>Fleet Management Office</b>		
Janice Hartman, Manager	(304) 558-0086	Main Office
<b>Surplus Property Unit</b>		
Ken Frye, Manager	(304) 766-2626	Dunbar
Elizabeth Perdue, Assistant Manager	(304) 766-2626	Dunbar
<b>Travel Management</b>		
Catherine DeMarco, Manager	(304) 558-2613	Main Office

# A LESSON IN HISTORY...

## State Purchasing

Nearly 78 years ago, the Purchasing Division came into existence. The agency's original mission remains virtually the same today but the manner in which the agency was created and molded has taken several noteworthy turns along the way.

In 1932, **Gov. Herman G. Kump** wanted to establish a central state purchasing agency but the Legislature was not as enthusiastic and a bill to create such an agency failed to pass during the 1932 regular session. Thus, by executive order, Gov. Kump created West Virginia's first-ever Department of Purchases one year later.

The intent of the new agency made quite an impression.

**Robert G. Kelly**, the state Democratic Party chairman in 1933, declared that the creation of the West Virginia Department of Purchases was "one of the most far-reaching reforms the state has experienced. It enables the state to buy efficiently, economically and honestly."

A Charleston Gazette article dated August 6, 1933, stated, "A central state purchasing agency, supplanting the numerous small buying units in state government, was created yesterday by Governor Kump. ... All existing positions having to do with purchases 'excepting offices established by the constitution or by statute' were abolished by the order." Shortly thereafter, the Legislature did pass legislation to create the Department of Purchases by statute.

The first mission statement of the Department of Purchases stated,

*"To effect, through a system of centralized purchasing, every possible economy in the purchase of commodities, printing and contractual services for all state departments, schools and institutions."*

Throughout the years, the agency changed in name and structure. In 1957, the Legislature placed Department of Purchases into the newly created Department of Finance and Administration.

The Purchasing Division became its own agency within the Department of Administration following legislative changes made in 1990, which re-organized state government. Included in these changes was the addition of the State Agency for Surplus Property, the State Travel Office and the Fleet Management Office to the Purchasing Division.



A history of the Purchasing Division and a time line of Purchasing Division directors hang in the Purchasing Division office.

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Today, the Purchasing Division remains committed to its original charge. The agency's mission statement now reads,

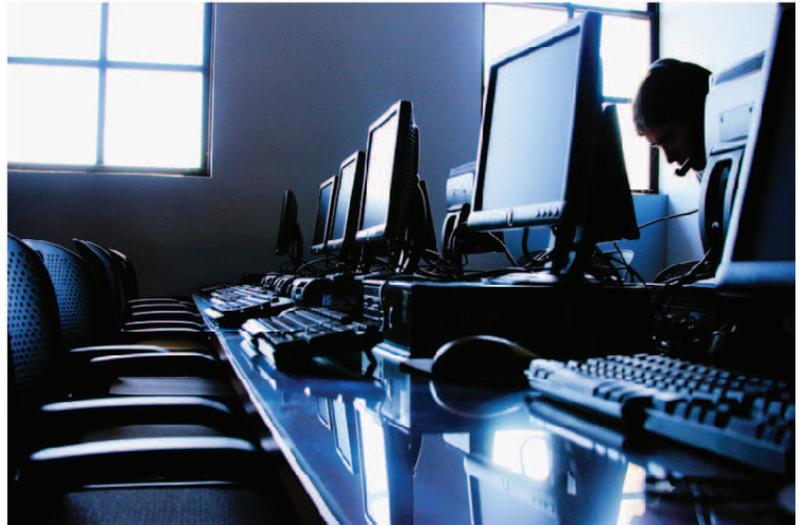
*“To provide prudent and fair spending practices in procuring quality goods and services at the lowest cost to state taxpayers by maximizing efficiencies and offering guidance to our customers.”*

# A YEAR IN REVIEW...

## Highlights

### Technological Movement From eProcurement to ERP

At the closing of the fiscal year, the Purchasing Division received positive news that the statewide Enterprise Resource Planning (ERP) project was moving forward with great intensity. An ERP system will replace many of the state's computing systems, including the West Virginia Financial Information System (WVFIMS), the TEAM automated purchasing system, and the Human Resources Information System (HRIS), into one statewide system.



The Executive branch is working in a collaborative effort with the State Auditor and State Treasurer on this worthwhile project.

Additionally, it is expected that the finance component of the ERP system will be the first to be implemented. The eProcurement or purchasing module is part of this finance component. A consulting contract for the ERP is currently in place, with an expected release date for the system RFP to be late 2010.

As a result of this good news, our division had to make some important decisions regarding the status of the eProcurement project that was currently underway with West Virginia Interactive / SicommNet.

It was always the intent for this system to be an interim solution until the ERP implementation.

At this point in the process, due to the aggressive schedule of the ERP system, it was in the best interest of the state to direct the division staff's time and resources toward the purchasing module of the ERP project and cease working on the eProcurement interim solution.

The interim solution would have been a self-financed system, requiring vendors to pay a transaction fee in addition to the annual registration fee. The ERP system will be a state financed system, thus, vendors will not be required to pay a transaction fee.

The Purchasing Division continues to look forward to enhancing the technologies of the state procurement process and working with the ERP team in realizing this project through implementation.

## Agency Purchasing Certification Program

The Purchasing Division introduced its new purchasing certification program at the 2009 Agency Purchasing Conference in September. The goal of this program is to promote education, knowledge and hands-on experience of public procurement within state government.

As part of this program, there are two levels of achievement: West Virginia Procurement Basic Certification (WVPBC) and the West Virginia Procurement Advanced Certification (WVPAC).

### West Virginia Procurement Basic Certification (WVPBC) Requirements

The requirements for WVPBC consist of attending at least one agency purchasing conference (from 2009 - ) and completing 15 different classes or learning sessions, including in-house training, online modules, and special Purchasing-certified events (such as the Purchasing Division's annual Open House, specific demonstrations, special agency meetings or training sessions, etc.)

Other requirements include achieving one year of experience in public procurement, certified by the immediate supervisor and agency head that the individual's scope of work involves a level of 75% of public procurement responsibilities; completing one consecutive two-day session with a Purchasing Division buyer at the Purchasing Division's office; and successfully completing a Basic Level test.

### West Virginia Procurement Advanced Certification (WVPAC) Requirements

Applicants achieving this advanced certification must first successfully complete the Basic Level certification test. Additionally, the applicant must attend at least three different purchasing conferences (2009 - ) and complete 30 different classes or learning sessions.

Other requirements include achieving three years of experience in public procurement with similar certification as defined above for the WVPBC; completing a one-day session with the Purchasing Division at the agency location to demonstrate various public procurement responsibilities (as defined above) and performing training at the agency level on procurement-related issues, with prior approval required. The applicant must successfully complete the Advanced Level test.

