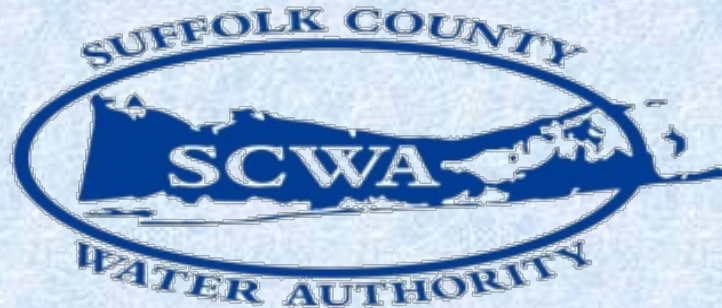


# Role of Procurement / Purchasing Within the Authority





## What is Purchasing's Role / Why Is Purchasing Important?

- The Authorized entity within the Water Authority that procures the goods / services required. Purchasing plays a key role in “getting the lowest possible price thru an open competitive process in accordance with the Authority’s Procurement Guidelines.”

# *Key Procurement / Purchasing Objectives*

- Support Operational Objectives
- Manage the Procurement Process, Supply Base
- Develop Strong Relationships with All User Departments
- Develop Integrated Purchasing Strategies that Support the Authority's Goals and Objectives

# *OBJECTIVE 1: Support Operational Requirements*

Supporting this requires purchasing to:

- Understand business requirements
- Buy products and services
  - At the right price
  - From the right source
  - At the right specification that meets users needs
  - In the right quantity
  - For delivery at the right time
  - To the right internal customer



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# *OBJECTIVE 1: Support Operational Requirements*

## Understanding Internal Customers

- Engineering
- Construction Maintenance
- Human Resources
- Meter Shop
- Facilities
- Production Control
- Laboratory
- Information Technology
- Fleet Services
- Legal / Risk Management
- Stores
- Accounting
- Customer Service



# *OBJECTIVE 2: Manage the Procurement Process, Supply Base*

Purchasing must:

- Identify opportunities (Spend Analytics)
- Manage Supply Base & Internal Operations
- Strategic - Achieve objectives

# *OBJECTIVE 2: Manage the Procurement Process, Supply Base*

Identify opportunities:

- Evaluation and selection of suppliers
  - All purchases should go through the approved procurement processes
  - Engineering and other Departments inputs are part of this process
  - Single Point of Contact / Negotiations
  - Increasing use of sourcing teams (Purchasing, End User)

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## *OBJECTIVE 2: Manage the Procurement Process, Supply Base*

- Review of Specifications / Statement of Work, to Add Value:
  - Review the requirements for the material or service being provided
  - Suggest alternative / standardized materials that can save the Authority money
  - Periodic review of requisitions can allow greater leveraging of requirements

## *OBJECTIVE 2 - Continued*

- Determining the method of awarding Contracts / Orders (CSB / RFP / RFQ)
- Managing the Supply Base
  - Current suppliers are competitive
  - Identification of new potential suppliers, Continued working relationship with existing suppliers
  - Review of non-competitive existing suppliers (Negotiate)



## *OBJECTIVE 2 - Continued*

Manage Internal Procurement Operations:

- Management of Procurement Staff workflow
- Developing policies and processes
- Introducing and leveraging appropriate technology and systems (Document Imaging)
- Defining procurement strategy and structure



# *OBJECTIVE 3: Develop Strong Relationships with Users*

- Contract Review Meetings - Insight into Supplier & Contractor Performance
- Contractor / Supplier Meetings (Facilitate)
- Cross Functional Learning



# *OBJECTIVE 4: Support Organizational Goals and Objectives*

Develop integrated purchasing strategies that support organizational strategies. Annual Average procurement spend amount:

**\$79 Million, over 300 contracts**

**FY 2016:**

**PO's with an Outline Agreement # was 2,399**

**PO's without an Outline Agreement # was 2,370**

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# *OBJECTIVE 4: Support Organizational Goals and Objectives*

Effective purchasing strategies involve:

- Monitoring supply markets and trends (e.g., material price increases, shortages, changes in suppliers) and interpreting the impact of these trends on the Authority's needs / strategies
- Identifying the critical materials and services required to support the Authority's strategies in key performance areas, particularly during new Construction Projects, Water Main Installations, Technology Enhancements, Capital Infrastructure Investments
- Developing supply options and contingency plans that support Authority plans

