

Branch — Materials Management

Introduction

Materials Management Branch is the supply chain management and tendering authority for the City of Edmonton. Materials Management is responsible for a full range of services including procurement, inventory management and distribution, mail processing, and full service corporate printing services.

Materials Management supports the entire organization and is an essential contributor toward the achievement of City Council's vision and the delivery of valued services to citizens. As the scope and complexity of City projects and services continues to grow, Materials Management remains committed to evolving its service offerings to stay aligned with leading practice in order to meet the changing needs of City departments.

In 2013, Materials Management developed a branch strategic plan that will guide our efforts over the next five years in order to achieve our mission “to be recognized as a valued business partner that is essential to the success of our clients and the City”.

This plan is founded on four key goals for Materials Management:

- Creating value for the City
- Delivering service excellence
- Enhancing strategic relationships
- Engaging & empowering employees

Within each of these, a number of supporting goals have been established that inform our annual business planning and our innovation and continuous improvement efforts.

In all areas of the Branch, process and technology improvements are underway to improve efficiency and effectiveness. In 2013, The City of Edmonton was among a select group and the only government agency in Canada to receive the National Purchasing Institute's Achievement of Excellence in Procurement Award. This award recognizes excellence in a number of areas including innovation, professionalism, and leadership. With award criteria changing each year to reflect current leading practices, this award demonstrates that Materials Management continues to be at the forefront of public procurement organizations. This is the 14th consecutive year that the City has received this award.

In 2013, Materials Management ...

- Managed nearly \$1 Billion in spending on a wide range of goods, services, technology and construction
- Supported many significant procurement projects including the Waltherdale Bridge replacement, the 41st Ave/QE II Highway Interchange, Mill Woods Library & Senior Centre and procurement planning for the Valley Line LRT
- Increased access to City opportunities for small and local businesses through leading Selling to the City sessions
- Continued to roll out the Sustainable Purchasing Policy by embedding sustainable purchasing criteria into additional product and service categories and demonstrated leadership to the 17-member Canadian Municipal Sustainable Purchasing Collaboration

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Approved 2014 Budget – Branch Summary (\$000)

	2012 Actual	2013 Budget	2014 Budget	\$ Change '13-'14	% Change '13-'14
Revenue & Transfers					
User Fees, Fines, Permits, etc.	\$ 395	\$ 293	\$ 293	\$ -	-
Grants	-	-	-	-	-
Transfer from Reserves	-	-	-	-	-
Total Revenue & Transfers	<u>395</u>	<u>293</u>	<u>293</u>	<u>-</u>	<u>-</u>
Expenditure & Transfers					
Personnel	11,444	12,177	12,464	287	2.4
Materials, Goods & Supplies	2,193	1,044	1,237	193	18.5
External Services	839	526	526	-	-
Fleet Services	88	173	127	(46)	(26.5)
Intra-municipal Services	40	56	145	89	159.5
Utilities & Other Charges	272	325	314	(11)	(3.4)
Transfer to Reserves	-	-	-	-	-
Subtotal	<u>14,876</u>	<u>14,301</u>	<u>14,813</u>	<u>512</u>	<u>3.6</u>
Intra-municipal Recoveries	<u>(5,258)</u>	<u>(4,787)</u>	<u>(5,031)</u>	<u>(244)</u>	<u>5.1</u>
Total Expenditure & Transfers	<u>9,618</u>	<u>9,514</u>	<u>9,782</u>	<u>268</u>	<u>2.8</u>
Net Operating Requirement	\$ 9,223	\$ 9,221	\$ 9,489	\$ 268	2.9
Full-time Equivalents	149.0	149.0	149.0	-	

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Budget Changes for 2014 (\$000)

Revenue & Transfers - Changes

No changes to Revenue & Transfers.

Expenditures & Transfers - Changes

Personnel \$287

Movement towards job rate and changes in benefits are \$287.

Material, Goods & Supplies \$193

There is a \$200 adjustment to increase inventory write down allowance offset with a \$4 reduction for printing costs and a \$3 reduction for computer costs.

Fleet Services (\$46)

A historical adjustment has reduced Fleet Services cost \$46.

Intra-municipal Services \$89

The Inter-municipal Charges changes are: Building maintenance \$43, custodial services \$42 and \$4 for facility use.

Utilities & Other Charges (\$11)

The reduction in Utilities is attributable to reduced power costs of \$8 and telecom costs of \$3.

Intra-municipal Recoveries (\$244)

Shared Service recoveries increased by \$116 from Drainage Services, \$23 from Waste Management Service, \$5 from Current Planning, and \$100 from Fleet Services.

Full-time Equivalents - Changes

No changes to Full-time Equivalents.

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Approved 2014 Budget – Program Summary (\$000)

Program Name - Corporate Mail Services and Digital Print Centre

Link to 10-Year Strategic Goals



Results to be Achieved

The Digital Print Centre (DPC) provides all City departments with a full range of professional print services, which include colour and black & white production printing, inserting and finishing services. Corporate Mail Services is responsible for the timely metering and distribution of inter-office and Canada Post mail for City departments.

