

PANDEMIC AAR AGENCY INPUT

Agency: Department of Enterprise Services

Representative: Jason Marquiss

Executive Summary

The Legislature directed the Military Department in [ESSB 5092](#) to conduct a comprehensive after-action review (AAR) of the statewide pandemic response and recovery. This report contains the Department of Enterprise Services' (DES) lessons learned for inclusion in the statewide AAR.

This submission includes the following topics:

- ESF7 Support by DES Surplus Operations
- Impacts to the statewide Employee Assistance Program
- Impacts to statewide training
- Personal Protective Equipment (PPE) procurement for statewide operations

Issue/Topic

ESF7 Support by Surplus Operations

(A) Aspects of the COVID-19 response that may inform future pandemic and all-hazards responses.

Discussion/Narrative

In February 2020 DES was activated under ESF7 to provide logistics support to the COVID-19 pandemic. A critical part of DES's Surplus Operations program is to maintain a robust and highly efficient transportation and receiving department. The primary purpose of the program is to manage and support the redistribution of all state-owned assets throughout the state.

DES has been activated under ESF7 before and routinely participated in exercises to support the Department of Health (DOH). During these exercises DOH staff would set up operations within the Surplus Operations facility where they would provide oversight of incoming products and direct the distribution of items throughout the state.

During the COVID-19 pandemic, DOH leaned heavily on DES to locate and procure Personal Protective Equipment (PPE), manage incoming inventory, process orders from the State Emergency Operations Center (SEOC) and distribute the orders throughout the state. Normal Surplus Operations had to be put on hold.

Day-to-day operations at the warehouse to receive, inventory, pick, pack, and ship critically needed PPE items throughout the state required Surplus Operations staff to work long hours and weekends to ensure that supplies were received in a timely manner. DES also pulled in additional staff from the Printing & Imaging program to provide support. This work required DES to:

- Establish an inventory management system
- Establish a testing process for products (when needed) as products arrived
- Establish processes to validate incoming product against purchase orders

- Establish warehouse configuration for products
- Establish processes to pick, verify, pack, and ship products
- Establish processes and criteria for shipping
 - Large orders distributed by DES Surplus drivers or contracted vendors if needed
 - Small orders distributed via UPS or FedEx through DES Consolidated Mail Services

Given the volume of PPE that was required to support the state’s pandemic response the Surplus warehouse had to be re-configured to absorb this new body of work. This meant that items located within the warehouse had not been sold had to be disposed of by either recycling methods or landfill. This impacted the revenue generation that would have occurred if these items had been able to be sold. Even with the reconfiguration within the warehouse the DES team quickly determined that additional space was needed. A second facility was located, and a short-term lease negotiated that was able to accommodate some of the overflow. This secondary facility provided a stop gap while DES’s Real Estate Services (RES) located a facility that could accommodate the long term needs for the PPE mission. In July of 2020 RES was able to locate and secure a 200,000 square foot logistics facility that was able to meet the space requirements for the PPE mission.

DES began receiving PPE at the Polaris facility in July 2020, however, there was a tremendous amount of work that needed to be done including:

- Procurement and installation of racking that had to be engineered to meet our needs
- Procurement and installation of a security system
- Installation of infrastructure that would provide access to the state network
- Identification of office furniture in the queue for Surplus to pick up
 - Pick up and transfer of furniture to Polaris
- Identification and installation of copy machine to support operations

In February 2022 DES transitioned the day-to-day operations for Polaris to DOH. During the time that DES was managing the Polaris operation, the DES Surplus Operations Program Manager was providing oversight over two facilities.

Recommendations

Continue to do and build upon the things that went well, to include:

- Partnership between DES and SEOC
- Staffing commitment to the mission
- Staffing quickly learned and assumed new roles and responsibilities
- Financial health of Surplus Operations allowed the program to absorb costs that were not covered by DOH without negatively impacting Surplus Operations customers
- Coordinated external communication efforts with the Governor’s Office, SEOC, DOH, DSHS and other partners to provide information and answer external inquiries.

