

2009 Non-Mandated Expenditures Department Response

DEPARTMENT: Purchasing
DEPARTMENT HEAD / ELECTED OFFICIAL: Amy Hoh
OCA TITLE: Administrator/Purchasing

Hamilton County departments and agencies have the opportunity to respond and provide insight to the Office of Budget and Strategic Initiatives (BSI) initial assessment as to non-mandated services. This response form should be used for each specific BSI assessment; not a general response for entire department. Take as much space as necessary for each question.

1. Are there elements of the BSI non-mandated services that you believe are mandated? If so, provide the specific Ohio Revised Code (ORC) citation, Code of Federal Regulation (CFR) and/or relevant case law information. Please be especially diligent if there is a specific service or staffing level prescribed by law.

The Purchasing Department is not mandated.

Even though the services provided by the Purchasing Department are not mandated the department is 100% self supporting as outlined in the response to question three. Some of the services provided are however are mandated by law that the Board provide them.

Brief examples of those mandates are as follows:

A. At a value of \$25,000 or more the Board is required to competitively bid for goods and services that are not exempt from competitive bidding. This requires that specific rules be followed with regard to notification of vendors and posting of notices as well as management of the process from bid development through to bid award and contract execution. The basic requirements can be found in Section 307.86, 307.862, 307.87 and 307.88 of the Ohio Revised Code.

B. County procurement rules require that three quotes be obtained for any purchase valued at \$2,500 or more. Federal requirements require that quotes be obtained when spending as little as \$1.00.

C. A resolution exist that dictates who has the authority to execute contracts and bids and those functions under \$100,000 are delegated to the Administrator, Assistant Administrator and the Purchasing director.

D. The Board has adopted a resolution and model rules for an On-line auction as provided by ORC. 307.12.

2009 Non-Mandated Expenditures Department Response

2. Who are the recipients of the service or activity for the non-mandated service? How many recipients? Please note any internal customers, other county departments, jurisdictions, businesses, etc. If the service is geographic specific (i.e., a satellite probation office), please identify the neighborhood, township or municipality.

All of the 48 County Departments use the services provided by the Purchasing Department.

Master Bid Clients				
Organization	Contact Name	Date of Presentation	Date Billed	Date Payment Rec'd
Amberley Village	Margie Crowley	11/20/2007	2/13/2008	3/11/2008
City of Blue Ash	Kelly Osler	12/6/2007	2/13/2008 and 4/24/08 and 5/6/08	5/19/2008
City of Deer Park	Michael Berens		2/13/2008	2/26/2008
City of Silverton	Mark Wendling		2/13/2008	2/27/2008
Village of Lockland	Dean Walden	10/29/2007	2/13/2008	3/24/2008
City of Montgomery	Bob Nikula	4/25/2008	4/3/2008	5/1/2008
Village of Lincoln Heights	Susan Upton Farley	Paul Brown Stadium	4/18/2008	5/8/2008
Village of Fairfax	Jennifer Kaminer	4/21/2008	4/18/2008	4/30/2008
City of Springdale	Jeff Agricola	11/29/2007	5/23/2008	6/19/2008
Green Township	Bart West	8/1/2007	6/5/2008	
Colerain Township	Frank Birkenhauer	12/5/2007	5/23/2008	
Golf Manor	Wane Creager	4/23/2008	6/10/2008	8/25/2008
Mt. Healthy	Bill Kocher	5/12/2008		
City of Sharonville	Amy Moore	6/12/2008	6/12/2008	7/21/2008
City of Wyoming		7/15/2008		
Ohio City Managers Association	Steve Huesman	6/18/2008		
City of Springboro	Christine Thompson	6/18/2008	7/29/2008	8/20/2008

2009 Non-Mandated Expenditures
Department Response

AUCTION PROGRAM				
Organization	Contact Name	Date of Auction	Notes	Revenue Total
City of Deer Park	Mike Schlie	5/28/2008		\$345.00
Green Township	Bart West	11/1/2007		\$322.50
Amberley Village	Nicole Browder		waiting on starting bids for lots of landscaping equipment	
City of Blue Ash	Mike McPhillips	Uses system frequently		\$6,720.48
Sycamore Township	Rob Penny	1/7/2008		\$585.00
Village of Indian Hill	Ken Smith	1/17/2008		\$2,690.33
City of St Bernard	Walt St Clair	1/3/2008		\$1,044.53
Cincinnati Board of Education	David Durkin	6/10/2008		\$2.95
Village of Terrace Park	Gerald Hayhow	5/27/2008		\$410.63
Whitewater Township			Waiting on their Board Approval	
Colerain Township			Waiting on their Board Approval	
City of Wyoming	Gary Baldoff	7/15/2008	Wants to auction 2 police cruisers. Waiting on board approval	
City of Silverton	Tom Peterson	7/22/2008		\$568.00

2009 Non-Mandated Expenditures Department Response

3. Are there county revenues associated with the non-mandated services? If so, please provide the methodology for any lost revenues. Please consider state or federal reimbursements, grants, fees, etc. Please note if the service or activity is included in the county's indirect cost plan.

Revenue Lost

The Departments 2009 requested budget is \$506,812.91

If the services provided by the Purchasing Department were gone the County would loose the following revenue:

#	Description	Dollars
1	Annual Auction Revenue	\$350,000
2	Master Bid Sales	\$6,000
3	Indirect Costs	\$453,636
4	Total Lost Revenue	\$809,636

Projected Savings Lost

#	Description	Dollars
1	Bid savings from Leveraged bids an routine bids	\$23,042,481
2	Cost Price Index savings on the renewal options of bids	\$813,667
3	Total projected savings lost	\$23,856,148

The loss of a centralized activity responsible for compliance with procurement rules that is certified to a national standard can cause the County to suffer losses in other areas.

