

Branch — Corporate Procurement and Supply Services

Introduction

The Corporate Procurement and Supply Services Branch (formerly Materials Management) is the supply chain management and tendering authority for the City of Edmonton. The Branch is responsible for a range of business services including procurement, inventory management and distribution, mail processing and corporate printing.

In 2013, Procurement & Supply Services managed \$1.2 Billion in spending on a wide range of goods, services, technology and construction. Similar spending levels are expected this year. The Branch provided leadership to many significant procurement projects including the Valley Line LRT P3, the New Office Tower lease, Terwilligar Park Footbridge and many others.

In 2014, The City of Edmonton was, for the 15th time, among a select group of government agencies in Canada to receive the National Procurement Institute's Achievement of Excellence in Procurement Award. The judging criteria are designed to measure innovation, professionalism, e-procurement, productivity and leadership in public procurement. Earning this award demonstrates that the City continues to be at the forefront of public procurement organizations.



"In 2014, we were proud to be a key partner in some of the largest procurements in the City's history."

Dan Lajeunesse, Branch Manager, Corporate Procurement and Supply Services

Branch — Corporate Procurement and Supply Services

Approved 2015 Budget – Branch Summary

(\$000)	2013 Actual	2014 Budget	2015 Budget	\$ Change '14-'15	% Change '14-'15
Revenue & Transfers					
User Fees, Fines, and Permits	404	293	293	-	-
Grants	-	-	-	-	-
Transfer from Reserves	-	-	-	-	-
Total Revenue & Transfers	\$404	\$293	\$293	-	-
Expenditure & Transfers					
Personnel	11,788	12,468	12,821	353	2.8
Materials, Goods, and Supplies	812	1,237	1,262	25	2.0
External Services	870	526	652	126	24.0
Fleet Services	114	112	119	7	6.3
Intra-municipal Charges	415	145	58	(87)	(60.7)
Utilities & Other Charges	305	314	391	77	24.5
Transfer to Reserves	-	-	-	-	-
Subtotal	14,304	14,802	15,303	501	3.4
Intra-municipal Recoveries	(5,021)	(3,761)	(3,960)	(199)	5.3
Total Expenditure & Transfers	\$9,283	\$11,041	\$11,343	\$302	2.7
Net Operating Requirement	\$8,879	\$10,748	\$11,050	\$302	2.8
Full-time Equivalents	149.0	149.0	152.0	3.0	

Branch — Corporate Procurement and Supply Services

Budget Changes for 2015

(\$000)

Revenue & Transfers - Changes

No changes to Revenue & Transfers.

Expenditures & Transfers - Changes

Personnel \$353

Movement toward job rate, changes in benefits and approved cost of living adjustment of \$126. In addition, increased personnel costs of \$160 are due to a Service Package of 2.0 FTEs for LRT Partsman II positions, as well as a Service Package of 1.0 FTE for Warehouse Technician position \$67, with offsetting Intra-Municipal Recovery from Waste Management (below).

Material, Goods & Supplies \$25

There is an increase of \$18 for equipment costs associated with FTEs related to the funded service packages, partially offset by an Intra-municipal Recovery from Waste Management of \$12 (below), and a \$7 increase to general office expenses.

External Services \$126

A \$30 increase for in-house Digital Print costs with offsetting Intra-municipal Recoveries (below). An \$80 increase to courier costs due to increasing volume and growth in delivery locations. An \$11 increase to general contract work due to anticipated demand. An increase of \$5 in program expenses for the LRT Partsman II Service Package.

Fleet Services \$7

There is an increase of \$39 for future replacement of the fleet, offset by a decrease of \$31 for maintaining the fleet. A decrease of \$1 is attributable to a fuel cost decrease.

Intra-municipal Charges (\$87)

A decrease in building maintenance of \$45 to reflect expenditure trends, and an internal budget transfer of custodial services \$42.

