

Branch — Materials Management

Introduction

Materials Management is the supply chain management and tendering authority for the City of Edmonton. In addition, Materials Management provides a full range of services including inventory management and distribution, mail processing, and full service corporate printing services. The Branch ensures the responsible and efficient procurement of goods, services, and construction supporting all City departments and the Edmonton Police Service in a manner that is fair, open, transparent, and accountable.

In 2011, Materials Management managed a spend of more than \$1.6 billion dollars on behalf of the City. As the City continues to make significant investments in services and infrastructure, Materials Management plays a vital role in helping to minimize the City's procurement risks and to maximize the value that citizens are receiving for their tax dollars. The complexity of City projects is growing, along with the number of trade agreement regulations, legal standards, audit requirements, and corporate mandates. Materials Management's team of specialized buyers are trained to help all City departments navigate through the purchasing process, and to provide procurement consulting services where required.

Materials Management is an essential contributor toward the achievement of Council's goals and The Way Ahead strategic plan, and is providing leadership in promoting more sustainable and ethical procurement, and support for small and local businesses. Materials Management is also working to increase tendering within the City to drive competition and ensure best value procurement.

In all areas of the Branch, continuous improvement initiatives are underway to improve efficiency and effectiveness. The City of Edmonton was once again the only government agency in Canada to receive the National Purchasing Institute's *Achievement of Excellence in Procurement Award* in 2012. This award recognizes excellence in a number of areas including innovation, professionalism, and leadership attributes. As the award criteria and evaluation process changes every year to reflect evolving best practices in procurement, this award demonstrates Materials Management's position at the forefront of public procurement organizations. This is the 13th consecutive year that the City has won this award.



In 2012, Materials Management ...

- Managed and supported many significant procurement projects including the Neighborhood Renewal Program, Central LRT Rehabilitation, and Downtown Arena and Entertainment Centre project
- Increased access to City opportunities for small and local businesses through Selling to the City sessions
- Implemented many changes to the contract tendering process in response to the contract tendering audit which will increase corporate oversight and improve procurement outcomes
- Continued to roll out the Sustainable Purchasing Policy by embedding sustainability criteria into additional product and service categories and providing advice and training to departments on how to build sustainability into purchasing decisions

Materials Management ensures the responsible and efficient procurement and distribution of goods and services for the City of Edmonton in support of Corporate Services Vision, Mission, Values and leadership principles.

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Approved 2013 Budget – Branch Summary (\$000)

	2011 Actual	2012 Budget	2013 Budget	\$ Change '12-'13	% Change '12-'13
Revenue & Transfers					
User Fees, Fines, Permits, etc.	395	293	293	-	0.0
Grants	-	-	-	-	0.0
Transfer from Reserves		-	-	-	0.0
Total Revenue & Transfers	<u>395</u>	<u>293</u>	<u>293</u>	<u>-</u>	<u>0.0</u>
Expenditure & Transfers					
Personnel	10,735	11,738	12,177	439	3.7
Materials, Goods & Supplies	204	975	1,044	69	7.1
External Services	1,368	526	526	-	0.0
Fleet Services	815	135	173	38	28.5
Intra-municipal Services	19	28	56	28	98.3
Utilities & Other Charges	265	324	324	-	0.0
Transfer to Reserves	100	-	-	-	0.0
Subtotal	<u>13,506</u>	<u>13,726</u>	<u>14,300</u>	<u>574</u>	<u>4.2</u>
Intra-municipal Recoveries	<u>(4,413)</u>	<u>(5,241)</u>	<u>(4,786)</u>	<u>455</u>	<u>(8.7)</u>
Total Expenditure & Transfers	<u>9,093</u>	<u>8,485</u>	<u>9,514</u>	<u>1,029</u>	<u>12.1</u>
Net Operating Requirement	8,698	8,192	9,221	1,029	12.6
Full-time Equivalents	149.0	149.0	149.0	-	

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Budget Changes for 2013 (\$000)

Revenue & Transfers - Changes

No changes to Revenue & Transfers.

Expenditures & Transfers - Changes

Personnel \$439

Movement within the salary ranges, changes in benefits, and the settlement of union contracts.