This program has gained in popularity with approximately 20 agency procurement officers currently participating. Promotional efforts continue to encourage all eligible agency purchasers to consider participation in this valuable professional development program.

## Used Vehicle Statewide Contract

As a result of increased challenges from a declining economy, the Purchasing Division sought alternative solutions in procuring necessary commodities and services to operate programs administered by the state.

An example of this innovative mindset is the Used Vehicle Procurement Initiative, which was implemented during the 2009 vehicle order for state agencies under the Department



of Administration – Purchasing Division’s Fleet Management Program.

State government is expected to realize an approximate \$800,000 savings over a four-year period from the 2009 model year Used Vehicle Procurement Initiative as a result of acquiring a combination of new and used vehicles to perform business operations. This initiative is a savings of nearly 40 percent in comparison to acquiring all new vehicles, while performing the necessary business operations and services expected by West Virginia citizens.

This initiative reinforced Gov. Joe Manchin’s focus on maintaining a “Responsible Government” by continuing to seek efficient ways to save taxpayers’ dollars.

The Purchasing Division awarded a statewide contract with Chrysler Financial Services consisting of a variety of 2006 and 2007 model year vehicles. These vehicles include PT Cruiser, Chrysler 300, Jeep Grand Cherokee, Jeep Liberty Sport Utility, Jeep Commander 4x4 Sport Utility, Dodge Durango, Dodge Dakota, Dodge RAM 2500 Truck, and Chrysler Town & Country Van. Gas efficiency was incorporated into the evaluation of this contract as part of the life-cycle costs.

The contracted used vehicles, which were considered Grade 4 (above average with no more than \$500 of needed repairs) or Grade 5 (excellent, with no damages), were mostly one-owner vehicles and included no daily rentals.

All used vehicles had the remainder of the 3 year / 36,000 mile new car warranty plus a 5 year / 50,000 mile power train warranty. In some cases, acquiring new vehicles is necessary due to the operational requirements of the agency; however, several agencies with limited funds have considered this used vehicle option as an opportunity to address their transportation needs.

For the 2009 Model Year, 114 used vehicles and 127 new vehicles were acquired to be leased to agencies under the Department of Administration’s Fleet Management Program. Agencies receiving used vehicles included, but were not limited to, the Division of Motor Vehicles, Department of Health

and Human Resources, Department of Environmental Protection, Department of Revenue, Public Service Commission, Division of Corrections, Regional Jail Authority, Division of Juvenile Services, and Alcohol Beverage Control Administration.

The Department of Administration’s Fleet Management Program oversees approximately 1,700 vehicles to state agencies. This equates to approximately 25 percent of the state’s fleet.



Response has been excellent to vehicles purchased through MVU09, a statewide contract providing model year 2006 and 2007 used motor vehicles to state agencies.

Agencies exempt from this

program included Division of Highways of the Department of Transportation, the Division of Public Safety of the Department of Military Affairs and Public Safety, the Division of Natural Resources, the Division of Forestry, the Department of Agriculture, the Higher Education Policy Commission and the Higher Education Governing Boards and their Institutions. (For information on the legislation relating to the New Fleet Management Office, **see Page 13.**)

This statewide contract continued for the 2010 model year vehicles, with the MVU10 contract being awarded to provide model year 2007 and 2008 used motor vehicles for all state agencies, political subdivisions and government entities.

The timing of the new award coincided with the traditional end of the model year for automobile manufacturers. Aside from the model year, the biggest differences between the MVU10 contract and the new vehicle contracts, MV10, are terms of the warranty, number of classifications of vehicles, and vehicle condition.

The used vehicle contract was written with many specifics to ensure that the state received quality vehicles and provided the state with a timely opportunity to realize substantial savings. This is another example of being innovative in ways to save the state's money while, providing our agencies and political subdivisions an excellent product.

This initiative proves that procedures need to be reviewed periodically to ensure the state is gaining the biggest benefit of current market trends. Changes in processes and procedures may be put into place on a specific occasion to enhance competition or generate savings; therefore, flexibility should be welcomed in these situations. The agencies which participated in the Used Vehicle Procurement Initiative have expressed satisfaction with the vehicles they obtained through this program. The quality of the vehicles in addition to the warranty offered as part of the program has met the needs of the state and the requirements of the contractual agreement.

The Used Vehicle Procurement Initiative was a success for the state of West Virginia providing the vehicles necessary to continue the operation of the programs and services for the various agencies.

To review the new and used vehicle statewide contracts and all statewide contracts, visit **[www.state.wv.us/admin/purchase/SWC/](http://www.state.wv.us/admin/purchase/SWC/)**.

## **Online Auctions - GovDeals**

The West Virginia State Agency for Surplus Property (WVSASP) has re-entered the world of online retail sales. Starting in October of 2009, WVSASP began selling items through **[www.GovDeals.com](http://www.GovDeals.com)**, an online auction site specializing in selling surplus government property. The first item sold through this avenue was a 1999 Ford Crown Victoria, which was retired by the State Police.



Similar to eBay, the popular online auction site, **[GovDeals.com](http://www.GovDeals.com)**, allows users to browse its site based on item category, auction closing time and state. However, the site is designed specifically for government sellers, and the differences allow greater accountability for WVSASP, which previously sold items through eBay.

For the remainder of **Fiscal Year 2010**, the WVSASP sold **264** “lots” of property for a total of \$167,961.07. A lot may consist of one item or a group of items. WVSASP has sold to customers throughout the United States, as far reaching as Alaska.

Of the 264 total lots sold, **109** have been sold “on site”, which means the items are sold at the agency location, saving the cost of transportation and handling. Increasing in popularity, this fiscal year, there were **12** state agencies requesting to utilize this disposal method, consisting of the Division of Natural Resources, Division of Corrections, Division of Juvenile Services, Department of Health and Human Resources, Department of Environmental Protection, Veterans Home, the General Services Division, Marshall University, Division of Forestry, State Police, Department of Agriculture, and Division of Rehabilitation Services have taken advantage of this surplus disposal method.

Examples of property sold through **GovDeals.com** include computers, vehicles, farm equipment, kitchen equipment, forklifts, custodial equipment, scientific testing and monitoring equipment, office furnishings, medical equipment, tools, lawn and garden equipment, pianos, and books.

According to **GovDeals.com**, more than 1.1 million bidders can access surplus items that are available for bid on the site, either through Govdeals.com or via links on its sister sites, **www.govliquidation.com** and **www.liquidation.com**. GovDeals.com has more than 2,550 government clients of all sizes and has worked with 12 state-level governments.

## **New Fleet Management Legislation**

Legislation was passed during the 2010 Regular Session of the State Legislature that allowed for the Secretary of Administration to establish a central fleet management office within the Department of Administration and it is responsible for the storage, maintenance, and repairs of all state vehicles and aircraft assigned to this central office. Senate Bill 219 eliminated all of the previous exemptions to a consolidated state-operated fleet program.