Utilities & Other Charges \$77

There is a \$66 increase to utility charges at various sites. The remainder of the increase is attributable to telecom services, training and memberships for FTEs related to the funded Service Packages.

Intra-municipal Recoveries (\$199)

Shared Service cost / volume changes: recoveries increased by \$25 from Waste Management, \$20 from Current Planning, and \$39 from Drainage Services. There is an increase of \$30 in Digital Print Service recoveries (External Services above). There is an increase of \$85 recovery from Waste Management for the Warehouse Technician position (Personnel above).

Full-time Equivalents - Changes

The increase of 3.0 permanent FTEs is attributable to a Service Package of 2.0 FTEs for LRT Partsman II position, as well as a Service Package of 1.0 FTE for a Warehouse Technician position, with an offsetting Intra-municipal Recovery from Waste Management.

Branch — Corporate Procurement and Supply Services

Approved 2015 Budget – Program Summary

(\$000)

Program Name - Corporate Procurement

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



Results to be Achieved

The Corporate Procurement section is the delegated tendering authority for the City of Edmonton, providing a full range of professional procurement services, including procurement planning and advisory services. This section provides: Tender/Request for Proposal management, contract negotiation and purchase order/contract preparation.

Cost Drivers

The main cost drivers for Corporate Procurement are service demands from City departments and EPS (both operating and capital), complexity and time sensitivity of projects.

Service Standards

The service standards are: Working with business areas and at the enterprise level to achieve best value for money from the City's expenditures. Ensuring that the City is protected from procurement risks. Continuing to implement the sustainable purchasing policy in a growing number of tenders and contracts. Working closely with suppliers and industry associations to position the City as a customer of choice. Providing the City with the capacity to deliver all programs and services.

Resources

(\$000)	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 1	\$ -	\$ -	\$ -
Expenditure & Transfers	4,451	4,229	4,172	4,163
Subtotal	4,450	4,229	4,172	4,163
Intra-municipal Recoveries	(908)	(991)	(938)	(935)
Net Operating Requirement	\$ 3,542	\$ 3,238	\$ 3,234	\$ 3,228
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		4.0	4.0	4.0
Union		37.0	36.0	36.0
Temporary		-	-	-
Full - Time Equivalents		42.0	41.0	41.0

2014 Services

In 2014 Corporate Procurement is providing the following services:

- Spend data analysis, 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 2015

In 2015 service demand is expected to meet or exceed 2014 levels. Also the section will:

- Continue looking for ways to increase competitive tendering and optimizing procurement outcomes
- Have the Supplier Performance Management program fully implemented for Design & Construction
- New procurement approaches will be introduced to stay aligned with leading practices
- Create a new procurement handbook and client training program will be launched
- Seek partnerships with other jurisdictions to pursue procurement collaboration

Branch — Corporate Procurement and Supply Services

Approved 2015 Budget – Program Summary

(\$000)

Program Name - Digital Print Centre and Mail Services

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



Results to be Achieved

Digital Print Centre (DPC) provides all City departments with a full range of professional print services, including 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.

Cost Drivers

The main cost drivers for DPC and Mail Services are: Number of print orders and volumes, mail volumes, and number of mail delivery of locations.

Service Standards

The services standards are to provide in-house print and mail services to the City at a lower cost than the marketplace. Annually, Mail Services handles over 7 million pieces of mail meeting establish client delivery schedules, while the DPC prints over 12 million images and insertions annually and meets negotiated client service standards for regular and rush printing. With a dedicated focus on the City, Procurement and Supply Services provides confidential, dedicated, and timely print and mail services to the City.

