

# OHIO DEPARTMENT OF TRANSPORTATION

## OHIO DOT PARTS PRIVATIZATION

SAM MORRISON  
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# OLD WAY OF PURCHASING PARTS

- ① MECHANICS AND PARTS ROOM PERSONNEL USED:
  - ① CREDIT CARDS FOR PURCHASES UP TO \$2500 AND FOR VENDORS THAT ODOT HAD SPENT LESS THAN \$50K WITH THAT FISCAL YEAR AND THAT WERE NOT CONTRACTED
  - ① QUOTES FOR PARTS PURCHASES BETWEEN \$2,500 AND \$25,000 AND FOR VENDORS THAT ODOT HAD SPENT LESS THAN \$50K WITH THAT FISCAL YEAR AND THAT WERE NOT CONTRACTED
  - ① ALL OTHER PURCHASES WERE CONTRACTED

## OLD WAY OF PURCHASING PARTS

- ① BEFORE PARTS WERE PAID FOR ODOT EMPLOYEES HAD TO “RECEIVE” THE PARTS INTO INVENTORY IN THE EQUIPMENT MANAGEMENT SYSTEM (EMS)
- ① IF STOCK NUMBERS DID NOT EXIST, THEY HAD TO BE CREATED TO BE RECEIVED INTO EMS
- ① INVOICES FOR PURCHASED PARTS HAD TO BE “STICKERED” WITH PURCHASE INFORMATION AND SENT TO ACCOUNTING TO HAVE THE BILLS PAID

# OLD WAY OF PURCHASING PARTS

- ① AFTER PARTS WERE PAID FOR AND RECEIVED, THE PARTS COULD BE CHARGED OUT TO ODOT WORK ORDERS OR EQUIPMENT
- ① SPOT CHECKS OF 10% OF THE INVENTORY HAD TO BE DONE ON A REGULAR BASIS AS WELL AS OTHER INVENTORY TASKS
- ① MAKING ADJUSTMENTS TO INVENTORY WAS NOT EASY WHEN IT WAS WRONG

## ISSUES WITH THE OLD WAY

- ⌚ TIME CONSUMING FOR MECHANICS, CLERKS, ACCOUNTING EMPLOYEES AND MANAGEMENT
- ⌚ TOO MANY PEOPLE WERE INVOLVED WITH PURCHASING AND INVENTORYING PARTS
- ⌚ LED TO INCREASED DOWN TIME FOR EQUIPMENT
- ⌚ MECHANICS WERE RUNNING TO BUY PARTS OR COMPLETING PAPER WORK NOT WORKING ON EQUIPMENT

## ISSUES WITH THE OLD WAY

- ① OVER MANY YEARS ODOT HAD ACCUMULATED A LARGE AMOUNT OF OBSOLETE STOCK
- ① ODOT CONTRACTS OFFICE AND EQUIPMENT OFFICE SPENT TIME CREATING AND BIDDING MULTIPLE ANNUAL PARTS CONTRACTS
- ① IN TOTAL THESE ISSUES COST ODOT A LOT OF MONEY

# ODOT's SOLUTION

- ① IN 2011 ODOT BEGAN THE PROCESS OF PRIVATIZING THE PARTS PROCUREMENT PROCESS AT ODOT
- ① OVER SEVERAL MONTHS ODOT EMPLOYEES PUT TOGETHER A SET OF REQUIREMENTS AND ISSUED A REQUEST FOR PROPOSAL (AN RFP)

Invitation No. 505-12

Ohio Department of Transportation  
Office of Contracts  
1980 West Broad St. Columbus, OH 43223

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Request for Proposal  
For  
Parts Management Project  
Invitation # 505-12  
Issue Date: 4/05/2012  
Pre-Proposal Conference Date: 5/23/2012  
Open Date: 7/13/2012

4

# ODOT's SOLUTION

- ① VENDOR'S PRESENTED THEIR PROCESS TO ODOT IN 2012
- ① VENDOR'S WERE SCORED ON HOW THEY MET THE REQUIREMENTS THAT ODOT HAD ASSEMBLED FOR THE PARTS PRIVATIZATION PROGRAM
- ① ON 9/1/12 THE CONTRACT WENT INTO EFFECT AND WILL LAST UNTIL 8/31/17 UNLESS IT IS EXTENDED OR TERMINATED



# IMPLEMENTATION

- 🗶 ODOT CHOSE TO HAVE 1 VENDOR MANAGED PARTS ROOM IN EACH OF THE STATE'S 12 DISTRICTS
- 🗶 MANCON WAS SELECTED AS THE SUCCESSFUL BIDDER AND BEGAN TO OPERATE ODOT'S PARTS SERVICE