The current program, which has operated under the authority of the Purchasing Division, is consolidated into the new program, which went into effect June 11, 2010. The new Fleet Management Office is organized under the Department of Administration. At the time of this **Annual Report**, Legislative Rules were being considered.

## **Purchasing Division’s Open House ... Still Going Strong!**

The third annual Purchasing Division Open House was conducted on May 4, from 10 a.m. to 2 p.m. at the Purchasing Division office in Building 15 at 2019 Washington Street, East, in Charleston. Nearly 60 procurement officers attended this event.

As an added benefit this year, the Purchasing Division offered those procurement officials who attended a chance to win a complimentary registration to the 2010 Agency Purchasing Conference at Canaan Valley Resort and Conference Center. Although there was one recipient of the free conference registration, all of the agency purchasers in attendance were winners.

The personal interaction between procurement officials and Purchasing Division buyers was



**The third annual Purchasing Division Open House, held May 4 at the Purchasing Division's Washington Street office, gave Purchasing employees and procurement officers an opportunity to interact with one another.**

a strengthening force in the state purchasing process. Also present during the event were the Purchasing Division inspectors, training representatives, technical services personnel, and those representing the West Virginia State Agency for Surplus Property, the Fixed Assets Program, the Fleet Management Program and the Travel Management Office.

“Our Open House has been a successful initiative as it gives our agency partners the opportunity to visit our agency and meet with our staff to discuss any Purchasing-related issues,” said Purchasing Director Dave Tincher. “The primary objective of the Open House

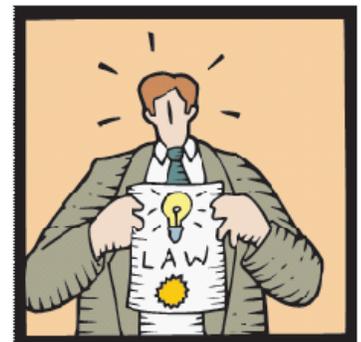
is for agency purchasers to interact directly with our staff, making good, open communication a cornerstone of the relationship among our respective agencies. Giving away one complimentary registration to our annual conference is just another way for us to express our gratitude for all the hard work procurement officials do.”

The Open House had no set agenda for the day. Tours of the facility were offered, but more importantly, the entire staff was available to discuss specific purchases that are either being prepared or currently in progress. The informal gathering allowed state agency purchasing personnel to become more familiar with staff and to learn more about additional Purchasing Division programs, such as inspection, training, Surplus Property, Travel Management, and Fleet Management.

Agency purchasing officers were welcome to attend any time during the Open House. Printed resource materials were also available for reference purposes regarding all aspects of the Purchasing Division.

## **New Purchasing Legislative Rule**

During the 2009 Regular Session of the Legislative Session, the **Code of State Rules** 148-1 relating to the Purchasing Division was slightly revised to reflect changes relating to negotiation. This Rule, in its entirety, may be viewed on the Purchasing Division's website at [www.state.wv.us/admin/purchase/rules.html](http://www.state.wv.us/admin/purchase/rules.html). In Section 7.11, information relating to negotiation was revised to reflect the omission of a former requirement. Below notes that the two citations of this Section:



## 7.11. Negotiation When All Bids Exceed Available Funds

7.11.1. Spending units shall submit a valid maximum budgeted amount for each requisition or RFP to the Purchasing Division. The maximum budgeted amount may not be disclosed to any vendor prior to the bid opening and may not be changed after the bid opening.

7.11.2. If all bids meeting requirements exceed the funds available for the purchase, ~~and the Director determines in writing that there are no additional funds available from any other source to permit an award and the best interest of the State will not permit the delay attendant to a resolicitation under revised specifications or for revised quantities;~~ the Purchasing Division may negotiate a lower price within budget with the lowest bidder meeting specifications. If the negotiation does not lead to the budget amount being met, the Director may negotiate a lower price with the next lowest bidder and continue negotiations with participating bidders after negotiations close with the preceding bidder. In conducting discussions, there may be no disclosure of any information derived from proposals submitted by competing bidders.

## 2009 Agency Purchasing Conference

The 2009 Agency Purchasing Conference was conducted on September 29 through October 2, at Canaan Valley Resort and Conference Center in Davis, West Virginia. With the attendance of agency purchasing agents edging 230, in addition to about 30 guest presenters, this year's conference was one of the best attended conferences in Purchasing Division history.

Two new purchasing workshops and more interactive presentations were among the highlights of this year's conference. The two new workshops were *Pre-Bid Conferences* and *Documents and Approvals*. The *Pre-Bid Conference* presentation briefed attendees on the requirements relating to this part of the purchasing process. A mock pre-bid conference was conducted to illustrate varying scenarios that frequently arise. The *Documents and Approvals* presentation was an expanded version of the *Process Checklists* topic from years' past, which offered more detail on the approval process and its associated documentation.

In response to past evaluations, speakers added purchasing related scenarios into their presentations to better illustrate their instructional material and to promote more discussion among audience members.

The reviews of the conference met the expectation of the Purchasing Division. Of the 222



**Elizabeth Perdue, Assistant Manager of the West Virginia State Agency for Surplus Property, delivers a presentation on Fixed Assets at the Agency Purchasing Conference at Canaan Valley Resort and Conference Center.**



**Buyer Supervisor Roberta Wagner, shown presenting on the Request for Proposal process, said the process does not have to be as intimidating as it oftentimes seems.**

agency representatives in attendance, 65 (29 percent) completed an evaluation form. The most notable categories demonstrating the success of the conference were responses to the organization of the conference and overall opinion of the conference categories.

Of the responses, 73 percent rated the organization of the conference as “excellent” while the remaining responses rated it as “good.” Sixty-two percent rated the overall opinion of the conference as “excellent” and the remaining responses rated the conference as “good.”

“The very favorable responses are a reflection of our staff listening to the attendees. Each year, we use feedback from these evaluations as a building block for the

next conference. Much of our conference program is centered on what our procurement officers wish to see at the conference,” said Purchasing Director Dave Tincher. “We will continue those elements we know are beneficial to our attendees and work diligently to incorporate changes that are sought by attendees.”

Listed below are some of the results attained from the evaluation analysis:

<b>CONFERENCE REGISTRATION</b>	
EXCELLENT	75%
GOOD	23%
FAIR	1%
POOR	1%

<b>CONFERENCE ORGANIZATION</b>	
EXCELLENT	73%
GOOD	27%
FAIR	0%
POOR	0%

<b>OVERALL OPINION OF CONFERENCE</b>	
EXCELLENT	62%
GOOD	38%
FAIR	0%
POOR	0%

# A 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 \$25,000. 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.*

### Administrative Changes in ACA Section

During this fiscal year, a change in leadership took place in the Acquisition and Contract Administration Section. Tenured division employee, Ron Price, who served as assistant purchasing director for this section, retired effective April 30, 2010, after more than 35 years of service. Mike Sheets, who was previously serving as contract manager, replaced Price in June of 2010.