Cost Drivers

Frequency, mail volumes, and number of delivery locations for Corporate Mail Services.
Number of print orders and volumes, complexity of job for Digital Print Centre.

Service Standards

The DPC combines leading edge printing technology with knowledgeable staff to provide quality, best value print services. DPC provides in-house print and mail services to the City at a lower cost than the marketplace. Annually, Mail Services handles over nine million pieces of mail, while the DPC prints over 11 million images and insertions. With a dedicated focus on the City, DPC provides confidential, dedicated, and timely print and mail services to the City.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 50	\$ 57	\$ 57	\$ 57
Expenditure & Transfers	1,680	2,083	2,131	2,236
Subtotal	1,630	2,026	2,074	2,179
Intra-municipal Recoveries	(1,121)	(961)	(1,084)	(1,029)
Net Operating Requirement	\$ 509	\$ 1,065	\$ 990	\$ 1,150
Management		-	-	-
Professional/Technical/Union Exempt		-	1.0	1.0
Union		19.0	19.0	19.0
Temporary		-	-	-
Full - Time Equivalents		19.0	20.0	20.0

2013 Services

Color and black & white production printing.

Wide format printing.

Inserting and finishing services.

Metering and distribution of all inter-office and Canada Post mail.

Consistently positive client satisfaction scores for both services (81% for mail services, 75% for DPC).

Changes in Services for 2014

Continue to expand DPC service offerings in areas that provide value for the City (eg. Photo enforcement ticket printing).

Expanded mail routes to service new City facilities (eg. Clareview and Meadows recreations centres).

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Approved 2014 Budget – Program Summary (\$000)

Program Name - Procurement

Link to 10-Year Strategic Goals



Results to be Achieved

Materials Management Branch is the delegated tendering authority for the City of Edmonton. The Branch provides a full range of professional procurement services, including procurement planning and advisory services, Tender/Request for Proposal management, contract negotiation and purchase order/contract preparation.

Cost Drivers

Service demand from City departments and Edmonton Police Service (both operating and capital), complexity and time-sensitivity of projects.

Service Standards

Works with business areas and at the enterprise level to achieve best value for money from the City's expenditures. Ensures that the City is protected from procurement risks. Continues to implement the sustainable purchasing policy in a growing number of tenders and contracts. Works closely with suppliers and industry associations to position the City as a customer of choice. Provides the City with the capacity to deliver all programs and services.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 5	\$ -	\$ -	\$ -
Expenditure & Transfers	4,137	3,891	4,229	4,241
Subtotal	4,132	3,891	4,229	4,241
Intra-municipal Recoveries	(937)	(1,108)	(991)	(1,073)
Net Operating Requirement	\$ 3,195	\$ 2,783	\$ 3,238	\$ 3,168
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		4.0	4.0	4.0
Union		38.0	37.0	37.0
Temporary		-	-	-
Full - Time Equivalents		43.0	42.0	42.0

2013 Services

Procurement planning and advisory services.
Tender / Request for Proposal management.
Contract negotiation.
Purchase order / contract preparation.
Corporate procurement policy and program development.

Changes in Services for 2014

Service demand is expected to remain at 2013 levels.
Continue looking for ways to increase competitive tendering.
Supplier performance evaluation program will be fully implemented for Design & Construction contracts.
Eliminating hard copy construction tender documents and plans through an electronic plans room.
Continue to investigate and introduce new procurement approaches to stay aligned with best practices.

Branch — Materials Management

Approved 2014 Budget – Program Summary (\$000)

Program Name - Supply Chain Management

[Link to 10-Year Strategic Goals](#)



Results to be Achieved

Materials Management is responsible for delivering inventory management and distribution services that support City operations. The Supply Chain Management section consists of warehousing / stores operations, parts management and distribution, customs, surplus disposal services and emergency logistics.

Cost Drivers

Demand for stocked parts, equipment and consumable items required by all City departments.

Service Standards

Provides the City the capacity to deliver the full range of citizen services.

Materials Management provides industry leading parts management and centralized warehousing services, which reduces inventory management costs and allows expertise to be developed, enabling departments to focus on their core services.

Manage over 57,000 active stock items.

Resources (\$000)	2012 Actual	2012 Budget	2013 Budget	2014 Budget
Revenue & Transfers	\$ 340	\$ 236	\$ 236	\$ 236
Expenditure & Transfers	9,059	7,753	7,940	8,336
Subtotal	8,719	7,517	7,704	8,100
Intra-municipal Recoveries	(3,200)	(3,172)	(2,711)	(2,929)
Net Operating Requirement	\$ 5,519	\$ 4,345	\$ 4,993	\$ 5,171
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		20.0	2.0	2.0
Union		66.0	84.0	84.0
Temporary		-	-	-
Full - Time Equivalents		87.0	87.0	87.0

2013 Services

Operation of warehouses and stores (central and departmental).

Parts management and distribution.

Surplus and disposal services.

Emergency logistics.

Changes in Services for 2014

Continuing to roll out inventory forecasting and supply chain automation.

Continuing to work with key clients to improve demand planning so that the right items are available when needed to support efficient City operations.

Fine tune the new municipal parts hub that reduces inventory costs by centralizing lower usage parts that were previously stocked in multiple garages.