

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

Lead Agency: County Management
Program Contact: Garret Vanderzanden

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. Materiel Management also has a vital role in Multnomah County's Emergency Preparedness and Incident Command System, serving as the Warehouse Operations component of the Receiving and Distribution Center, or RDC, which functions as the high security central point for receipt and distribution of supplies and equipment for Multnomah County in the event of an emergency.

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 - FY08 \$6,966,344 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 – FY08 1,121,243 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, centralize 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 5,105/yr, goods requests 16,076, goods issues 56,966 and purchase orders executed 2,484.
- 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 (FY07-08)	Current Year Purchased (FY08-09)	Current Year Estimate (FY08-09)	Next Year Offer (FY09-10)
Output	Number of material items issued in fiscal year	1,121,243	1,195,000	1,132,289	1,150,000
Outcome	External revenue	253,993	300,000	256,761	300,000
Efficiency	Number of inventory turns within FY	8	6	8	8
Quality	Customers receive ordered goods within 24 hrs	85	90	90	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	2009	2009	2010	2010
Personnel	\$0	\$994,837	\$0	\$1,018,882
Contracts	\$0	\$732	\$0	\$1,600
Materials & Supplies	\$0	\$3,661,257	\$0	\$3,038,489
Internal Services	\$0	\$418,661	\$0	\$450,571
Unappropriated & Contingency	\$0	\$71,099	\$0	\$0
Subtotal: Direct Exps:	\$0	\$5,146,586	\$0	\$4,509,542
Administration	\$28,942	\$84,741	\$18,075	\$67,474
Program Support	\$30,717	\$0	\$26,662	\$0
Subtotal: Other Exps:	\$59,659	\$84,741	\$44,737	\$67,474
Total GF/non-GF:	\$59,659	\$5,231,327	\$44,737	\$4,577,016
Program Total:	\$5,290,986		\$4,621,753	
Program FTE	0.00	12.60	0.00	12.60
Program Revenues				
Fees, Permits & Charges	\$0	\$4,387,565	\$0	\$4,510,451
Intergovernmental	\$0	\$0	\$0	\$0
Other / Miscellaneous	\$0	\$684,291	\$0	\$772,740
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$5,071,856	\$0	\$5,283,191

Explanation of Revenues

Material Management is funded by an allocation system through the Distribution Fund. Total program costs for FY09 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 Material Management in FY08. As required by County Code charges to other governments are set as a 10% surcharge of product cost and are estimated at \$256,761 for FY09.

Significant Program Changes

Last year this program was:

#72104 - DCM - FREDS Material Management