# IMPLEMENTATION

- ④ ODOT OPENED ONE MANCON LOCATION AT A TIME
- ④ THE PROCESS STARTED IN THE FALL OF 2012, A FEW MONTHS BEFORE WINTER
- ④ ODOT OPENED THE SOUTHERN LOCATIONS FIRST SO THAT IT DID NOT AFFECT OHIO'S SNOW AND ICE OPERATIONS SIGNIFICANTLY
- ④ SNOWBELT LOCATIONS OPENED LAST

# IMPLEMENTATION

- ④ AFTER WINTER WAS OVER, MANCON OFFICES WERE OPENED ONE AT A TIME UNTIL ALL 12 WERE RUNNING
- ④ MOST BUGS WERE RESOLVED FOR EACH LOCATION BEFORE MOVING TO THE NEXT
- ④ MANCON CHARGES ODOT A YEARLY USAGE FEE PLUS ANY TIME NEEDED FOR OVERTIME
- ④ MANCON MAKES NO MONEY ON PARTS SOLD TO ODOT. ODOT REIMBURSES MANCON FOR PURCHASE PRICE

# TODAY'S PROCESS – MANCON OPERATIONS

- ④ CURRENTLY MANCON OPERATES 12 LOCATIONS, ALL WITHIN ODOT OWNED BUILDINGS. MANY ARE LOCATED INSIDE THE DISTRICT'S OLD PARTS ROOM.
- ④ GENERALLY OPERATE 40 HOURS PER WEEK
- ④ MANCON CAN PURCHASE ANY PARTS OR ACCESSORIES FOR EQUIPMENT THAT ARE NOT TRACKED ON EQUIPMENT INVENTORY
- ④ ALSO CAN PURCHASE SOME FIXED ASSET ITEMS

# TODAY'S PROCESS – DIRECT TO REPAIR ORDER

- ④ CAN REQUEST PARTS DIRECT FROM AN OPEN REPAIR ORDER
- ④ MANCON CHARGES THE PARTS DIRECTLY TO THE REPAIR ORDER, EMPLOYEES NO LONGER NEED TO RECEIVE AND CHARGE PARTS

The screenshot displays the AgileAssets Management System (EIMS Production) interface. The top navigation bar includes 'Roadway', 'Fleet', and 'Resources'. The 'Fleet' tab is active, showing a breadcrumb trail: 'Fleet Management > Repair > Repair Orders > Progress'. The main content area is divided into two sections: 'Repair Orders' and 'Material Requests table'.

**Repair Orders Table:**

| Ready For Completion                | RO#    | Equipment # | License Plate # | Outside Agency Eq. License Plate | Repair Order Locati  | MAKE       | Model |
|-------------------------------------|--------|-------------|-----------------|----------------------------------|----------------------|------------|-------|
| <input type="checkbox"/>            | J36239 | 8900699     |                 |                                  | 0019 2332 - Truck Bu | JOHN DEERE | 4100  |
| <input type="checkbox"/>            | J47961 | 8240926     |                 |                                  | 0019 2332 - Truck Bu | SWENSON    | EV100 |
| <input checked="" type="checkbox"/> | J47973 | 8240912     |                 |                                  | 0019 2332 - Truck Bu | SWENSON    | EV100 |
| <input type="checkbox"/>            | J48222 | 8240912     |                 |                                  | 0019 2332 - Truck Bu | SWENSON    | EV100 |