Resources

(\$000)

	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 68	\$ 57	\$ 57	\$ 57
Expenditure & Transfers	2,011	2,131	2,235	2,185
Subtotal	1,943	2,074	2,178	2,128
Intra-municipal Recoveries	(1,287)	(1,084)	(1,029)	(1,059)
Net Operating Requirement	\$ 656	\$ 990	\$ 1,149	\$ 1,069
Management		-	-	-
Professional/Technical/Union Exempt		1.0	1.0	1.0
Union		19.0	17.0	17.0
Temporary		-	-	-
Full - Time Equivalents		20.0	18.0	18.0

2014 Services

In 2014 DPC and Mail Services has provided the following services:

- DPC will deliver over 12 million print images and mail insertions. Services include: colour and black & white printing, wide format printing, and inserting and finishing services.
- Mail Services will handle over 7 million pieces of mail delivered to over 150 City offices and facilities.

Changes in Services for 2015

In 2015 the DPC will continue to expand service offerings in areas that provide value for the City (eg. Parking violation ticket printing) and Mail Services will be expanding mail routes to serve new City facilities.

Branch — Corporate Procurement and Supply Services

Approved 2015 Budget – Program Summary (\$000)

Program Name - Supply Chain Management

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



Results to be Achieved

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

Cost Drivers

The main cost drivers for the Supply Chain Management section are demand for stocked parts, equipment and consumable items required by all City departments.

Service Standards

The services standards for the section align with each client department's service level needs. The section provides industry leading parts management and centralized warehousing services, reducing inventory management costs and allowing expertise to be developed, enabling departments to focus on their core services.

Resources (\$000)	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 335	\$ 236	\$ 236	\$ 236
Expenditure & Transfers	7,714	7,940	8,395	8,955
Subtotal	7,379	7,704	8,159	8,719
Intra-municipal Recoveries	(2,698)	(2,711)	(1,794)	(1,966)
Net Operating Requirement	\$ 4,681	\$ 4,993	\$ 6,365	\$ 6,753
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		2.0	2.0	2.0
Union		84.0	87.0	90.0
Temporary		-	-	-
Full - Time Equivalents		87.0	90.0	93.0

2014 Services

In 2014 the Supply Chain Management section:

- Is managing over 82,000 active stock items valued at \$19.8 million including maintaining an inventory of products that are available to support emergency logistics
- Delivered services through a central stores warehouse as well as numerous dedicated client inventory stores locations (e.g. LRT, Drainage, Roads, etc)

Changes in Services for 2015

In 2015 the section will:

- Continue to roll out inventory forecasting and supply chain automation
- Continue to work with key clients to improve demand planning so that the right items are available when needed to support efficient City operations
- Work closely with key suppliers to improve on-time deliveries and identify cost-saving opportunities
- Provide expertise to departments to help them improve their inventory management practices

Branch — Corporate Procurement and Supply Services

Program - Supply Chain Management
Title - LRT Partsman II positions

Operating Impacts of Capital
Funded

Results to be Achieved

This service package is for two LRT Partsman II positions at the DL Macdonald LRT Maintenance Facility that are required to support the LRT Metro Line (Downtown to NAIT) Expansion that is scheduled to go into revenue service by the end of 2014. These positions will ensure that effective parts inventory management services continue to be provided to support the City's growing fleet of Light Rail Vehicles and the additional signaling, catenary & communications infrastructure entering the system with the Metro Line.

Description

These positions work in partnership with ETS LRT Maintenance personnel and provide parts sourcing, inventory management, distribution & expediting services for all parts and inventoried items supporting Light Rail Vehicles and the supporting signaling, catenary, communications & facility infrastructure.

Background

Presently, two LRT Partsman provide all of the parts sourcing, inventory management, distribution & expediting services to support the City's existing LRT network. With the new Metro Line entering revenue service, this level of resourcing needs to be augmented in order to provide the level of parts management services required by LRT to support the City's growing LRT network.

Options

Maintaining current staffing levels for the parts management function will create significant operational risk to the delivery of expected LRT service levels to citizens (i.e. LRV fleet availability) from parts stockouts or lack of timely parts services that will occur with the current staffing levels (at present 2 Partsman provide this service to LRT).

