1011200000—Purchasing & Support Services

General Government

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General Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
Expenditures					
Salaries & Benefits	$2,482,759	$2,806,515	$2,848,751	$2,848,751	$42,236
Services & Supplies	867,170	1,086,930	1,027,203	1,027,203	(59,727)
Centrally-Budgeted Expenses	107,934	189,694	272,294	272,294	82,600
Operating Transfers Out	10,000	10,000	10,000	10,000	0
Total Expenditures	$3,467,863	$4,093,139	$4,158,248	$4,158,248	$65,109
Expenditure Reimbursements	(3,816,212)	(3,202,805)	(2,855,337)	(2,855,337)	347,468
Total Appropriations	($348,349)	$890,334	$1,302,911	$1,302,911	$412,577
Earned Revenues By Source					
Charges For Services	$183,859	$163,000	$154,562	$154,562	($8,438)
Miscellaneous Revenues	44,133	46,200	50,000	50,000	3,800
Total Revenues	$227,992	$209,200	$204,562	$204,562	($4,638)
Net County Cost	($576,341)	$681,134	$1,098,349	$1,098,349	$417,215
Allocated Positions	23.0	25.0	25.0	25.0	0.0
Temporary (Full-Time Equivalent)	4.0	3.3	3.9	3.9	0.6
Total Staffing	27.0	28.3	28.9	28.9	0.6

Purpose

The Purchasing and Support Services Division is responsible for providing a variety of central support services to County departments. These areas of responsibility include procurement of materials and services; mail/courier duties; duplicating and print shop operations; records storage; and recycling functions. The Division is also responsible for the disposition of surplus or scrap County personal property.

Board Strategic Priorities

The 2019-2020 recommended budget for the Purchasing and Support Services Division (Purchasing) focuses on the implementation of the Board Strategic Priorities as adopted by the Board on April 9, 2019. The Board Strategic Priorities for fiscal years 2019-2020 through 2021-2022 are a continuation of the Board's original five key priorities established in 2015. The Board has updated and augmented the goals associated with these strategic priorities to reflect the Board's direction related to water issues, health, collaboration, and homelessness.

Ensure Fiscal Responsibility

This is a core responsibility for Purchasing. County ordinances and purchasing standards are established to seek and confirm that low prices and best values are obtained in all County contracts. Policies and practices are also in place that guarantee funding for any County contract prior to contract execution. This eliminates any opportunity for runaway spending. Purchasing acts as the County "gatekeeper", as all agreements for the purchase of goods and services must have a purchase order before the Auditor-Controller will execute payment. Purchasing manages solid fiscal controls to ensure that reasonable pricing and terms, proof of insurance, and contract risk avoidance measures are in place before a contract is executed. Recent deployment of contract tracking tools supports the Purchasing workload this fiscal year. Notably, there are over 650 contracts that require oversight and participation of the Division, including 260 for San Joaquin General Hospital (SJGH).

In 2018-2019, the County Administrative Manual was reviewed and updated for the second consecutive year. Changes were made to the Purchasing Agent's policies: an enhancement to the County's Surplus Policy, adopting

specific practices to be used regarding computer equipment; and an update to the Purchasing Agent's authority for professional services contracts from $100,000 to $200,000 per vendor, per year, in County aggregate. This new threshold requires tracking by Purchasing and approval by the Board of Supervisors for vendor spend that exceeds the updated $200,000 limit. Each new purchase order requires review of the vendor's spend before proceeding.

Purchasing will continue to play an active role in the financial year-end close by overseeing the updated purchase order and rollover encumbrance processes.

Promote Good Governance and Increase Organizational Capabilities

Purchasing continues to develop and monitor the contract management dashboard. The dashboard serves as a contract management tool, providing contract status and alerts to departments as a contract nears the end of its term. Purchasing is currently developing a Countywide contract management training course for County personnel in vendor performance monitoring and evaluation best practices. The goals are to increase vendor performance and enhance value to the County.

Purchasing continues to deploy enhancements and develop user training materials for PeopleSoft 9.2. This includes the expanded use of the commodity code field and modification of the requisition approval workflow process. These changes will allow for comprehensive tracking and analysis of County commodity spend, streamline workflow, and make the purchasing cycle a more efficient and cost-effective process.

Promote Economic Development

Purchasing consistently administers the County's Local Vendor Preference (LVP) policy when evaluating proposals and 2018-2019 was the first full-year of the updated LVP policy. The preference amount remained at 5%, but the "evaluative preference" was replaced by the preferred "match" method. If a local vendor's proposal is within 5% of the lowest bid, they have an option to submit a new bid and will be awarded if the new bid amount is less than or equal to the lowest responsive bid. Also, the upper-end preference limit of $7,500 was eliminated, allowing the LVP to be exercised regardless of bid size. This preference policy has had a slight impact in enabling contract awards to local vendors.

Purchasing regularly conducts outreach events informing businesses on how to do business with government agencies. Historically, these outreach efforts have had a modest effect on economic development.