Identify opportunities to improve:

- Define clear roles and responsibilities
 - Surplus Operations stepped up to perform a role and assume responsibilities previously held by DOH. There was no ask or collaboration between DES and DOH to discuss the need to change roles and responsibilities at the onset of the pandemic.
 - Future state roles and responsibilities need to be clearly defined so that future exercises incorporate any changes

- Customer impacts
 - Surplus Operations was unable to perform core business functions for a year and a half.
 - Inability to approve disposal requests from customers
 - Inability to pick up surplus property from customer locations
 - Inability to sell surplus property
 - Loss of revenue to the state and customers as assets continued to depreciate over the year and a half where services were unable to be provided
 - When operations resumed there was a tremendous amount of backlog for staff to get through
- Have a state stockpile
 - Needs to provide products that meet customer needs
 - Needs to provide products that are not expired
 - Needs to provide a sufficient volume of products to meet critical demand for a pre-determined amount of time
- Equity
 - DES did not have a mechanism for providing hazard pay or additional compensation to staff who were supporting the pandemic response. Many of our counterparts at both DOH and the SEOC were receiving additional compensation for their work. This was difficult for DES staff to hear about while there was no opportunity for them to receive additional compensation beyond the regular overtime pay.

Issue/Topic

Impacts to the statewide Employee Assistance Program

(A) Aspects of the COVID-19 response that may inform future pandemic and all-hazards responses.

Discussion/Narrative

The Employee Assistance Program (EAP) helps state employees and their family members resolve personal or work-related problems. This program and the statewide responsibility of this program, resides with DES.

The COVID-19 pandemic impacted both operations and service demand for the EAP. EAP had been an in-person or telephone service, but had not made use of telehealth video platforms prior to the pandemic. EAP moved quickly to the use of telehealth for seamless service delivery. EAP saw increased demand for both individual and group services as the pandemic continued. EAP met the demand by greatly expanding their offering of more open enrollment & recorded group webinars and contracting with additional telehealth service providers.

Recommendation

EAP needs to remain agile in the face of crisis. The program is small (8 staff) considering its service base includes over 100,000 employees and their eligible household members. In the pandemic, agency and employee needs went beyond the capacity of the program. As a result, EAP is considering strategies to grow the staff capacity of the program within the revenue streams available. EAP is also operationalizing service delivery changes to help the program's ability to be responsive in the face of future disasters—this includes continuing to offer telehealth and adding ongoing group and educational services.

Issue/Topic

Impacts to Statewide Training

(A) Aspects of the COVID-19 response that may inform future pandemic and all-hazards responses.

Discussion/Narrative

DES's Workforce Learning and Performance team suspended operations of the State's Training Center at the beginning of the pandemic, and worked with staff instructors and contracted instructors to move most of our offerings to an online instructor-led training environment. This took time and effort, as a change in platform from in-person to virtual also requires some curriculum revision to translate learning to a virtual environment. This resulted in loss of revenue, negatively impacting the financials of the program which rely heavily on fee-for-services. Additional negative revenue impacts were felt as we also faced lower than average and projected enrollment and higher course cancellations. Our analysis is that budget cuts, furloughs, and staff attention being redirected to responding to the pandemic led to less time and resource allocated for staff training and development. At the same time, we received requests for this business line to respond to agencies in crisis by offering alternative/free training for the state workforce. WLP was responsive to these needs to support the enterprise, which also exacerbated the financial challenge. Currently, enrollment has increased but has still not reached pre-pandemic levels. Customer feedback indicates that agencies would like to see remote online training continue as an option beyond the pandemic, as it increases accessibility and reduces cost for staff who would otherwise have to travel to attend in-person training at the Olympia-based training center.

Recommendation

In its future planning, WLP will consider how it can continue to offer remote and hybrid options for instructor-led training. As WLP pursues new training contracts, competency and training design for remote instruction will be a new requirement. WLP will continue to seek opportunities for funding this program in a sustainable way that doesn't rely as heavily on fee-for-service to meet budget.

Issue/Topic

DES, the state's lead procurement agency per RCW [39.26](#), jumped into the volatile global PPE marketplace in mid-March 2020 and began navigating its complexities in coordination with the Military Department, the state's mobilization and distribution lead, and the Department of Health (DOH), the COVID-19 policy lead.

(A) Aspects of the COVID-19 response that may inform future pandemic and all-hazards responses.

Discussion/Narrative

On Feb. 29, 2020, Gov. Jay Inslee declared a state of emergency due to the outbreak of COVID-19. This emergency has created special market conditions for many of the goods and services that assist in fighting against the spread of the virus. The DES Director exercised the authority per RCW 39.26 to grant agencies exception from competitive procurement requirements to allow direct negotiations for purchases for goods and services related to the state's response to the pandemic.