**Material Requests table:**

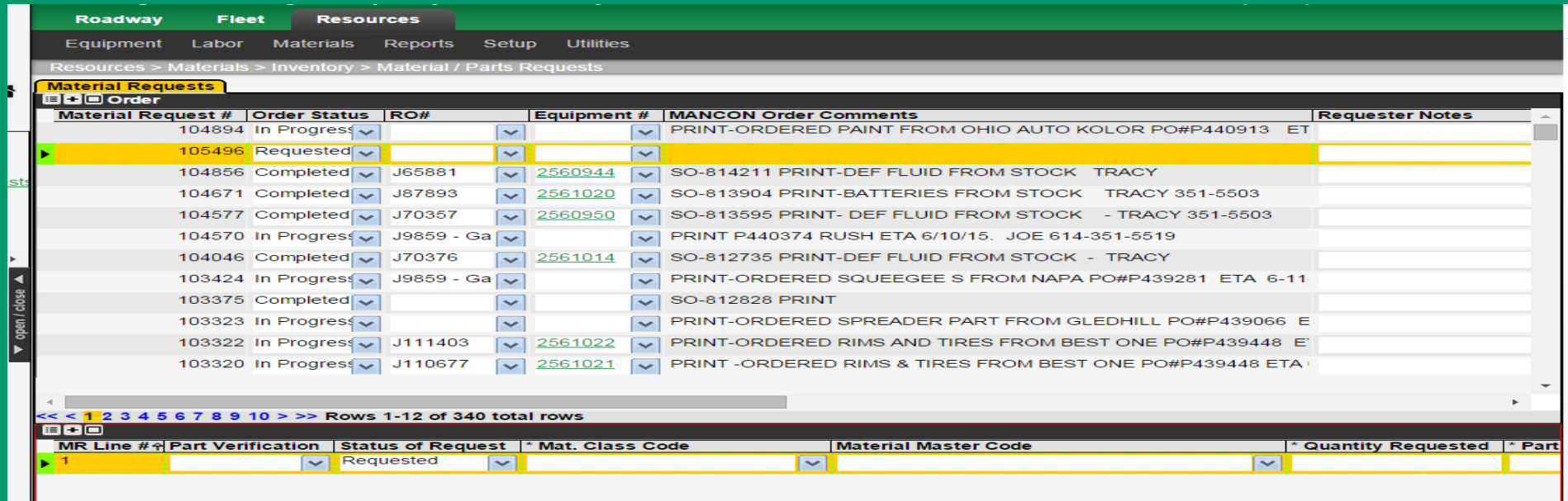
| Material Request # | Order Status | RO#    | Equipment # | MANCON Order Comments         | Requester Notes  | * Mat'l Re |
|--------------------|--------------|--------|-------------|-------------------------------|------------------|------------|
| 46972              | Completed    | J47973 | 8240912     | PRINT FROM STOCK TH so-723010 | Auger for Rework | New Parts  |
| 17923              | Completed    | J47973 | 8240912     | PRINT FROM STOCK TH so-680601 | Auger for rework | New Parts  |

Below the Material Requests table, there is a section for 'MR Line #', 'Accept/Reject', 'Status of Request', 'Mat. Class Code', 'Quantity Requested', and 'Part Description'. The first row shows: MR Line # 1, Status of Request Shipped, Mat. Class Code 3500 - AUGER, Quantity Requested 1, Part Description Swenson Auger for E-100-12SS, Serial # 0503.

The interface also includes a sidebar with 'Quick Links' (Issue, Progress, Completion, Inventory), 'Location Reference' (OH LRM), and 'Color Schema' (Green). A '3 New Message' notification is visible at the bottom of the sidebar.

# TODAY'S PROCESS – OVERHEAD AND DIRECT TO EQUIPMENT

- ☉ CAN REQUEST SMALLER ITEMS TO BE CHARGED TO GARAGE OVER OR DIRECTLY TO EQUIPMENT. WITHOUT OPENING A REPAIR ORDER.
- ☉ FOR LOW COST AND SHORT TIME ITEMS



| Material Request # | Order Status | RO#        | Equipment # | MANCON Order Comments                                    | Requester Notes |
|--------------------|--------------|------------|-------------|--|-----------------|
| 104894             | In Progress  |            |             | PRINT-ORDERED PAINT FROM OHIO AUTO KOLOR PO#P440913 ET   |                 |
| 105496             | Requested    |            |             |  |                 |
| 104856             | Completed    | J65881     | 2560944     | SO-814211 PRINT-DEF FLUID FROM STOCK TRACY               |                 |
| 104671             | Completed    | J87893     | 2561020     | SO-813904 PRINT-BATTERIES FROM STOCK TRACY 351-5503      |                 |
| 104577             | Completed    | J70357     | 2560950     | SO-813595 PRINT- DEF FLUID FROM STOCK - TRACY 351-5503   |                 |
| 104570             | In Progress  | J9859 - Ga |             | PRINT P440374 RUSH ETA 6/10/15. JOE 614-351-5519         |                 |
| 104046             | Completed    | J70376     | 2561014     | SO-812735 PRINT-DEF FLUID FROM STOCK - TRACY             |                 |
| 103424             | In Progress  | J9859 - Ga |             | PRINT-ORDERED SQUEEGEE S FROM NAPA PO#P439281 ETA 6-11   |                 |
| 103375             | Completed    |            |             | SO-812828 PRINT  |                 |
| 103323             | In Progress  |            |             | PRINT-ORDERED SPREADER PART FROM GLEDHILL PO#P439066 E   |                 |
| 103322             | In Progress  | J111403    | 2561022     | PRINT-ORDERED RIMS AND TIRES FROM BEST ONE PO#P439448 E  |                 |
| 103320             | In Progress  | J110677    | 2561021     | PRINT -ORDERED RIMS & TIRES FROM BEST ONE PO#P439448 ETA |                 |