Examples are:

Loss of Grant or Federal funding because there is no centralized administration of procurement rules

Lowered bond rating

Lawsuits due to inconsistent practices administering the bid process.

No guaranteed compliance with new laws and legislation.

4. If the county did not provide the non-mandated service, is there the potential for increased expenditures in another jurisdiction within Hamilton County? If so, please list the specific municipality and/or township.

48 County departments and agencies as well as the other jurisdictions listed in the response to question #2 would see larger costs because there would be no bidding done on the collective spending. Each group would acquire pricing for their unit and would not consider the other departments or jurisdictions in the process. These activities which we call, "Leveraged Buying Opportunities" cause the county to enjoy an average annual savings of more than \$23,000,000 per year. It is estimated that each jurisdiction will save more than \$100,000 per year as a result of using the programs offered.

The County's on-line auction has taken a program that had previously lost \$95,000 per year (1998 – 2003) to an estimated \$350,000 profit generating operation in 2008. In Addition to

2009 Non-Mandated Expenditures Department Response

revenue generation, this service also provides significant cost avoidance to other jurisdictions and County Departments as well as saving time, money and space.

One other area that would provide a significant loss to the County is the area of duplication of effort. Without this function each department would be required by law to perform the functions completed by the Purchasing Department today.

5. Does the non-mandated service include Board of County Commissioner policy via resolution or motion?

Yes, the Board has directed Purchasing activity and leadership in the following areas:

A. Government Accountability with Spending (GASP)

B. Auction

C. Contract execution and bid award

D. Leveraged Purchasing

6. Are there contracts or agreements that preclude the elimination of a non-mandated service? If so, please provide the specific language as to termination and/or amendment terms.

All auction contracts have 30 day out clauses.

Master Bid clients would receive a refund based on number of months they received service.

7. What are the equipment/non-personnel expenditure considerations with discontinuing a non-mandated service? (i.e., surplus equipment).

10 computers, 1 copier, 1 fax machine and chairs

8. Do any of the non-mandated services include employees represented by a bargaining unit? If so, please note the union and provide information as to reduction-in-force and job abolishment considerations.

None

9. For positions within non-mandated services, are there are special circumstances that preclude a traditional job abolishment process? Separation costs will be addressed centrally including leave balance payouts, unemployment compensation and severance (based on current Commission policy).

No

2009 Non-Mandated Expenditures Department Response

10. In addition to positions associated with non-mandated services, the Budget Office included a review of management layers, support staff, and currently vacant positions. Please comment on the impact of eliminating these positions.

Not provided

11. What is the performance impact of not providing the non-mandated service? For example, wait times, waiting lists, case loads, operating hours and other consequences of not providing the service.

A. JFS will experience significant waits in the area of client services if a purchase order cannot be generated and associated to an authorization for services for clients. To date 9012 purchase orders have been generated.

B. Each time and organization changes its table of organization the security in the financial system must be changed. There will be no one with the expertise on staff that can manage these changes (378 changes to date this year).

C. Departments will not be able to sell or trade in vehicles or transfer titles, 43 this year to date.

D. 110 legal competitive bids have been issued to date and at least 30% of those are leveraged purchases. Without the Purchasing Department other County departments would need to obtain their own procurements that would cost more money and duplicate efforts in every department.

E. HB694 compliance would be done by department which would duplicate efforts and departments would have no way of know who obtained what certificate and the certificates would be obtained multiple times by multiple departments. This will result in a duplication of effort.

F. The County is required to check every purchase order valued over \$25,000 to be compliant with the Auditor of States requirements. The website must be checked and verification must be printed that the vendor does not have any findings for recovery. This will result in a duplication of effort.

G. The County is required to obtain a terrorist declaration from every vendor for any purchase order equaling \$100,000 or more. This will result in a duplication of effort.

H. Change orders to purchase orders would need to be made by departments. 1239 change orders have been processed to date.

2009 Non-Mandated Expenditures Department Response

12. Are there any alternatives that result in savings to the general fund?

Positions that are dedicated 90%-100% to procurement functions should report to the Purchasing Department.

13. Are there more efficient ways to deliver a mandated service that may allow for the savings to offset the cost of a non-mandated service?

The service is completely self supporting. Eliminating the centralized purchasing function would result in loss of revenue and efficiency currently being realized. See answers to question three.

14. Is there an opportunity to transfer any non-mandated expenditures to another funding source (i.e., restricted fund or grant)?

No

15. Does your department have any fees that could be raised to offset the cost of a mandated service?

We are 100% self supported. The cost of the centralized purchasing function (\$506 K) is more than offset by the revenue generated by the on-line auction (\$350,000), Master Bid Sales (\$6,000) and the Indirect Cost Plan recovery of \$453,636. This calculation does not consider the storage costs avoided through the on-line auction service.

Other Considerations and Comments:

Departments and jurisdictions will be duplicating each others efforts all over the county in order to meet legal requirements.

Vendors will not be dealt with in a consistent manner during the bid process which will cause a rise in lawsuits.

Contracts will not contain the minimum requirements and may be executed before purchase orders are created.

Obsolete equipment will pile up in the hallways and the county will be subject to fire violations and OSHA violations if items are disposed of improperly which could result in thousands of dollars in fines and penalties.