### Revision of RFP Standard Format

A Purchasing Division committee tasked with reviewing the Request for Proposal (RFP) standard format completed its revision with the goal of simplifying the process for agencies and vendors. The new format was shared with both agency procurement officers and paid, registered vendors, prior to implementation.

The committee's objectives were to create a simpler method of preparing and soliciting Requests for Proposals, and to develop instructions to assist the agencies initial creation of the RFP. The committee members took each section of the current RFP format and sought ways to simplify the language and instructions. Multiple changes were made to the process, including:

- The new format follows the bid solicitation, vendor response, agency evaluation, and award process in a chronological order to minimize the confusion both to the vendors and the preparing agency.
- The use of mandatory requirements are limited to functions and duties of the agencies as defined by Federal/State Code, Rule, policy, etc. and/or critical functions of the agency to fulfill the duties and obligations to their end user/customer.
- The response section consists of uniform response criteria which allow the agency the ability to "score" the response to maximize the best value of the vendor's proposal to the State.
- The evaluation focuses on vendor qualifications and approach to project specified goals and objectives.

The RFP process is to be seen as a “solution” to a “problem,” with the agency scoring each vendor based on their approach to solving the problem. The committee focused on the generation of a new process which would decrease the amount of time to prepare and evaluate RFPs as well as giving the agencies Best Value Methodology to allow the vendors to propose better solutions to the agency’s problem.

The committee wanted to allow for greater ability for the agencies to score the vendor’s proposed solution to gain the maximum impact of the RFP process. Implementation is expected in the summer of 2010.

**Inspection Services**

During the period between September 2009 and December 2009, the Inspection Unit opened and completed **33** individual inspections of various state agencies and related programs. This encompassed more than **27,000** transactions from which **1,343** (approximately 5 percent) were closely scrutinized. The breakdown of findings from these inspections are as follows:

<u>Finding</u>	<u>% of Inspected Transactions</u>
Stringing	2%
Failure to use Statewide Contracts	6%
Failure to use Internal Resources	1%
Bids not documented	20%
Failure to check/retain vendor registration	17%
Failure to verify Unemployment Compensation and Workers’ Compensation	24%
Failure to obtain Purchasing Affidavit	21%
Failure to issue a purchase order	1%
Failure to affix an asset tag	1%
Failure to include the Non-Conflict of Interest form	6%
Miscellaneous findings	1%

*Problems with receiving were less than 1% of the total.*

**Piggybacking Contracts**

In 2007, the Purchasing Division first posted a Piggybacking Contract link on its website. What began as a modest list has grown exponentially since that time.

The Legislature passed reforms in 2006 that allowed the Purchasing Division to use more innovative ways to procure products and services on behalf of state agencies. One provision was the use of piggybacking, which allowed agencies to utilize existing open-end contracts for commodities and services – whether it is the federal government, agencies of other states, other public bodies or other West Virginia state agencies – even if the requesting agency was not an original party.

The list of available piggyback contracts has definitely increased, and many new contracts have been added by the state agencies. When the program started, Purchasing Division incorporated language to agency contracts to allow for the piggybacking of contracts. However, now it is the

state agencies that are including piggyback language in their RFQs and awards, thus, allowing other agencies and political subdivisions the option to utilize their contracts.

**West Virginia Code** §5A-3-19 states, in part, that piggybacking may occur “at the discretion of the Purchasing Director, and bids may be solicited to determine whether participation in such a cooperative purchasing agreement or consortium is financially advantageous.”

The **Code of State Rules** 148CSR1-7.9, also addresses piggybacking purchases, noting that spending units must prove that their requests to use such as:

(a) Do not conflict with existing State of West Virginia contracts unless the prices on the contracts issued by other public agencies and entities are substantially lower than the state contract based on an equal comparison. No price comparison may be based on differing Piggybacking Contracts specifications as determined by the Director;

(b) Will not cause a West Virginia vendor that offers like products and services to lose substantial business, unless the Director determines, based on submitted documentation from the spending unit, that the difference in price is so great that the state’s best interest is served by using the contracts issued by other public agencies and entities; and,

(c) Does not cause extensive hardship to any spending unit offered preference under the West Virginia Code.

To review Piggyback Contracts, visit [www.state.wv.us/admin/purchase/piggyback/default.htm](http://www.state.wv.us/admin/purchase/piggyback/default.htm).

## Protests

**Code of State Rules** §148-1-8 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 2010, **32** 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 **West Virginia Code** and **Code of State Rule** to ensure fair and consistent treatment of vendors. Based on the number of transactions processed by the Purchasing Division and the number of protests filed, the Purchasing Division has a **2.63%** rate of protests.

## RFQ/RFP and Purchase Order Terms and Conditions Revised

The terms and conditions for requests for quotations/proposals and for purchase orders were revised, effective December 1, 2009, to reflect necessary changes.

The primary reason for the change to these documents was the creation of a West Virginia Alcohol and Drug-Free Workplace Act Affidavit, which is provided by the Purchasing Division to all prospective bidders on public improvement construction contracts prior to award.

Additionally, the terms and conditions for requests for quotations/proposals now include the language regarding antitrust, confidentiality and licensing, which was previously contained in the Purchasing Affidavit.

The terms and conditions for purchase orders have also added the language for confidentiality and licensing, which was on the former version of the Purchasing Affidavit.

The Purchasing Affidavit now returns to its original intent, which was solely the no-debt requirements, in accordance with **West Virginia Code §5A-3-10a**. This statute provides that: *No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.*

The Affidavit now requires the vendor to affirm with his or her signature that the information is acknowledged and is in compliance with the stated requirements. The document is also required to be notarized.

For a list of available forms on the Purchasing Division's website, visit [www.state.wv.us/admin/purchase/vrc/pforms.htm](http://www.state.wv.us/admin/purchase/vrc/pforms.htm). For the terms and conditions for requests for quotations/proposals and for purchase orders, visit [www.state.wv.us/admin/purchase/sitemap.htm](http://www.state.wv.us/admin/purchase/sitemap.htm).

## New Major Statewide Contracts Issued

A new statewide contract was issued to two vendors for medical supplies. All of the revised forms are available at the Purchasing Division's website. For a direct link, visit [www.state.wv.us/admin/purchase/swc/MEDSUP10.htm](http://www.state.wv.us/admin/purchase/swc/MEDSUP10.htm). As a result of data obtained from purchasing inspections, the need for a statewide contract for this commodity was expressed by various state agencies. The Purchasing Division spearheaded the coordination of appropriate specifications to meet the needs of state agencies.