Major Budget Changes

Salaries & Employee Benefits

➢ $34,799   Salary and benefits adjustments.

➢ $7,437   Increase in extra-help.

Services & Supplies

➢ $6,200   Increase in equipment lease cost for Duplicating.

➢ $2,250   Increase in software and related licenses.

➢ $2,249   Increase in training expense.

➢ ($41,368)   Decrease in postage costs.

➢ ($30,057)   Decrease in office supplies, outside printing, and maintenance costs reflecting a decrease in duplicating volume.

Centrally-Budgeted Expenses

➢ $94,414   Increase in data processing charges.

➢ ($14,286)   Decrease in Workers' Compensation and Casualty insurance costs.

Expenditure Reimbursements

➢ ($33,800)   Decrease in charges for duplicating services.

➢ ($13,500)   Decrease in charges for mail services.

➢ ($300,178)   Cost Allocation Plan adjustment.

Program Discussion

The 2019-2020 recommended Purchasing and Support Services Division budget totals $4,158,248. This represents an increase of $65,109 from the 2018-2019 adjusted budget primarily attributed to increases for salary and benefits adjustments, extra-help, and data processing charges.

In 2018-2019, the Adopted budget added a Purchasing Assistant and a Deputy Purchasing Agent to fulfill requests received by Behavioral Health Services (BHS) and Information Systems Division (ISD). Each department was provided with dedicated purchasing services due to

procurement and contracting needs as a result of increased mental health services and a backlog of information system-based programs. The departments reimburse Purchasing for the cost of the positions. This work is anticipated to continue for at least five years due to project needs and funding availability.

If funding for the BHS and ISD positions are reduced or eliminated, the two new positions would be subject to reduction and/or elimination.

In addition to dedicated staffing for BHS and ISD, the following departments reimburse Purchasing for dedicated full-time equivalent (FTE) staffing:

➢ Public Works Department - 1.75 FTE

➢ SJGH - 2.0 FTE

➢ Human Services Agency - 1.0 FTE

Purchasing continues to provide core procurement services to all departments using competitive quotes, bids, proposals, negotiations, and cooperative purchase contracts to help attain cost reduction and avoidance. The Countywide procurement workload continues to be distributed among 10 full-time and 2 part-time Purchasing personnel. Each purchasing professional provides dedicated services to assigned departments, "one point of contact" for consultation and service needs. This has provided Purchasing with a better understanding of each department's needs and has delivered a higher level of customer service.

The total dollar value of purchase orders for 2019-2020 is projected at $268.0 million, a slight increase over the 2018-2019 estimate.

Uniform Public Construction Cost Accounting Act (UPCCAA)

In 2015-2016, Purchasing implemented UPCCAA program. UPCCAA provides departments with a streamlined bidding process for construction projects under $200,000. In 2018-2019, 10 projects were to be completed via UPCCAA with an estimated construction contract value of $395,000. In 2019-2020, project volume is expected to be 10 projects with an estimated construction contract value of $450,000. Projects primarily encompass needed repairs, modifications, or enhancements to County properties.

Local Vendor Preference (LVP)

LVP continues to be applied where appropriate, providing benefit to local vendors competing for County contracts. In 2017-2018, the Board of Supervisors maintained the LVP at 5%, but eliminated the $7,500 cap allowing local vendors to increase their competitiveness. Local spend has increased slightly over the past two years. Efforts to identify,

encourage, and advocate for local participation continues. Strategies include participating in the San Joaquin Public Agency Consortium.

Executive Dashboard

Vendor outreach for request for bids, proposals, and quotes are enhanced through the use of the Public Purchase software application. This tool automatically notifies vendors of bid opportunities for registered commodity classifications. The Contract Management feature in PeopleSoft is a tracking tool in the software used by departments to assist in managing multiyear contract expirations. This tool provides departments with real-time contract information, including contract expiration date, vendor name, and dollar amount in addition to helping departments extend or replace contracts within required renewal time frames. In 2018-2019, this feature was fully deployed to SJGH.

System Install Support for SJGH

In 2018-2019, Purchasing supported ISD and SJGH in the installation of a new software system (Cerner/PeopleSoft) to fully integrate clinical and financial systems at SJGH. This system fully interfaces with the County's financial platform creating greater operational efficiencies. Purchasing provided business process development support, which included testing of the system's functionality and accuracy; creating "bridge" purchase orders and contracts to ensure continuity from the old system to the new; providing initial and ongoing user training; supporting vendor configurations in the system; and trouble-shooting system functionality.