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# *OBJECTIVE 4: Support Organizational Goals and Objectives*

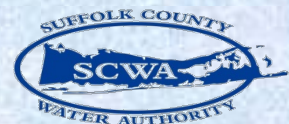
- Supporting the Authority's need for a diverse and competitive supply base
- Achieving Cost Savings thru Strategic Sourcing / Procurement
  - Identifying Goods / Services which may be subject to bidding / Open Market Competition
  - Utilizing Other Competitively Bid Contracts
  - Cooperative Purchases / Purchasing Consortia
  - Issuance of Bids, identifying recurring purchases to be grouped for savings thru economies of scale
  - Conducting Negotiations with Low Bidders

# RESULTS


- Fairness; level playing field
- Encouraging open competition, drive cost down
- Transparency in the Procurement Process



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# The Solicitation



Office of Financial Services  
Purchasing Department

PO. Box 38  
Oakdale, New York 11769-0901  
(631) 563-0334  
Fax: (631) 589-5268

BID NO.:

**INVITATION TO BID**

TITLE:  
CONTRACT NO. **XXXX**  
Installation of New Water Service Lines  
**Date**  
(With Option to Extend)

Purchasing / Procurement Director: Marlon Torres

OR

**SUFFOLK COUNTY WATER AUTHORITY**  
Purchasing Department  
4060 Sunrise Highway, Oakdale NY 11769  
Phone: 631.563.0354 Fax: 631.589.5268 E-mail: gmerques@scwa.com

**INQUIRY FOR PRICE**  
**THIS IS NOT AN ORDER**

To:	RFO #	Lab/Waste Disposal
Att.:	Request Date:	
Fax #	Response Needed by:	
Email	Vendor Quote #	

**Scope of Work:** Supply manpower and equipment to transport and dispose of various lab wastes during a one year period beginning November 2016. All work to be performed in accordance with local, state and federal regulations.

Description	UOM	Unit Price
Disposal		
Acid	DRUM	
Acetone	DRUM	
Flammable	DRUM	
Mercury	5-GAL PAIL	
Transportation Fee	PER VISIT	
Replacement Drum	EA	

**Terms for Payment**

FOB \_\_\_\_\_ Email \_\_\_\_\_  
Phone # \_\_\_\_\_ Fax # \_\_\_\_\_  
Dated \_\_\_\_\_ Signed \_\_\_\_\_

The solicitation document influences the ability to effectively perform the Contract / PO administration process

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# Responsiveness/Basis for Award

- Awards are generally made on the basis of lowest price (commodities) or best value (services) to a **responsive** and responsible offer or (S.F.L §163)
- What is “Responsiveness”?
  - “a bidder or other offerer meeting the minimum specifications or requirements as prescribed in a solicitation for commodities or services by a state agency.” S.F.L. §163(1)(d)

# Why...?

- You can only administer what is defined in your Contract / PO

Contract



SCWA  
Office of Financial Services  
Purchasing Department

PO NO. [ ]

PO, Box 38  
Oakdale, New York 11769-8991  
(815) 543-8334  
Fax: (815) 589-5388

**INVITATION TO BID**

TITLE:  
CONTRACT NO. 5411  
Installation of One Year Service Lines  
Date:  
(This is Open to All)

Purchasing / Procurement Director, Matthe Torres

Suffolk County Water Authority  
4260 Sunrise Highway  
Oakdale, New York 11769

Page 1 of 1  
Invoice, packing slips, and freight bills must be received with this.

**PURCHASE ORDER**  
4500044794

Vendor Name/Address	Information
ENVIRONMENTAL COMPLIANCE ASSOC. COR PO Box 272 BRIGHTWATERS NY 11718	Vendor No: 10634 Date: 11/27/2016 Contact: Gloria Marquez Ship Terms: Payable immediately Due net
Ship To: SUFFOLK COUNTY WATER AUTHORITY 4000 SUNRISE HWY OAKDALE NY 11769	Shipping Terms: SCWA Contract #: 7375 SAP Contract #: 4600001620 Requested By: Chad Salzone Order #: 100083
Billing Address: SUFFOLK COUNTY WATER AUTHORITY ACCOUNTS PAYABLE PO Box 38 OAKDALE NY 11769	