Implications of Not Funding

Not funding this service package will create significant operational risk to the delivery of expected LRT service levels to citizens (i.e. LRV fleet availability) from parts stockouts or the lack of timely parts management services that will occur with current staffing levels (at present 2 Partsman provide this service to LRT).

Incremental (\$000)	2015				2016				2017			
	Exp	Rev	Net	FTEs	Exp	Rev	Net	FTEs	Exp	Rev	Net	FTEs
New Budget	177	-	177	2.0	-	-	-	-	-	-	-	-
Annualization	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$177	-	177	2.0	-	-	-	-	-	-	-	-

Branch — Corporate Procurement and Supply Services

Program - Supply Chain Management
Title - EWMC Warehouse Technician

Growth on Existing Services
Funded

Results to be Achieved

This service package is for one Warehouse Technician II position to establish a managed inventory operation at the Edmonton Waste Management Centre (EWMC). The creation of a dedicated stores function at the EWMC will enable the effective inventory management & distribution of all non-fleet related parts and inventory items required to support the growing facilities and operations of the EWMC. Procurement & Supply Services provision of this service will bring expertise and fully leverage the City's inventory management system and processes. This will assist EWMC by ensuring that all required parts and other products are identified and that proper inventories are available to support the efficient and effective delivery of waste management services at the EWMC.

Description

Having a dedicated Warehouse Technician on-location at the EWMC will provide the ability to record and manage all required non-fleet related inventory items, ensuring that critical spares and other products are available when needed, and that procurement of inventoried items is optimized by maximizing the use of existing City-wide contracts and by leveraging the purchase volume of specialized parts and products used at the EWMC to obtain the best possible pricing and terms. The funding of \$85k for this position will be provided by Waste Management Branch.

Background

Waste Management has experienced significant growth in its facilities and operations at the EWMC. Parts and inventory requirements to support all the equipment and operations at the EWMC has grown to the point that a dedicated inventory management resource is required to support the effective delivery of services and maintenance of their facilities & equipment. Procurement and Supply Services currently provides dedicated Warehousing services to a number of City Branches including Drainage, Roadways and LRT.

Options

The alternative to this service package is to not proceed with this position and maintain the status quo, which has Waste Management staff attempting to manage their growing inventory "off the side of their desk" without expert knowledge of inventory management practices or use of the City's inventory management system.

Implications of Not Funding

Not funding this service package will restrict the ability of Waste Management to efficiently and effectively deliver the services and operations at the EWMC, and increases operational risk due to equipment down-time caused by lack of spare parts or other products.

incremental (\$000)	2015				2016				2017			
	Exp	Rev	Net	FTEs	Exp	Rev	Net	FTEs	Exp	Rev	Net	FTEs
New Budget	-	-	-	1.0	-	-	-	-	-	-	-	-
Annualization	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	1.0	-	-	-	-	-	-	-	-

Branch — Corporate Procurement and Supply Services

Branch Performance Measures

Measure Type	Key Outcome (from Mandate)	Performance Measure	Target	Actual (year & result)
Effectiveness	Drive best value procurement outcomes through competitive tendering	Percent of tendered / sole source purchases (by dollar value)	90%	92% tendered (2013)
	Increase access to City opportunities for local businesses	Percent of local / non-local purchases (by dollar value)	Trending Upward	67% Edmonton, 83% Greater Edmonton Region (2013)
Efficiency	Provide industry leading inventory management and warehousing services	Average inventory turnover rate (City wide)*	4-5 turns per year	3.59/year (2013)
	Drive flexible and efficient business processes to support our clients	Dollars of City spend per procurement FTE (Procurement managers, senior buyers, buyers)	Baseline year	\$36.2 million (2013)

*Inventory turns measures the number of times the average inventory is turned over within a year. 2013 measures for fleet parts were 4.1/year for municipal fleet parts and 6.3/year for transit. The target of 4-5 turns per year is as per *Supply Chain Alliance (2011) City of Edmonton Parts Strategy* report.