<< < 1 2 3 4 5 6 7 8 9 10 >> Rows 1-12 of 340 total rows

| MR Line # | Part Verification | Status of Request | Mat. Class Code | Material Master Code | Quantity Requested | Part |
|-----------|-------------------|-------------------|-----------------|----------------------|--------------------|------|
| 1         |                   | Requested         |                 |                      |                    |      |

# TODAY'S PROCESS – FIXED ASSETS

- ① LIMITED FIXED ASSET ITEMS CAN BE ORDERED THROUGH AN INTERNAL ODOT WEBSITE
- ① THESE ITEMS ARE RECEIVED INTO ODOT'S FIXED ASSET SYSTEM AS THEY WERE BEFORE MANCON
- ① MAKES PURCHASING ITEMS MUCH FASTER
- ① CAN BUY STRING TRIMMERS, CHAINSAWS, TOOLS ETC
- ① CANNOT BUY ICE MAKERS, IT ITEMS (COMPUTERS & PHONES ETC), FRIDGES, STOVES, ETC

# TODAY'S PROCESS - GETTING PARTS TO GARAGES

- ① WHEN AN ORDER IS PLACED, MANCON PULLS THE PARTS FROM THEIR SHELF OR PURCHASES THE PARTS FROM A STORE
- ② THE PARTS ARE PLACED IN A BIN OR ON A PALLET FOR THE ODOT LOCATION THAT ORDERED THEM
- ③ ODOT EMPLOYEES DELIVER THE PARTS TO THE COUNTY AND OUTPOSTS THAT REQUESTED THEM



## TODAY'S PROCESS – SHELF STOCK

- ④ ODOT LOCATIONS DO HAVE LIMITED SHELF STOCK MAINTAINED BY MANCON AT THEIR LOCATION
- ④ THE ODOT LOCATION CAN ADD OR REMOVE ITEMS FROM THIS STOCK AS NEEDED
- ④ TYPICALLY INCLUDED PARTS SUCH AS BATTERIES, HYDRAULIC HOSE, WINDSHIELD WASHER FLUID, WIPER BLADES ETC
- ④ MECHANICS MARK STOCK AS USED ON COMPUTER AND MANCON AUTOMATICALLY REFILLS STOCK

# TODAY'S PROCESS – SHELF STOCK

- ① MANCON OWNS ALL “SHELF STOCK” AND IT IS ON CONSIGNMENT UNTIL ODOT USES IT
- ① TYPICALLY ODOT ONLY BULK KEEPS FLUIDS ON INVENTORY AT MOST GARAGES SUCH AS, HYDRAULIC FLUID, ENGINE OILS, ETC

# TODAY'S PROCESS – WHAT MANCON BUYS

- ① MANCON WILL NOT PURCHASE ANYTHING FOR ODOT THAT IS PUT INTO OUR EQUIPMENT INVENTORY SYSTEM WITH AN EQUIPMENT NUMBER
- ① SO NO: CARS, TRUCKS, SNOW PLOWS, HEAVY EQUIPMENT, TRAILERS, HOPPERS, ETC
- ① CAN PURCHASE TRUCK BEDS AND BODIES, HYDRAULIC SYSTEMS, STROBE LIGHTS, ETC
- ① THEY DO NOT PURCHASE FUEL

# TODAY'S PROCESS – VENDOR SERVICE

- ① MANCON HAS ALSO TAKEN OVER BILLING FOR VENDOR SERVICES
- ① WILL SETUP A PO AND PAY FOR WORK AT DEALERSHIPS AND OTHER VENDORS (GLASS REPLACEMENT)
- ① DOES NOT DELIVER EQUIPMENT TO VENDORS AND IN GENERAL DOES NOT OPERATE MUCH ODOT OWNED EQUIPMENT (WITH EXCEPTION TO FORKLIFTS)

# TODAY'S PROCESS – MANCON PURCHASING

- ④ WHEN REQUESTED MANCON WILL PROVIDE QUOTES FROM DIFFERENT VENDORS FOR ITEMS
- ④ ODOT CAN EVALUATE THESE QUOTES AND CHOOSE THE BEST ONE
- ④ ODOT CAN DIRECT MANCON TO PURCHASE A SPECIFIC ITEM
- ④ IN AN EMERGENCY ODOT MANAGERS CAN REVERT TO USING PAY CARDS TO PURCHASE PARTS FAST