## Communication and Technical Services Section

*This section is responsible for a variety of services offered to agency purchasers, the business community and to the general public. It focuses on technology, communication, training and administrative functions, such as vendor registration, records imaging, purchase order encumbrance, bid receipt and bid package distribution. 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. In addition, this unit oversees the administrative functions outlined above. Professional development is a vital aspect of the division. Conferences and seminars are offered throughout the year to offer guidance to our customers.*

## West Virginia Purchasing Bulletin

The **West Virginia Purchasing Bulletin**, which contains information on purchasing requirements

in excess of \$25,000, is published weekly and posted on the Purchasing Division's website. This publication is secured, requiring vendors who wish to access the Bulletin to have their vendor number and password, which is provided to them by the Purchasing Division. Hyperlinks to solicitations are available on the online version of the **West Virginia Purchasing Bulletin**. The **West Virginia Purchasing Bulletin** also includes sole source determination notices and periodic bid opportunities from exempt agencies.

## Vendor Registration

A total number of **10,721** vendor registration and disclosure statement forms, renewal notices and vendor updates were received for processing during the **Fiscal Year 2010**. Revenue generated from vendor registration fees during **Fiscal Year 2010** was **\$733,250**. The vendor registration annual fee is **\$125**.

## Purchase Order Encumbrance and Distribution

Since the successful implementation of the West Virginia Financial Information Management System (WVFIMS) Purchase Order Encumbrance Module in 1998, all purchase orders and subsequent change orders with a fixed amount are placed in the Purchase Order Encumbrance system.

A total of **2,751** purchase orders, including open-end contracts and change orders, were encumbered by the Purchasing Division for **Fiscal Year 2010**.

## Records and Imaging

All documents beginning with **Fiscal Year 2010** transactions were scanned and managed with the division's imaging system. Total pages scanned for the Purchasing Division, which contained purchase orders, change orders, vendor registration forms and all supporting documentation was **295,671** for **Fiscal Year 2010**.

## Receipt of Incoming Sealed Bids

The Technical Services Unit is responsible for receiving sealed bids from vendors who are participating in the competitive bid process. This unit received **3,592** incoming sealed bids for **Fiscal Year 2010**.

## Communication Network

In accordance with the **Code of State Rules** 148CSR1, each spending unit must select a purchasing designated contract person, whose name is filed with the Purchasing Director. This individual should take available purchasing training and has the responsibility of the agency's purchasing function. As a result, these designated individuals within each agency have formulated the Purchasing Division's communication network, which ensures that information relating to process and procedures are being directed to the proper individual. An Agency Procurement Designation form is completed by each agency and updated each July.

## College Summer Internship Program

The Purchasing Division is pleased to utilize the services of two college interns during the summer months. During this fiscal year, **Casey Hill** and **Amelia Ferrell** assisted the division on various projects.

Hill, a senior dual-majoring in computer engineering and computer science at West Virginia University, worked with the Technical Services Unit of the Communication and Technical Services (CTS) Section on website development and maintenance, database troubleshooting, basic operations in the TEAM system and general technical assistance. He has interned with the Purchasing Division for three consecutive summers and plans to graduate with both degrees next year.

Ferrell, a graduate from Shepherd University with a bachelor's degree in political science, assisted the CTS Section working on numerous communications projects, including a website redesign, writing assignments, marketing strategies and updating various procedural manuals. She will be attending Marshall University in the fall of 2010 to begin her masters degree in communication.



**Pictured l-r: Purchasing Division interns Casey Hill and Amelia Ferrell**

## Professional Development and Training

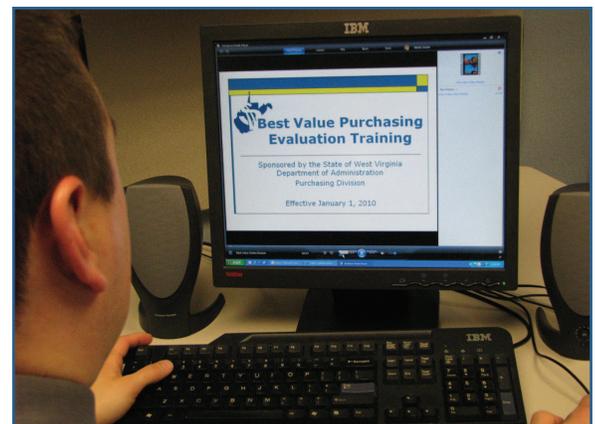
The Purchasing Division's enhanced training program has been successful in educating our agency purchasing partners. This extra effort has resulted in great strides in terms of the division's level of customer service and image.

An added benefit is that these training initiatives have been completed with minimal cost. With the exception of software programs for the online modules, the annual conference, online modules and in-house training are self-funded. Below are some of the enhancements the Purchasing Division has made during this fiscal year:

### Online Training Modules

New online training modules are now available on the Purchasing Division's website, entitled "Basic Purchasing Narration" and "Best Value / RFP Training." These modules are additions to the existing Vendor Registration Tutorial.

The Basic Purchasing Narration is a video of screenshots covering the basics of state procurement. The Best Value / RFP Training provides information for those state employees who may be requested to serve on a RFP evaluation committee. It offers general information on the use of RFPs and the role of an evaluation member.



**Agency employees may take the online training modules, such as Basic Purchasing Narration or the Best Value / RFP Training, on the Purchasing Division's website. These new online modules allow agency purchasers to work within their schedule to gain this valuable training.**

These online training modules offer an opportunity for procurement officers to view material offered at the annual Agency Purchasing Conference or at the in-house training sessions. The presentations give procurement agents a chance to save this information to their computer desktops and watch at their own convenience. For those who may be new to their positions, this allows them to get their feet wet in learning the basics of their job. The training modules are available for download at [www.state.wv.us/admin/purchase/training](http://www.state.wv.us/admin/purchase/training). Additional online training modules are being planned for the near future.

### ***In-House Training Curriculum***

The West Virginia Purchasing Division began its 2010 In-House Training Program schedule in January. The program included various purchasing-related workshops, many of which were offered at the 2010 Agency Purchasing Conference. The number of In-House workshops offered in 2010 nearly doubled the amount offered in 2009.

Workshops offered include the *Beginner's Track*, a series of six classes aimed at teaching the basics of the state purchasing process for individuals with two years or less procurement experience; *Sole-Source Process*; *Best Value Procurement*; *Agency-Delegated Purchasing*;

*Inspection Services*; *Statewide Contracts*; and *Manager's Training*, which offers a high-level overview of the state purchasing process. A total of 19 different topics are offered as part of this curriculum.

All workshops are free, most of which were conducted in Charleston at the Gaston Caperton Training Center (Building 7). More interaction was incorporated into the presentation this year to ensure that participants were not only receiving the information, but able to understand how to apply it in their daily jobs.

