

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

Lead Agency: County Management
Program Contact: Rich Swift

Program Characteristics:

Executive Summary

Materiel Management provides goods and supplies to County Departments and other government agencies. By aggregating government supply needs Materiel Management can buy 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 229 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 - FY07 \$9,094,608 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 – FY07 1,103,055 items received and distributed across 250+ partners using 12.5 FTE.
- Extending the procurement of family planning products for partners of the State Family Planning program, including all 36 counties, enables volume discounts, centralized quality control and record-keeping services enabling Materiel Management to offset operating costs through increased external revenue and thus reduce operating costs allocated to County Departments.
- By focusing staff, expertise and other operational inputs Materiel Management increases efficiency and reduces the cost per item for these inputs: Account payable & receivable transactions 4,573/yr, goods requests 16,225, goods issues 56,560 and purchase orders executed 2,205.
- 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.
- Centralized commodities procurement enables the County to more easily meet environmental sustainability targets, for example use of post consumer recycled waste content in paper supplies, use of green janitorial supplies and development of new county-wide battery recycling program.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY06-07)	Current Year Purchased (FY07-08)	Current Year Estimate (FY07-08)	Next Year Offer (FY08-09)
Output	Number of material items issued in fiscal year	1,103,055	1,110,000	1,180,000	1,195,000
Outcome	External revenue	280,517	262,000	270,254	300,000
Efficiency	Number of inventory turns within FY	6	5	9	6
Quality	Customers receive ordered goods within 24 hrs	89	90	85	90

Performance Measure - Description

"Inventory turns" is an industry standard that indicates how many times the entire inventory is replaced in a year. 5 to 7 inventory turns are considered the benchmark. Numbers below this reflect the stocking of low demand inventory, which increases overall costs.

Legal/Contractual Obligation

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2008	2008	2009	2009
Personnel	\$0	\$972,209	\$0	\$994,837
Contracts	\$0	\$714	\$0	\$732
Materials & Supplies	\$0	\$3,037,594	\$0	\$3,661,257
Internal Services	\$0	\$279,733	\$0	\$418,661
Unappropriated & Contingency	\$0	\$0	\$0	\$71,099
Subtotal: Direct Exps:	\$0	\$4,290,250	\$0	\$5,146,586
Administration	\$15,136	\$181,279	\$8,437	\$92,960
Program Support	\$17,064	\$0	\$13,395	\$0
Subtotal: Other Exps:	\$32,200	\$181,279	\$21,832	\$92,960
Total GF/non-GF:	\$32,200	\$4,471,529	\$21,832	\$5,239,546
Program Total:	\$4,503,729		\$5,261,378	
Program FTE	0.00	12.60	0.00	12.60
Program Revenues				
Fees, Permits & Charges	\$0	\$4,360,300	\$0	\$4,387,565
Other / Miscellaneous	\$0	\$32,000	\$0	\$684,291
Program Revenue for Admin	\$377	\$0	\$114	\$0
Total Revenue:	\$377	\$4,392,300	\$114	\$5,071,856

Explanation of Revenues

Materiel Management is funded by an allocation system through the Distribution Fund. Total program costs for FY08 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 FY06. As required by County Code charges to other governments are set as a 10% surcharge of product cost and are estimated at \$270,254 for FY08. More revenues than planned enabled Materiel Management to keep its cost allocation to the County for FY09 at FY08 levels.

Significant Program Changes

Last year this program was: #72065, FREDS - Materiel Management