# TODAY'S PROCESS – MANCON PURCHASING

- ⌚ THERE IS NO DOLLAR LIMIT ON ITEMS PURCHASED THROUGH MANCON
  - ⌚ CAN BE A 10¢ BOLT
  - ⌚ OR A \$96,000 JET A AIRCRAFT REFUELER UPGRADE ON A CHASSIS
- ⌚ MUST MAKE SURE MANCON HAS THE FUNDS IN THE PO AND THAT THE FUNDS COME FROM THE CORRECT ODOT MONEY SOURCE

# TODAY'S PROCESS – PAYING FOR PARTS

- ④ WHEN A PART IS REQUESTED, THE MECHANIC RECEIVES IT AND CAN EITHER ACCEPT OR REJECT THE PART
- ④ REJECTED PARTS ARE RETURNED TO MANCON
- ④ ACCEPTED PARTS ARE BILLED TO ODOT
- ④ ODOT RECONCILES THE PARTS INVOICE FROM MANCON WITH WHAT THE MECHANICS BOUGHT
- ④ LOOK FOR ITEMS WITH INCORRECT PRICES

## RESULTS – STRUGGLES AND LESSONS

- ⌚ SOMETIMES MECHANICS WAIT LONGER FOR PARTS FROM MANCON BECAUSE ODOT ONLY HAS 12 PARTS ROOMS NOW INSTEAD OF MORE THAN 88
- ⌚ LEADS TO SOME INCREASED DOWNTIME
- ⌚ HARDER TO SEE EVERYTHING BEING PURCHASED FOR MANAGERS. PARTS PURCHASES ARE NOT DIRECTLY APPROVED ANY LONGER
- ⌚ ODOT EMPLOYEES “SCRUB” DATA EVERYDAY TO MAKE SURE BILLING PARTS IS CORRECT — TIME CONSUMING



## RESULTS – STRUGGLES AND LESSONS

- ① SLOWLY EMPLOYEES HAVE BEGAN TO ACCEPT ODOT
- ① SOME STRUGGLE WITH IDEA OF PAYING A 3<sup>RD</sup> PARTY TO BUY PARTS AND SAVE MONEY
- ① ODOT EMPLOYEES SPEND MORE TIME ON DIRECT ACTIVITIES NOW WHICH LEADS TO INCREASED PRODUCTION

## RESULTS – BENEFITS OF MANCON

- ④ EXTREMELY EASY TO PURCHASE NEEDED PARTS AND SUPPLIES FOR EQUIPMENT
- ④ EMPLOYEES SIMPLY FILL OUT A WEB FORM WITH PARTS INFORMATION AND PARTS SHOW UP
- ④ WHEN IT WORKS, EVERYONE IS A LOT BETTER OFF
- ④ ODOT HAS ALMOST NO INVENTORY, SO THE INVENTORY PROCESS IS NOW MUCH EASIER

## RESULTS – BENEFITS OF MANCON

- ⌚ LESS PURCHASING GUIDELINES AND RESTRICTIONS TO WORRY ABOUT SUCH AS:
  - ⌚ DO NOT HAVE TO CHECK ODOT'S \$50,000 VENDOR LIST
  - ⌚ KNOWING IF PARTS WILL BE OVER A \$2500 CREDIT CARD LIMIT
  - ⌚ REMEMBERING TO GET A RECIPET AND DO PAPERWORK CORRECTLY

## RESULTS – BENEFITS OF MANCON

- 🚢 SAVED THE DEPARTMENTS OVER \$5.5M THE FIRST YEAR
- 🚢 SAVED ON EXPENSE ITEMS SUCH AS REDUCED TRANSACTION FEES, PRODUCTIVITY IMPROVEMENTS, DISCOUNTED PARTS, COST OF INVENTORY ON HAND, ETC

### STATEWIDE SAVINGS TO DATE

|        |   |    |              |
|--------|---|----|--------------|
| TOTALS | Total Savings (Block I - Block XI)                        | \$ | 13,566,782   |
|        | MANCON Management Fee                                     | \$ | 7,553,819    |
|        | MANCON One Time Implementation Fee                        | \$ | 328,022      |
|        | MANCON District Overtime Payments                         | \$ | 46,296       |
|        | TOTAL SAVINGS NET (Total Savings - MANCON Management Fee) |    | \$ 5,638,645 |

# OHIO DEPARTMENT OF TRANSPORTATION

**THE END,  
QUESTIONS?**

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