DES was activated to support the state's COVID-19 response efforts and asked to source the needed PPE supply. As a central procurement arm of the state, DES had the right operational and regulatory resources and tools to lead the purchasing efforts for the state. On March 11, 2020, DES stepped directly into the worldwide PPE marketplace. Their assigned mission: to purchase vast quantities of PPE for Washington in competition with literally the rest of the world.

Identifying supply options

- DES reached out to master contract vendors first, but most of their stock was sold out and they could not provide PPE in the quantities needed.
- To quickly identify alternative sources of PPE, in March 2020 DES issued the Request for Information (RFI) through the state electronic bidding system (WEBS) to invite suppliers and manufacturers to provide information about their companies and their products.
- To better manage the high quantity of RFI submissions, the RFI was quickly enhanced to become an online submission form that included specific questions about vendor credentials, product availability, lead times, and product certifications. The online form submissions could be exported daily into the database that DES searched and filtered to prioritize contacting certain vendors based on their information. By May 2020 the supplier database grew to 2,259 distinct companies.
- DES also established connections with large Washington vendors like Costco and Amazon that were willing to prioritize the state as a customer for their limited PPE supplies.
- Because of the urgent need for PPE and the demand for quality PPE far exceeding the available supply, there was limited opportunity to execute contracts and negotiate terms and conditions. So, DES create a Purchase Order template tool with minimal terms and conditions to expedite the ordering process.

Vetting suppliers and products

Because of the worldwide demand, it quickly became apparent that commonly utilized PPE sources and brands were not going to be available any time soon. So, DES had to explore unknown alternative sources and products, most from abroad, which meant facing the risk of poor product quality, counterfeit, and fraud.

To minimize these risks, one of the first things that DES did was to create procedures restricting transactions with foreign firms, restricting acceptance to become an importer of record, limiting upfront and credit card payments to few unique circumstances, and providing instructions on how to assess the suppliers and the offered products.

Vetting: Product requirements

In the early days, DES had to attempt to source PPE without having specifications or a clear idea of quantities needed. When a supply or certain product was located, DES had to reach out to a DOH representative and wait to confirm if it meets the requirements. This would delay the purchasing efforts and at times the delay meant products sold out prior to receiving the approval.

DES Safety Officer and DOH later have built out full specification and certification requirements for each product category. However, prior to having full product specifications requirements available, DES had to review and utilize resources provided on Centers for Disease Control (CDC) and Food and Drug Administration (FDA) websites that provided cross-walk between NIOSH N95 and other comparable international certifications. Unfortunately, even FDA and CDC guidelines lagged behind the realities of the marketplace.

Some of the product vetting considerations that DES utilized:

- Speed of delivery – priority was given to deliveries of 10 days or less
- How much quantity can vendors provide – it wasn't practical to place small orders
- Search FDA database to verify FDA approval/certification, if applicable
- Require performance certification documentation and/or independent testing results that were reviewed to confirm the documents were not counterfeit and the testing labs were legitimate
- Compare quoted pricing to the benchmark pre-COVID pricing table for each product category

Vetting: Supplier responsibility analysis

To even begin to think about processing purchase orders, DES – fielding torrents of emails and phone calls from would-be suppliers – had to weed out potential scammers and the purely opportunistic firms and try to identify legitimate suppliers capable providing the needed quantities of PPE while steering the product through the extraordinary transportation and U.S. customs backlog.

Vetting vendors took a lot of time; far more potential suppliers were rejected or otherwise not engaged than received offers of a purchase order. For every one vendor with whom a purchase order was executed, roughly 35 other suppliers and/or their products were rejected.

While in rare cases an excess of caution in the responsibility analysis might have blocked legitimate deals from going through, DES's decision to err on the side of caution paid dividends.

For every potential supplier, DES scrutinized these elements:

- Is the business registered to do business in any of the states?
- If a firm is an initial importer, is it registered with FDA to import medical devices?
- Do they have any exclusions or a "high risk" designation in Federal debarment database?
- What kind of online presence do they have – are they a pop-up company trying to take advantage of the current situation?
- Are there any red flags in Duns & Bradstreet database?
- Are they an authorized distributor of certain manufacturers as claimed?
- Are they willing to accept a purchase order or only looking for cash upfront?