Surplus

County surplus furniture and equipment is managed by Purchasing, which disposes of these assets by methods that will return the greatest value to the County. Some examples of outreach methods include on-line auction, live auction with firms that specialize in the disposal of government assets, and negotiated sale. When items are no longer in need by a department, Purchasing utilizes an on-line system to reach a broad audience, which provides for an easier and more convenient way to access surplus auctions. Items are listed on an internal surplus on-line auction where all departments may view and request the asset for use at no additional cost to the department. On-line auction access is also expanded to local charities whom may request items for a nominal fee. Additionally, on-line auction access is expanded to include the general public where anyone may participate in on-line bidding. Items not sold by any of the above mentioned methods are sent for recycling where possible. Any remaining items are taken to a landfill with the exception of vehicles. Vehicles are sent directly to a live auction company that specializes in this commodity and has proven to provide the highest value. Each year a memorandum is provided to

the Board detailing the types of commodities sold and revenue generated. In 2019-2020, it is anticipated the total amount of surplus goods sold will total $175,500.

Duplicating/Print Shop

The Duplicating/Print Shop is equipped with high-volume equipment that provides all-digital technology including speed, quality, and in-line finishing capabilities. The equipment carries a lower-per copy cost as compared to standard office size equipment. Duplicating projects to produce 4.2 million copies in 2018-2019 and will continue a similar volume in 2019-2020. This reflects a downward trend related to increased reliance of on-line resources for communication and storage needs.

In 2018-2019, a consulting group was engaged to conduct an extensive Duplicating Operations Review. Key findings were that costs charged to user departments were very competitive, slightly below market prices; service to departments was exemplary, with quick production turnaround times and prompt delivery (when requested); and that opportunities exist within the County to increase future duplicating volume. As a result, in 2019-2020, specialized equipment will be added to enable printing of business cards for all County personnel. This is intended to increase volume as business card acquisition has been previously outsourced.

Mail Room

The Mail Room provides daily courier and mail collection services for 51 separate delivery collections of mail. Mail routes total approximately 20,000 miles annually. Equipment used to sort and barcode outgoing mail provides a postage savings of up to 10.5 cents for each piece of presorted mail. Total outgoing U.S. mail volume is projected at 765,000 pieces in 2018-2019, a decrease of 9% from 2017-2018. It is estimated that these amounts will slightly decrease in 2019-2020. The Mail Room also provides folding and inserting services at a minimal fee to departments.

The Mail Room is responsible for collecting and staging items for recycling from the Administration Building including paper, cardboard, pallets, foam packaging, single use and rechargeable batteries, toner cartridges, and other recyclable materials. In addition, the Mail Room receives palletized deliveries for the District Attorney's Office, as well as all incoming freight for the Administration Building.

Records Management

Records Management operates the records storage warehouse facility, provides records retrieval and delivery, and destruction and recycling of records, as needed. Staff collects paper waste throughout the County for disposal. A commercial shredder is used to shred records requested for destruction by departments. A vehicle with an on-board shredder is also used on-site at various County locations, should department personnel need to witness document destruction.

All recyclable paper products are taken to a recycler and sold. In 2018-2019, an estimated 252 tons of paper will be recycled, similar to the volume in 2017-2018. It is estimated that these amounts will increase slightly in 2019-2020 as an increase in shredding volume is anticipated.

Workload Data

	-----------------------Actual----------------------			Est./Act.	Projected
	2015-2016	**2016-2017**	**2017-2018**	**2018-2019**	**2019-2020**
Procurement					
Purchase Orders Issued	5,821	6,001	6,755	6,500	6,550
Dollar Value of Purchase Orders	$230,734,384	$202,000,129	$244,607,184	$260,000,000	$268,000,000
UPCCAA Projects	12	10	12	10	10
Construction Contract Value	$583,421	$512,123	$813,073	$395,000	$450,000
Formal Bids and RFP's	92	104	71	75	68
*Local Spend**					
Dollars (millions)	$113.3	$108.9	$121.0	$130.5	$132.0
Percentage	57%	54%	52%	54%	54%
Surplus Income					
Property	$11,002	$33,207	$12,622	$15,000	$18,000
Recycled Ink/Toner	$413	$3,404	$164	$100	$100
Recycled Metal	$2,440	$324	$1,013	$2,700	$1,300
Recycled Pallets	$183	$499	$100	$100	$100
Recycled Paper	$33,313	$41,259	$30,572	$40,000	$36,000
Vehicle Sales	$225,214	$108,811	$0	$160,000	$120,000
Duplicating (Print Shop)					
Print Jobs	1,481	1,487	1,354	1,020	1,010
Copies Produced	6,473,234	6,258,063	5,525,000	4,200,000	4,200,000
Mail Room					
Outgoing U.S. Mail	1,023,870	909,353	845,690	765,408	705,000
1st Class Regular	245,757	180,064	172,336	136,404	125,000
Postal Barcode	778,113	729,289	673,324	629,004	575,000
Service Locations	53	51	51	51	51
Records Management					
Paper Recycled (tons)	372	401	262	252	275
Records Requests Processed	2,175	2,567	2,690	9,600**	2,600
Shredding (hours)	1,910	2,180	1,661	1,775	1,850

Based on vendor zip code information with statistical outliers of greater than $10 million removed.
**Includes high volume of records processed for the District Attorney's Office due to legislative changes (Resentencing Propositions 47 and 64).*