For a list of in-house training workshops offered by the Purchasing Division, please visit [www.state.wv.us/admin/purchase/training/inhouse.htm](http://www.state.wv.us/admin/purchase/training/inhouse.htm).

### **Purchasing Division Procedures Handbook**

The **Purchasing Division Procedures Handbook** is a helpful tool for all procurement officers, managers and employees in learning more about programs, procedures and services administered by the Purchasing Division. Because this reference document is available online, it allows for easier updates to ensure that current and accurate information is available to state agency procurement officers.

During this fiscal year, revisions to this document were made, effective July 1, 2009, February 15, 2010 and April 1, 2010. The current **Purchasing Division Procedures Handbook**, along with



**Technical Services Manager Dan Miller teaches a workshop on Vendor Registration as part of the in-house training curriculum.**

archived editions, are available online at the Purchasing Division's website at [www.state.wv.us/admin/purchase/Handbook/default.htm](http://www.state.wv.us/admin/purchase/Handbook/default.htm).

## Technological Initiatives

### *E-mail Dedicated to Purchase Requisitions*

A new e-mail account was established for state agencies wishing to submit **Purchasing Requisitions** (WV-35) electronically to the Purchasing Division. The e-mail address is [purchasing.requisitions@wv.gov](mailto:purchasing.requisitions@wv.gov). If an agency had submitted requisitions to its agency's designated buyer directly in the past, this practice was to be replaced by submitting requisitions to the new account to ensure quick, proper receipt and processing of these documents.

This new e-mail account allows the Purchasing Division to maintain the integrity of our Requisition Tracking System (ReqTrak). Agencies still have the option to submit paper requisitions by regular U.S. postal mail, fax or hand delivery. Requisitions sent by e-mail can be in various formats, including Microsoft Word, Excel or as a pdf document, but they need to include a **Purchasing Requisition** (WV-35) form and any other necessary documentation.

All purchasing forms are available to state agencies at the state's intranet site at <http://intranet.state.wv.us/form/default.htm>.

### *Purchasing Website Statistics*

The Purchasing Division maintains an Internet website and a site on the state's intranet. Information is regularly updated to accommodate changes in statewide contracts, bids and downloadable bid documents.

During **Fiscal Year 2010**, the following statistics were realized relating to the Purchasing Division's website at [www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase):

<i>Total Hits:</i>	<b>26,873,363</b>
<i>Unique Visitors:</i>	<b>157,220</b>
<i>Visitor Sessions:</i>	<b>854,226</b>
<i>Average Visitors Per Hour:</i>	<b>17.95</b>

### *Purchasing Division Website Additions*

On a continuous basis, the Purchasing Division's Technical Services Unit staff seeks ways to keep the division's website current with valuable information. Below are some of the additions during this fiscal year:

- **Internal Sources**

The Purchasing Division now has a dedicated page for the mandatory contracts and internal resources, which must be checked first by state agencies prior to seeking competitive bids. The mandatory contracts and internal sources include statewide contracts; agency open-end con-

tracts existing for the commodity or service; West Virginia State Agency for Surplus Property; Correctional Industries; and the West Virginia Association of Rehabilitation Facilities, in relation to the State Use Program. If the requested product/service is available from one of these sources but that source is not able to supply the product/service, a waiver must be obtained and retained with the purchase order file for each transaction to which the waiver applies. For a complete description of each contract and/or source as well as when they are applicable, visit [www.state.wv.us/admin/purchase/internalsources.htm](http://www.state.wv.us/admin/purchase/internalsources.htm).

- **Purchasing Exemptions**

The Purchasing Division has posted on its website its statutory exemptions as approved by the State Legislature. The 33 exemptions listed on the site is an unofficial list compiled by the Purchasing Division. The exemptions may be found at [www.state.wv.us/admin/purchase/PurchasingExemptions/default.htm](http://www.state.wv.us/admin/purchase/PurchasingExemptions/default.htm).

## **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 state-wide 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 Statewide Program**

The Purchasing Division 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 15<sup>th</sup> 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. There were **1,281** retirement documents (assets taken out of the Fixed Assets System) for a total dollar amount of **\$24,960,400.36**.

Agencies occasionally need to correct errors in their inventory. Data Change Requests must be completed and processed by the Surplus Property Unit when these corrections are made. During **Fiscal Year 2010**, the Surplus Property Unit processed **270** Data Change Requests.

The total dollar amount of assets entered into the Fixed Asset System for **Fiscal Year 2010** was **\$29,274,483.93**. Total dollar amount of assets currently in the system is **\$1,702,723,076.71**.

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## Fleet Management Program

### *State Vehicle Purchase*

The Fleet Management Office completed the purchase of a total of **208** vehicles for **Model Year 2010**. Of those vehicles, 204 were new vehicles and four were used vehicles. The total amount spent on this year's vehicle order was **\$4,018,997.60**. A breakdown of this total amount is as follows: \$3,947,397.60, which was financed for new vehicles, and \$71,600 paid in cash for used vehicles.

### *Contract for Fuel and Maintenance of Vehicles*

The contract for fuel and maintenance of vehicles is currently in the process of being renewed with Automotive Resources International (ARI) for approximately **1,700** vehicles in the Fleet Management Program.

### *Lease Rate Billing*

The Fleet Management Office billed at a rate which equals the depreciation (48-month straight-line), plus the interest and fleet administrative fee. As a result, the amount billed decreased slightly each month for all vehicles that are financed.

### *Changes to the State Fleet Management Operation*

Legislation passed during the 2010 Regular Session of the State Legislature affected the Department of Administration's Fleet Management Program. See **Page 13** for additional information.

### *Accidents and Violations Review Committee*

Until a recent change in this Legislative Rule, the **Code of State Rules** 148, Series 3, required the Fleet Management Office to establish an Accidents and Violations Review Committee for all accidents occurring in a state-owned vehicle under the Fleet Management Program. This committee's responsibility is to review each accident for all vehicles owned by the Department of Administration and apply any action outlined in this Rule. During this fiscal year, there were **four** reviews of accidents by the Committee.

### *Fuel Exception Reports*

Monthly reports are distributed to all agencies concerning state vehicles to allow each agency to monitor certain purchases made by drivers. The reports consist of purchases of three or more transactions per day, the purchase of premium fuel, non-fuel purchases, notification that a driver has input incorrect odometer information at the time of the fuel purchase, and fuel tank capacity violation.