Material, Goods & Supplies \$69

Increased expenses for photo enforcement ticket printing that was brought in-house starting in 2012. This is fully offset by Intra-Municipal Recoveries.

Fleet Services \$38

An increase of \$22 in Fleet Services is attributed to fuel cost increase. An increase of \$16 is attributed to rate increase.

Intra-municipal Services \$28

This increase relates to the additional cost of services supplied to Materials Management from other departments.

Intra-municipal Recoveries \$455

A decrease in Shared Services recoveries from the Utilities and Enterprises has resulted in a tax levy increase of \$545. The increase is offset by recoveries related to photo enforcement ticket printing.

Full-time Equivalents - Changes

No changes to Full-time Equivalents.

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Approved 2013 Budget – Program Summary (\$000)

Program Name - Corporate Mail Services and Digital Print Centre

Results to be Achieved

The Digital Print Centre provides all City departments with a full range of professional print services, which include color 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.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
The DPC combines leading edge printing technology with knowledgeable staff to provide quality, best value print services. MM 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 12 million images and insertions. With only one customer, MM provides confidential, dedicated, and timely print and mail services to the City.	Revenue & Transfers	\$ 50	\$ 126	\$ 57	\$ 57
	Expenditure & Transfers	1,247	1,266	1,522	1,047
	Net Operating Requirement	\$ 1,197	\$ 1,140	\$ 1,465	\$ 990
	Management			-	-
	Exempt			-	-
	Union		17.0	19.0	19.0
	Temporary		-	-	-
	Full - Time Equivalents		17.0	19.0	19.0

2012 Services

- Color and black & white production printing
- Inserting and finishing services
- Metering and distribution of all inter-office and Canada Post mail
- Consistently positive client satisfaction scores for both services (75% for mail services, 73% for DPC)

Changes in Services for 2013

- Taking on new work (e.g. photo enforcement violation ticket printing)
- Expanding service offerings that will save the City money (e.g. wide format printing)
- Mail services expanding to provide service to new City facilities (rec. centers, fire halls, etc.)

Program Name - Procurement

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.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
Works with business areas and at the enterprise level to optimize procurement outcomes and fully leverage the City's spend. 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.	Revenue & Transfers	\$ 68	\$ -		
	Expenditure & Transfers	3,028	2,912	2,783	3,238
	Net Operating Requirement	\$ 2,960	\$ 2,912	\$ 2,783	\$ 3,238
	Management			1.0	1.0
	Exempt			4.0	4.0
	Union			39.0	38.0
	Temporary			-	-
	Full - Time Equivalents			44.0	43.0

2012 Services

- Procurement planning and advisory services
- Tender / Request for Proposal management
- Contract negotiation
- Purchase order / contract preparation

Changes in Services for 2013

- Service demand is expected to remain at 2012 levels
- Increased tendering and decreased reliance on sole source purchases
- A formal supplier performance evaluation program will be implemented for 2013
- Procurement plans will be developed in conjunction with all major clients to identify best go-to-market approaches and timelines

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Approved 2013 Budget – Program Summary (\$000)

Program Name - Supply Chain Management

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 and surplus disposal services.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
Provides the City the capacity to deliver the full range of citizen services.	Revenue & Transfers	\$ 278	\$ 132	\$ 236	\$ 236
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.	Expenditure & Transfers	4,818	4,517	4,180	5,229
Manage over 100 million stock issues and receipts per year.	Net Operating Requirement	\$ 4,540	\$ 4,385	\$ 3,944	\$ 4,993
	Management		1.0	1.0	1.0
	Exempt		20.0	20.0	20.0
	Union		67.0	66.0	66.0
	Temporary		-	-	-
	Full - Time Equivalents		88.0	87.0	87.0

2012 Services

- Operation of warehouses and stores (central and departmental)
- Parts management and distribution
- Surplus and disposal services

Changes in Services for 2013

- Following a significant fleet parts optimization initiative, improvements will be rolled out to other inventory classes in 2013
- A municipal parts hub will reduce inventory costs by centralizing lower usage parts that were previously stocked in multiple garages