

Priority: Accountability
Program Offer Type: Internal Service
Related Programs:

Lead Agency: County Management
Program Contact: Tom Guiney

Program Characteristics:

Executive Summary

Materiel Management provides goods and supplies to County Departments and other government agencies. By aggregating government supply needs Materiel Management buys in volume at discounted prices. By centralizing product procurement, receiving, inventory control, warehousing, invoice reconciliation and input, and delivery, Materiel Management reduces the total governmental effort expended on materiel acquisition.

Program Description

Materiel Management provides professional buying services and centralizes the transactional efforts required to: purchase goods, receive goods into the county financial and inventory asset systems; reconcile and authorize payment of vendor invoices; maintain a prudent but adequate level of inventory; and fill orders for delivery to all County programs and 199 non-County programs. To support these activities, Materiel Management provides clean, secure, and environmentally controlled storage, maintains a pharmacy wholesale license, manages health product recalls, and obtains deep product discounts as compared to the retail market.

Program Justification

Materiel Management supports Accountability’s primary factor of Resource Management through the strategy of “manage resources and service delivery costs effectively” in a number of ways:

- Combining materiel needs of multiple programs and governments enables high volume purchasing at discounted prices - FY05 \$6.3 million in materiel purchased and distributed.
- By concentrating operational expertise Materiel Management maximizes the use of existing assets and reduces service delivery costs for the County and other agencies – FY05 1,069,277 items received and distributed across 250+ partners using 12.5 FTE.
- Procuring family planning products for partners of the State Family Planning program, including all 36 counties, enables volume discounts and centralized quality control and record-keeping services providing “more bang for the local buck”, and results in outside revenue to Multnomah County.
- By concentrating staffing assets, expertise and other operational inputs Materiel Management increases efficiency and reduces the cost per item for these inputs: Account payable & receivable transactions 21,500/yr, goods requests 2880, goods issues 16,800, and purchase orders executed 2022.
- Centralization allows Materiel Management to spread County costs to other governments and program partners and allows the County to present a standard and consistent operational culture to local commodity and supply vendors.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY04-05)	Current Year Purchased (FY05-06)	Current Year Estimate (FY05-06)	Next Year Offer (FY06-07)
Output	Number of material items issued in fiscal year	1,069,277	1,070,000	1,079,220	1,110,000
Outcome	External revenue	183,959	196,900	200,000	225,000
Efficiency	Number of inventory turns within FY	7	5	6	5
Quality	Customers receive ordered goods within 24 hrs	96%	90%	93%	90%

Performance Measure - Description

External revenue is a new measure. Revenues from outside the County offset operational costs. Number of items issued is also a new measure, so there is not a figure for current year purchased.

Legal/Contractual Obligation

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2006	2006	2007	2007
Program Expenses				
Personnel	\$0	\$912,919	\$0	\$940,518
Contracts	\$0	\$714	\$0	\$714
Materials & Supplies	\$0	\$37,898	\$0	\$3,038,011
Internal Services	\$0	\$338,807	\$0	\$381,521
Cash Transfer	\$642,349	\$0	\$0	\$0
Unappropriated & Contingency	\$0	\$642,349	\$0	\$0
Subtotal: Direct Exps:	\$642,349	\$1,932,687	\$0	\$4,360,764
Administration	\$0	\$0	\$13,520	\$81,294
Program Support	\$0	\$0	\$17,008	\$0
Subtotal: Other Exps:	\$0	\$0	\$30,528	\$81,294
Total GF/non-GF:	\$642,349	\$1,932,687	\$30,528	\$4,442,058
Program Total:	\$2,575,036		\$4,472,586	
Program FTE	0.00	0.00	0.00	12.60
Program Revenues				
Fees, Permits & Charges	\$0	\$1,137,747	\$0	\$4,348,270
Intergovernmental	\$0	\$196,900	\$0	\$0
Other / Miscellaneous	\$0	\$674,349	\$0	\$32,250
Program Revenue for Admin	\$0	\$0	\$1,111	\$0
Total Revenue:	\$0	\$2,008,996	\$1,111	\$4,380,520

Explanation of Revenues

*Materiel Management is funded by an allocation system through the Distribution Fund. Total program costs for FY07 are reduced by anticipated external revenues and the net balance is allocated to departments based on each department's share of the total value of County products processed by Materiel Management in FY05.

*Charges to other governments are set as a 10% surcharge of product cost and are estimated at \$220,000 for FY07.

Significant Program Changes

✔ Significantly Changed

Last year this program was: #71046, Materiels Management

During FY06 Materiel Management expanded its services to include purchasing, storing, issuing, inventory control, and delivering computer related hardware for the Information Technology (IT) Division. These services were previously performed in IT. This approach has improved computer hardware inventory control and flow, as well as, providing detailed information for IT's management of related assets. Space at the Banfield warehouse has been assigned to IT staff for pre-delivery computer set up to streamline the issuance and delivery of computers to County offices.

The increase in revenue and expense are a result of a change in accounting method to properly account for sales of inventory items to external organizations, necessary for compliance with US GAAP. The change does not affect the fund balance because the change in revenue and expense net to zero.