## Surplus Property

### *Fiscal Year 2010 Statistics*

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

Federal Property Service Charge	\$ 74,340.00
State Property Service Charge	256,440.85
Public Auctions	249,993.82
Public Daily Sales	952,231.81
Statewide Sealed Bids	16,548.72
GovDeals	167,961.07
Scrap	<u>19,642.65</u>
<b>Total Revenue</b>	<b>\$1,737,158.92</b>

### *State Vehicles*

Approximately **444** vehicles were sold during **Fiscal Year 2010**. Below is a breakdown of the method by which they were sold:

Public Auction	106	\$160,500.00
Public Daily Sales	257	685,655.75
GovDeals	36	36,006.02
Negotiated Sales	<u>45</u>	<u>198,150.00</u>
<b>Totals</b>	<b>444</b>	<b>\$1,080,311.77</b>

### *Daily Public Sales*

With additional marketing efforts, the daily public sales have grown in popularity due to the convenience. Since the State Legislature approved changes, which went into effect in June of 2008, the West Virginia State Agency for Surplus Property has been able to enhance the manner in which it could sell to the general public.

Previously, interested individuals had to submit bids on items and wait five days to see if they were successful. Surplus Property's daily public sales allow the public to visit and purchase items on the same day. All direct sale items are priced and sold on an "as is, where is" basis. Surplus Property accepts cash and credit cards, but not personal checks. New items are available each week. The property is available at the Surplus Property facility at 2700 Charles Avenue in Dunbar.

As noted in the 2010 Surplus Property Statistics, more than **\$1,637,886** in revenue was generated as a result of this public sales method.

## Travel Management Office

### *Travel Expenditures*

The total amount of travel expenditures statewide for **Fiscal Year 2010** was **\$45,024,311.47**.

### *Statewide Contract for Car Rentals [Enterprise]*

The total number of rental days for the **Fiscal Year 2010** was **44,076**. Based on an expenditure of **\$1,164,366.96**, the average cost of a rental car per day was **\$27.99**. Without a preferred car rental contract, the normal (average) daily rate is **\$99.00**, for a savings of **\$3,199,157.04**.

### *Statewide Contract for Travel Management Services [National Travel]*

Year-end transactions include:

Exchanges	387
Refunds	50
Airline tickets	5,694
Service fees paid	\$410,569.78
Total Transactions	10,720
Cost	\$2,697,564.27
Full Fare	\$9,225,290.33
Savings	\$6,527,726.06

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

The statewide contract for travel card services with MasterCard includes CDW insurance when renting a vehicle. The average rate for collision insurance is **\$32.00** per day,

Based on a total of **48,563** rental days reported from United Bank, the state saved **\$1,554,016.00**. The rebate of the qualifying annual volume was **\$23,010.84**.

### *Mileage Reimbursement Rate*

Effective February 9, 2010, the state's reimbursement rate for use of employees' privately owned vehicle for business use became **40.5** cents per mile. The State Travel Management Office, under the Department of Administration, notified agency travel coordinators of the change. This reduction from 44.5 cents per mile was based on lower transportation costs compared to those of one year ago.

The rate change is in accordance with the Department of Administration's bi-annual review of the state's mileage reimbursement rate and the current rate will remain in effect until further notice.

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## **WV Per Diem Rate Increase**

On October 1, the per diem rate for lodging and meals and incidental expenses (M&IE) set by the U.S. General Services Administration for West Virginia changed, effective through September 30, 2010.

Charleston and Shepherdstown increased the per diem for both lodging and M&IE, while Charleston and Wheeling's per diem for lodging increased. If neither the city nor the county is listed for a rate change, the location is a standard destination with a rate of **\$70** for lodging and **\$46** for M&IE. For more information on these changes, visit the Travel Management site at <http://www.state.wv.us/admin/purchase/Travel/default.htm>. The rate change is the first significant change for West Virginia in four years.

## ***Delta SkyMiles Bonus Tickets***

Ten (10) free tickets were used for a total value of **\$13,264.43**.

# RECOGNIZING EXCELLENCE... AWARD WINNERS

The Purchasing Division continues to recognize agency employees working in state procurement, who demonstrate qualities of excellence to the government procurement industry. These individuals stand out as true examples of dedication and high performing work ethic. From their expertise, others may strive to follow in their footsteps.

There are two recognition programs offered by the Purchasing Division each year: the **Agency Procurement Officer of the Year** and the **Partner in Purchasing**. The awards were announced during a special ceremony at the 2009 Agency Purchasing Conference. The criteria for these awards include such qualities as tenure, performance, internal training efforts, communication, cooperation and exerting a positive image.

In addition, the Purchasing Division awarded two individuals this fiscal year with its honorary award, **Friend of Purchasing**, which is offered to individuals who have demonstrated camaraderie to the goals and staff of the division.

## **2009 Agency Procurement Officer of the Year**

**Jamie Adkins - West Virginia Department of Environmental Protection**

*The Agency Procurement Officer of the Year award began in 1996. Its purpose is to recognize each year, one individual working in the procurement field who has demonstrated high levels of performance and professionalism.*

**Jamie Adkins**, Procurement Officer for the West Virginia Department of Environmental Protection, was honored as the **2009 Agency Procurement Officer of the Year**.

Adkins has been working in public purchasing for more than six years, beginning as a purchasing assistant and moving quickly up to the position of agency procurement officer due to his excellent job performance.

On his nomination form, Adkins was described by his peers as “awesome, impressive, professional, helpful, wonderful and ethical.”



**Purchasing Director Dave Tincher and Jamie Adkins of the Department of Environment Protection Agency, who received the Procurement Officer of the Year award.**

The Agency Procurement Officer of the Year award marked its 14<sup>th</sup> year of celebrating excellence in state public procurement in West Virginia. The purpose of this award is to recognize one in-

dividual working in the state purchasing field who has demonstrated high levels of performance and professionalism.

The criteria that is used in making the selection for this award include tenure, performance, communication skills, internal training efforts, cooperation with agency and purchasing staff, positive image, and good purchasing practices.

Focusing on the value of expertise and cooperation of those individuals at the state level who handle their daily purchasing operations, this award has had many prestigious winners in the past, including:

- 1996: Edi Barker (Bureau of Employment Programs)
- 1997: Susie Teel (Department of Environmental Protection)
- 1998: Lt. Col. Jim Powers (West Virginia State Police)
- 1999: Jo Miller Bess (Department of Health and Human Resources)
- 2000: Lendin Conway (Department of Environmental Protection)
- 2001: Bev Carte (Division of Natural Resources)
- 2002: Ratha Boggess (Treasurer's Office)
- 2003: Syble Adkins (Department of Revenue)
- 2004: Carole Woodyard (West Virginia State Police)
- 2005: Diana Joseph (Division of Natural Resources)
- 2006: Gloria Anderson (Division of Culture and History)
- 2007: Karen Lane (Division of Motor Vehicles)
- 2008: Pam Hodges (Regional Jail Authority)

For being this year's winner, Adkins received an engraved clock, a certificate signed by Gov. Joe Manchin III, Cabinet Secretary Robert W. Ferguson, Jr. and Director Dave Tincher. He also received complimentary lodging and registration to the 2010 Agency Purchasing Conference.