Item #	Material	Description	Quantity	Unit	Price	Total
19		Maintenance of Fueling Facilities: PROVIDE LABOR & MATERIALS TO INSPECT & MAINTAIN SCWA'S FUELING STATIONS AS PER SPECIFICATIONS WITHIN CONTRACT #7375.				
		CONTRACT TERM: 11/01/16 THRU 10/31/17				
		ORDER NUMBER:				
		FUELING SYSTEM - SA INSP - OAKDALE	2	EA	366.00 per 1 EA	\$732.00
		FUELING SYSTEM - SA INSP - BAY SHORE	2	EA	366.00 per 1 EA	\$732.00
		FUELING SYSTEM - SA INSP - HEMPFAUGE	2	EA	366.00 per 1 EA	\$732.00
		FUELING SYSTEM - SA INSP - WESTHAMPTON	2	EA	366.00 per 1 EA	\$732.00
		FUELING SYSTEM - SA INSP - EAST HAMPTON	2	EA	366.00 per 1 EA	\$732.00
		FUELING SYSTEM - SA INSP - COGANE	2	EA	366.00 per 1 EA	\$732.00
		FUELING SYSTEM - LABOR FOR REPAIRS	100.0	HR	9.00 per 1 HR	\$900.00
		FUELING SYSTEM - REMOVAL OF LIQUIDS	800	GA	0.88 per 1 GA	\$704.00
		FUELING SYSTEM - PUMP TRUCK OPERATOR	30.0	HR	90.00 per 1 HR	\$2,700.00
		FUELING SYSTEM - MATERIALS & PARTS	0.000	%	1.00 per 1 %	\$0.00
					<b>Total Amount</b>	<b>\$9,800.00</b>

Donna Marquez  
Approved By:

By Contract Purchase

Purchase Order



This is where you identify your parties:

- The Authorized Users
- The Vendors / Contractors
- The Administrator – Purchasing Staff

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# *Because...*

The solicitation document define the needs and expectations of all parties involved (including the end user)

# *Specify Roles & Responsibilities*

## Contract Administration Team:

- Procurement / Contracting Officer (Administrator)
- Subject Matter Expert(End User)
- Legal



- Contractor / Supplier
- Establish and maintain a clear separation of duties

# *Solicitation Document Terms & Conditions*



- Description – Scope of Work
- Roles & Responsibilities
- Delivery Dates
- Data Reporting
- Testing Requirements
- Inspection & Acceptance
- Warranty Provisions
- Personnel Requirements
- Critical Milestones
- Meetings
- Price Adjustments/Updates

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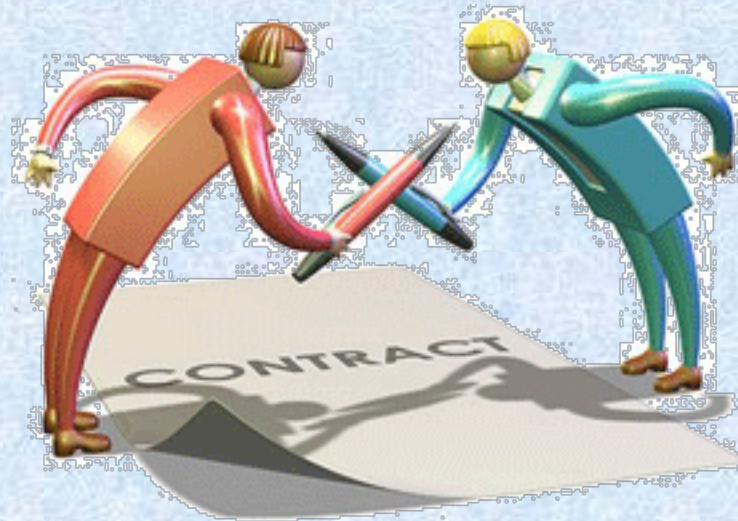
# **Contract**

**Agency's  
Responsibilities**

**Contractor's  
Responsibilities**

# *AFTER the CONTRACT is AWARDED...*

THIS IS WHEN THE ACTUAL CONTRACT  
ADMINISTRATION BEGINS



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# *Contract / PO Administration*

- Creating and maintaining a comprehensive history of the life of the contract / PO.
- Monitoring the contract / PO and it's activity.
- Interceding when necessary, take corrective action.

