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CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

Date: May 13, 2014
To: Mayor Charlie Hales
From: Fred Miller, Interim CAO *Fred*
Cc: OMF Leadership Team
RE: CAO Recommendations for Near Term Implementation of OMF Review

Thank you for the opportunity to provide my recommendations on next steps for implementation of the OMF Review. The focused review of the Office of Management and Finance, its functions and structure, has identified a number of opportunities for the City to strengthen administrative policy guidance and internal centralized services.

I participated in the OMF study task force meetings, conducted internal briefings on the study findings, and reviewed the consultant's recommendations. In my discussions, there are some recommendations that appear to have general agreement that could be implemented at the start of the next fiscal year and would be reflected in the FY 2014-15 budget.

This memo will outline the recommendations that I see will need action in the next budget and those that require further study that we can begin now. I will also summarize some recommendations that represent work that is underway or recently received Council approval. I will conclude with my commitment to prepare a full report to Council on all the report recommendations after hearing Council's direction and concerns at your work session next week.

Implement in FY 2014-15 Budget

The following recommendations from the study appear to have general agreement and could be implemented in the FY 2014-15 budget, which is presented to Council for approval on May 28.

- **Integrate the financial functions within OMF into a Bureau of Revenue and Financial Services.** The consultants recommend that the new bureau be comprised of the Revenue Bureau, Public Finance and Treasury Division, Accounting Division, and Grants team. I think there is general agreement that consolidating these financial functions into a single bureau represents an effective and efficient way to provide Citywide financial services. We will see if Council has additional thoughts on this at the May 21 work session. Once the new bureau is created, we would select a leader to manage these functions and provide financial guidance to Council.
- **Move the ADA and Civil Rights (Title II and Title VI) compliance program from OMF to the Office of Equity and Human Rights.** The Bureau of Internal Business Services/Facilities Division and the Office of Equity and Human Rights are in general agreement on this move and are prepared for this transition effective July 1. This program is more closely aligned with the

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mission and function of the Equity office, although Facilities Services will still be involved in supporting ADA compliance in facilities they manage.

- **Move the Revenue Bureau Regulatory Program components most closely aligned with the Portland Bureau of Transportation from OMF to PBOT.** The Revenue Bureau and PBOT are in general agreement on this move and are prepared for a transition effective July 1. Consolidating the regulatory oversight associated with use of streets and right of way into Transportation and maintaining regulatory oversight associated with revenue collections in Revenue represent a positive organizational alignment of City services.
- **Move the Enterprise Business Solutions Division to the Bureau of Technology Services.** Both organizations are within OMF; OMF leadership concurs with this recommendation and is prepared for a transition effective July 1. We feel this consolidation will standardize and simplify many similar processes for our customer bureaus.

Require Further Analysis

There are some more significant changes recommended by the consultants regarding centralization of facilities management, revenue collection/accounts receivable, and professional services contract coordination that merit further review and analysis before decisions are made.

- **Conduct a consolidation inquiry.** While the consultant recommends centralization, there are numerous models the City can use for how these and other functions can be organized in order to maximize efficiency and effectiveness. Models used elsewhere in the City include centralized functions, site teams, embedded staff, coordination of systems and procedures, and co-location of staff. I will be convening a group of four bureau directors to define the scope of this inquiry and to identify any Citywide efficiencies or opportunities in the three areas identified. The inquiry will consider the right mix of functions and division of responsibilities between bureaus and a centralized service provider.

Actions Underway

The following represent recommendations that although captured in the OMF study, represent projects that Council has already approved to move forward.

- **Initiate a Classification and Compensation Study.** With funding secured, this project has been initiated. BHR is working with Procurement to get a contract in place early summer 2014, integrating pay equity analysis into scope.
- **Develop a Citywide core onboarding for new employees.** Council approved funding carryover for the Bureau of Human Resources to develop a Citywide onboarding program in the next fiscal year.
- **Develop a citywide technology strategic plan.** BTS has initiated strategic planning for the next three years, building on the 10 strategic initiatives discussed with the Council. The plan will

account for prioritizing initiatives that will achieve operational efficiencies and take into account existing projects.

- **Establish a citywide IT Governance Committee consisting of a representative cross-section of senior personnel from across the City with authority to approve/disapprove proposed technology projects.** The initial kick off meetings for the Communities of Interest (COIs) have been held and the Bureau of Technology Services is incorporating input on the draft Charter and Concept of Operations for the IT Executive Steering Committee (ITESC) and COIs based on bureau input.
- **Develop funding mechanisms to build reserves for major maintenance and technology system replacement and present these to City Council for consideration and approval.** OMF, specifically technology and facilities services, is working with other City asset managers and the City Budget Office in responding to a budget note on addressing major maintenance funding of City assets.

Conclusion

We will participate in the Council work session on the OMF study scheduled for May 21, and be prepared to implement those actions that are agreed upon for a July 1 effective date. I also look forward to additional discussions with Council on the recommendations that require further work with our City bureaus to agree on next steps. I am also prepared to follow up with Council on further discussions of roles and responsibilities that come with these organizational changes, and to develop a communication to Council that addresses the full range of the OMF study recommendations.

Please let me know if you have any questions.