## **2009 Partner in Purchasing**

**Alan Siemiaczko - West Virginia Lottery Commission**

*The **Partner in Purchasing** award recognizes an individual annually who has exceeded expectations in working with the various programs administered by the Purchasing Division, including Fleet Management, Fixed Assets, Surplus Property, TEAM and Travel Management. The criteria is similar to the Agency Procurement Officer of the Year.*

**Alan Siemiaczko** of the West Virginia Lottery Commission was named the **2009 Partner in Purchasing** in demonstration of his exceptional professionalism in various programs administered by Purchasing Division.



**Purchasing Director Dave Tincher and Alan Siemiaczko of the Lottery Commission, who received the **Partner in Purchasing** award.**

Alan was described as “dependable, considerate, professional and courteous” in his role at the Lottery Commission where he manages nearly 35 vehicles in the agency’s fleet. He also assists in the inventory of fixed assets and tracks items retired to Surplus Property. This is the ninth year this award has been offered.

Since 2000, this award has also had many honorable recipients in the past, including:

- 2000: Brent Kessinger (Department of Environmental Protection)
- 2001: Barbara Haddad (Department of Administration - IS&C)
- 2002: (Co-Winner) June Casto (Department of Environmental Protection)
- 2002: (Co-Winner) Susie Teel (Department of Health and Human Resources)
- 2003: Patricia Holtsclaw (Alcohol Beverage Control Administration)
- 2004: Tammy Canterbury (Department of Environmental Protection)
- 2005: Patty Mills (Lottery Commission)
- 2006: Bryan Arthur (Division of Corrections)
- 2007: No Award Offered
- 2008: John Lopez (Regional Jail Authority)

Alan received an engraved clock; a certificate of recognition signed by Gov. Joe Manchin III, Cabinet Secretary Robert W. Ferguson Jr. and Purchasing Director Dave Tincher; and free lodging and registration to the 2010 Agency Purchasing Conference.

## 2009 Friend of Purchasing

Lisa Comer - West Virginia State Auditor’s Office

Two individuals were honored this year for the **2009 Friend of Purchasing**. Although this recognition has no defined criteria, Purchasing Director **David Tincher** described this honor a “recognition of someone who we feel is part of us.”

**Lisa Comer** of the State Auditor’s Office is one of the recipients. Comer was recognized as one who assists the Purchasing Division with a multitude of issues relating to payments, contracts and travel and being a regular guest presenter at the Agency Purchasing Conference.

She received a certificate of appreciation and a floral arrangement.



**Purchasing Director Dave Tincher and Lisa Comer of the State Auditor’s Office, who received the Friend of Purchasing award.**

## 2009 Friend of Purchasing

Dawn Warfield - West Virginia Attorney General's Office

The other recipient of The **Friend of Purchasing** honor was given to **Dawn Warfield** of the Office of the Attorney General.

Warfield has worked for state government for more than 28 years with the last 21 years at the Attorney General's Office. Warfield was recognized for her close work with the Purchasing Division to ensure that contracts are properly approved, as to form, before being finalized.

She received a special certificate of recognition and a floral arrangement.



**Purchasing Director Dave Tincher and Dawn Warfield of the Attorney General's Office, who received the Friend of Purchasing Award.**

# FINANCIAL STATISTICS...

## Fiscal Year 2010

### NEW PURCHASE ORDER SUMMARY

#### Resident Vendor Analysis:

Vendor	Count (#)	Percent (#)	Value (\$)	Percent (\$)
West Virginia	801	65.76%	\$274,910,655.77	50.88%
Non West Virginia	417	34.24%	\$265,389,021.36	49.12%
<b>TOTAL</b>	<b>1,218</b>	<b>100%</b>	<b>\$540,299,677.13</b>	<b>100%</b>

The average purchase order amount for FY 2010 was **\$443,595.79**.

\*This summary does not include change orders processed during FY 2010.

#### Agency Analysis:

Top 10 Agencies	Count (#)	Percent (#)	Value (\$)	Percent (\$)
Eng. Fac./MAPS	14	1.15%	\$148,202,935.75	27.43%
Highways	310	25.45%	\$95,928,569.45	17.75%
DHHR	95	7.80%	\$50,751,682.44	9.39%
DEP	167	13.71%	\$38,298,082.82	7.09%
Administration	98	8.05%	\$29,067,114.33	5.38%
Regional Jail Auth.	7	0.57%	\$19,394,040.00	3.59%
Public Transit	32	2.63%	\$9,498,316.04	1.76%
DNR	77	6.32%	\$7,195,695.79	1.33%
Miners Health Safety	3	0.25%	\$5,069,395.00	0.94%
Tourism	2	0.16%	\$4,200,000.00	0.78%
Other	413	33.91%	\$132,702,845.51	24.56%
<b>TOTAL</b>	<b>1,218</b>	<b>100.00%</b>	<b>\$540,299,677.13</b>	<b>100.00%</b>

# LEGISLATIVE CHANGES

## **House Bill 4582** **Reciprocity Standards**

This bill created reciprocity standards for West Virginia small, women and minority-owned businesses which receive such preferences in other states. Part of the bill also included the removal of outdated language and provisions which were no longer relevant in **West Virginia Code**. Legislative rules are being prepared which will need to be promulgated by the State Legislature.

## **Senate Bill 219** **Fleet Management**

This legislation allows the Secretary of Administration to establish a central fleet management office within the Department of Administration and it is responsible for the storage, maintenance, and repairs of all state vehicles and aircraft assigned to this central office.

## **Senate Bill 240** **Fleet Management**

This legislation authorized the Department of Administration to promulgate a legislative rule relating to state-owned vehicles. This rule, Title Number 148, Series 3, is available on the Office of the Secretary of State's website at <http://apps.sos.wv.gov/csrdocs/pdfdocs/148-03.pdf>.

# DIVISION OBJECTIVES

## Objective #1

Ensure the purchasing process functions in an expeditious and conscientious manner.

- Maintain an average procurement cycle of 30 days or less.

## Objective #2

Continue forward progression on eProcurement initiatives, including evaluation of current systems and possible replacement and acceptance of credit card payment for vendor registration fees. The Purchasing Division is actively involved in the current Enterprise Resource Planning (ERP) implementation project as it relates to the eProcurement module.

## Objective #3

Provide educational and informative tools to agency procurement officers to ensure the State is achieving best value.

- Provide training on purchasing rules, regulations, and procedures to at least 75% representation of all state agencies under the Purchasing Division's authority (excluding boards and commissions) on an annual basis.
- Continue to create online and in-house training programs for state agencies on various topics relating to the state purchasing process.
- Establish an agency purchasing certification program to promote education and training within the state procurement function.

## Objective #4

Ensure accountability to the state through proactive auditing and documentation review.

- Maintain a rate for formal protests of less than 4% through dispute resolution and process education.