# *Know the T & C's....*

## Understand the Terminology

### Ask yourself:

**DO I** understand the terms and conditions included in the contract award / Purchase Order issued?

**CAN I** express this understanding to others?

**WOULD OTHERS** readily understand the terms and conditions in the Contract / Purchase Order issued ?

# *Documentation - Central Repository*



- Contract related documents
- Materials submitted by contractors
- Expired contracts for audit and legal reviews

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# *Monitoring the Contract / PO*

- Quality
- Schedules
- Acceptance
- Changes
- Conflicts
- Data
- Contractor Performance
- Budget & Payment
- Subcontractors

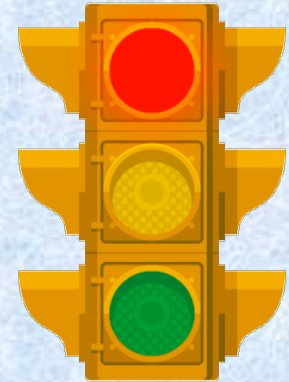


**WE DOCUMENT  
EVERYTHING!**

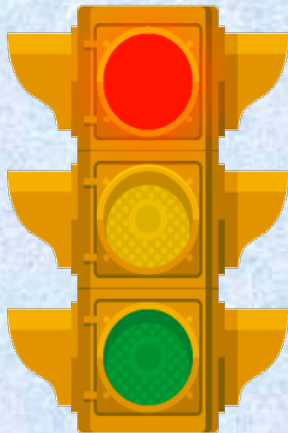
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# *LOOKING FOR SIGNALS !*



Constant Monitoring, Avoidance of  
Problems / Issues!



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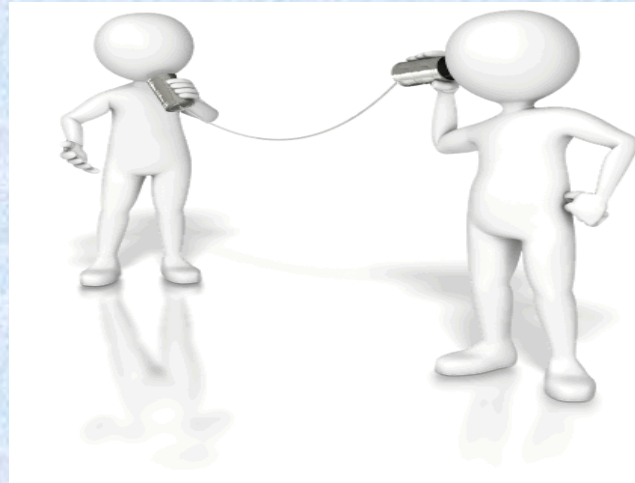
# WATCHFUL

- Ensure compliance with contract / PO requirements/specifications:
  - Procuring contract product/service
  - Purchase orders are accurate
  - Received correct product/service
  - Invoices
  - Payment



# Communication

- Establish and maintain a good working relationship with all parties in the contract administration process:
- End User and Contractors:
  - Are contract terms & conditions being met?
  - Remedy Defects/ Improper Service (During Inspection Process)



# *Address Problems as They Occur*

## PROACTIVE APPROACH

Don't wait for unresolved matters to escalate.

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# Bottom Line

**Lower Total Cost**  
**Acquisition Cost**  
**Processing Cost**  
**Quality Cost**  
**Downtime Cost**  
**Risk Cost**  
**Supply Chain Cost**

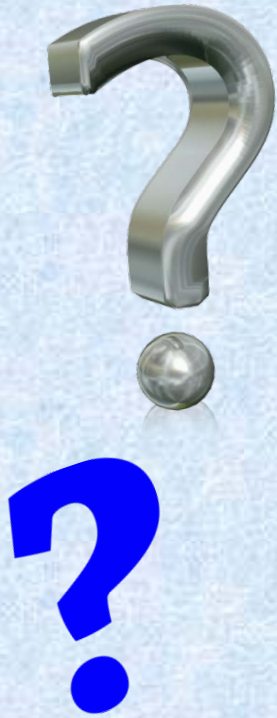


# Purchasing Function within the Authority

Purchasing continues to evolve into a cost-saving center in which supplier relationships and contracts are developed with cost-savings in mind. These cost-savings often come through process improvements, product improvements, or supplier / Authority development efforts.

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# Questions?

[Marlon.Torres@scwa.com](mailto:Marlon.Torres@scwa.com)

