

Purchasing, Contract Management and Warehouse Operations

Draft

Operations

PURPOSE STATEMENT

1. **Issue** – Without effective, cost-efficient, and responsive centralized purchasing, warehousing, and staff District-wide would not be able to conduct the business of teaching and learning.
2. **Vision** – We ensure schools and departments have the right procurement, and warehousing, services, at the right time, in the right place, at the lowest cost, and in compliance with applicable legal and regulatory frameworks, and industry best practices.
3. **Approach** - Our approach is to provide customer-centric services, incorporating LEAN practices, emphasizing data-driven decision making and continuous process improvements.

STAKEHOLDERS

Who, primarily, will be impacted by this work? (groups of students, stakeholders, customers)

- Stakeholder group 1 - All District schools and departments, staff and students, are affected by the quality of our services and the efficiency of our operations.
- Stakeholder group 2 – All vendors/businesses seeking to do business with the District are impacted by the information, training and feedback provided by Purchasing.
- Stakeholder group 3 – The public is impacted by the transparency provided by Purchasing, with on-line contracts and spend data, as well as the emphasis on fiduciary stewardship resulting in public funds saved.

CASE STATEMENT

Purchasing & warehousing plays an integral role in cost-effective logistics and procurement. Through purchasing departments efforts has saved the District over \$8.5 Million during the 2019-2020 school year. Purchasing manages over 2,600 vendors doing business with the District. We facilitate vendor access to information on bids and contracts. We provide vendor training in order to improve contract performance. We work closely with local business, including minority and women owned businesses, to help them participate in District procurement opportunities. We provide the public with on-line access to all bid and contract information.

WHAT SPECIFIC BOARD-ADOPTED BENCHMARKS WILL BE INFLUENCED BY THIS WORK?

1. The annual percentage of Fund Balance maintained

MEASURABLE GOALS

1. Procurement Savings Ratio - This is the annual amount of savings as compared to the total amount of purchasing. The goal is to use competition and market analysis to generate the maximum amount of savings compared to spending as possible for the District.
 - a. We will sustain a 35% Purchasing Card usage rate of total District spend from September 1, 2020 to August 31, 2022 as measured by bankcard usage rebate of at least \$500,000 per year for a total of \$1 million.
2. PCard Purchasing Ratio - This is the total dollar amount purchased using PCards divided by the total spending (not including construction spending). The goal is to maximize the use of the PCard versus the typical purchase order process to decrease purchasing costs (a typical PO process costs \$93 while a PCard transaction costs \$22).
 - a. We will achieve a procurement savings ratio of 3.5% of total spend, or \$3.5 million per year.

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3. Warehouse Operating Expense Ratio - This is the operational cost of the purchasing warehouse divided by the total value of all issues/sales from the warehouse). The goal is to have an efficient and effective warehouse that provides measurable value to the District.
 - a. We will sustain a warehouse ratio of 18% or lower for the cost of warehouse operations as a percent of the overall value of services provided to the District.

SCOPE OF WORK

Inputs / Resources	Activities	Outputs / Outcomes
Purchasing Warehouse There are 7 FTE who perform warehouse and delivery activities for the District.	The Purchasing Warehouse leverages its resources by applying best practices for supply chain management and logistics operations. Using continuous process improvement, warehouse activities are optimized to ensure school customers receive needed supplies and services on time.	During the 2019-2020 school year the Purchasing Warehouse provided services valued at \$4,205,600 million at an annual cost to the District of less than \$600,000 total in budget expenditures for 2019-2020, of 15% ratio of costs as a percentage of the annual value services provided.
Procurement The Purchasing Department uses 7 FTE to perform procurement activities	The Purchasing Department leverages its resources by applying best procurement practices to ensure efficient and effective use of District funds.	Purchasing generates significant savings for the District. During the 2019-20 school year Purchasing achieved savings of \$6.5 million through formal bids, RFPs, quotes and use of PCard. This includes savings from utilizing alternative PPE procurement methods, monitoring PCard purchases and requisitions for purchases to get better pricing, avoid duplicate billing and billing errors.

- **Barriers:** The un-known cost of COVID-19 and what PPE needs will be needed as we navigate into the new school year.
- **How will you mitigate the negative impacts and address barriers?** Staying up to date with local, state and national information. Be proactive and not re-active.

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<i>Fund Description</i>	<i>18-19 FTE</i>	<i>Salaries & Benefits</i>	<i>Supplies</i>	<i>Contract Services</i>	<i>Travel</i>	<i>Capital Outlay</i>	<i>Total</i>
Total							