Tracking purchase orders

DES's Business Operations Team (BOT) was responsible for creating and maintaining a tracking tool for purchases of PPE products. This role included working with the warehouse teams to cross-reference orders placed and received and working with DES Finance team on invoices paid.

DES successfully maneuvered through some challenges:

- Not knowing the roles and responsibilities of all people involved in the PPE process made it difficult to know what to track and whom to inform. So, DES built a Visio chart detailing all parts of the process that clearly delineated what role each DES workgroup played and the process flow for all the moving pieces of the PPE procurement effort.
- DES didn't have a database system that could be quickly adopted to track PPE orders, and since time was of the essence, DES created an order tracker using Excel. However, the document quickly became complex. Later into the pandemic, DES Finance incorporated the Excel tracker into ReUse database software that is now used to track orders and deliveries.
- When shipments were received in quantities different from what the PO specified, DES built in ways to detect repeat offenders so DES could steer toward other vendors.

Reconciling deliveries and submitting invoices

DES had to utilize a few team members to help reconcile delivered products with what was ordered. Bills of Lading (BOLs) paperwork had to be cross-referenced with the purchase orders in order to approve and submit the invoices for payment.

- DES had to build another Excel tracking sheet to coordinate and track invoices that were submitted for payment vs. the ones that were still pending approval and payment.
- It was often hard to track and reconcile deliveries of products that consisted of multiple parts that shipped in separate boxes and requiring assembly (e.g. ventilators) or deliveries that went to multiple delivery sites.
- DES relied on the DES Safety Manager to do a quality inspection upon product delivery to confirm products could be accepted, which at times delayed reconciliation and payment approvals.

Successes notes

Starting in mid-March 2020, with little time to prepare for the many variables of the world PPE marketplace, DES was able to instill discipline in the procurement process early on and then adjusted on the fly as the world PPE supply and marketplace evolved and fluctuated.

DES created consistent procedures for vetting suppliers and manufacturers and detecting fake or illegitimate products. The result: Zero known counterfeit products purchased by DES.

A general refusal to do POs with suppliers who wanted money up front meant Washington wasn't taken advantage of by illegitimate suppliers, as happened in other states, according to media and anecdotal accounts. In certain special cases, DES made effective use of the state purchasing card for orders with reputable retailers such as Costco, and Amazon.

DES respectfully accepted suggestions from highly placed public officials for use of certain vendors, but DES maintained its course and kept to its process for registering and vetting suppliers. This eliminated the possibility for any favoritism that might have caught the attention of the media or the public.

DES and the workgroups assigned to PPE procurement worked successfully together as each played a role, under often-chaotic emergency circumstances, in meeting the state's critical need for PPE.

- DES ordered more than 350 million pieces of PPE through over 200 purchase orders
- DES executed purchase orders with 67 vendors for 31 products categories

DES is well-positioned to perform effectively from Day One in a future procurement emergency with processes in place for tracking orders, shipments and payments; for deploying personnel where they are most needed; for working in good faith with the worldwide supplier and manufacturer community; and for navigating through the complexities of international trade and commerce.

Recommendations

Specific recommendations for future pandemics or procurement emergencies:

- To help identify potential sources, utilize the RFI online form that includes specific questions about vendor credentials, product specifications and certifications, and lead times. The online form submissions are exported into the database that can be searched and filtered to help narrow down the most promising sources.
- Build connections with local businesses and large corporate partners to support sourcing efforts.
- Have ready specification requirements for products that need to be purchased to expedite purchasing and minimize risk of having to cancel orders or return products.
- Have ready two versions of the purchase order template – one with only basic terms and conditions to expedite ordering process and one with more extensive terms and conditions that can be utilized for the largest longer-term orders to minimize risk of the potential disputes.
- Establish and consistently apply detailed vetting instructions for potential suppliers and proposed products. Restrict upfront payment option and orders directly with foreign entities, or order that require the agency to be an importer of record.
- Have a system to capture and track purchase orders, deliveries and payments, so that tracking doesn't have to be done through multiple Excel sheets complicating the reconciliation process.
- Have a quality assurance/inspection subject matter experts that are available at the warehouse to efficiently inspect and approve incoming product.