

# OFFICE OF MANAGEMENT & FINANCE



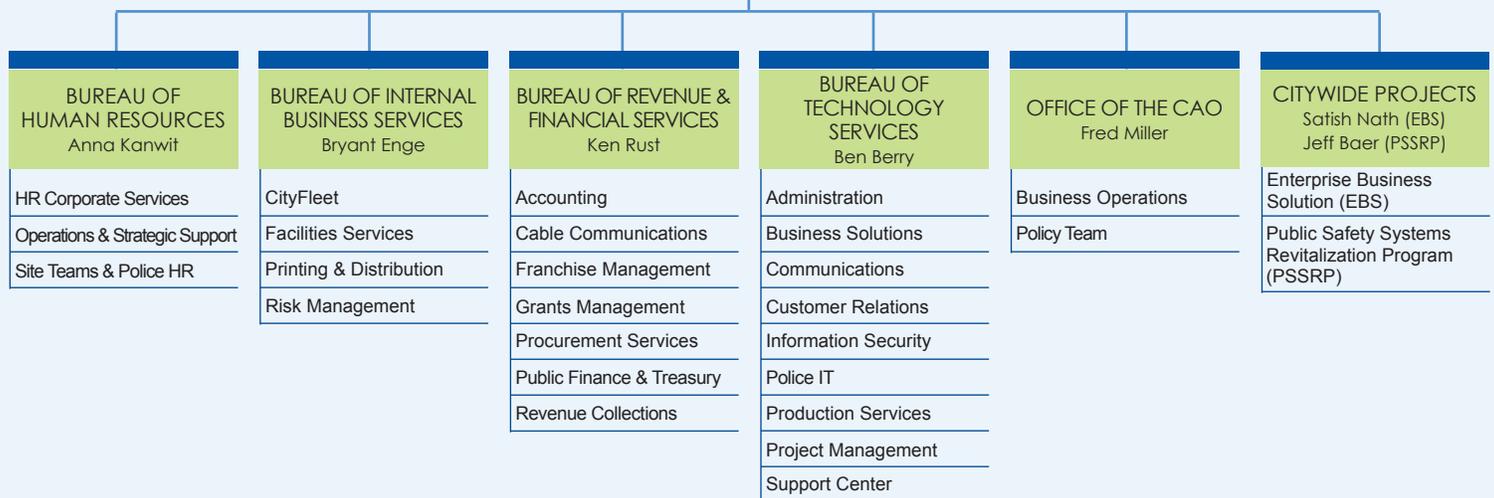
FY 2015-16 BUDGET PRESENTATION  
MARCH 31, 2015

Charlie Hales, Mayor  
Fred Miller, Chief Administrative Officer

**OMF MISSION: To be a trusted partner creating smart solutions for the City and our Community.**

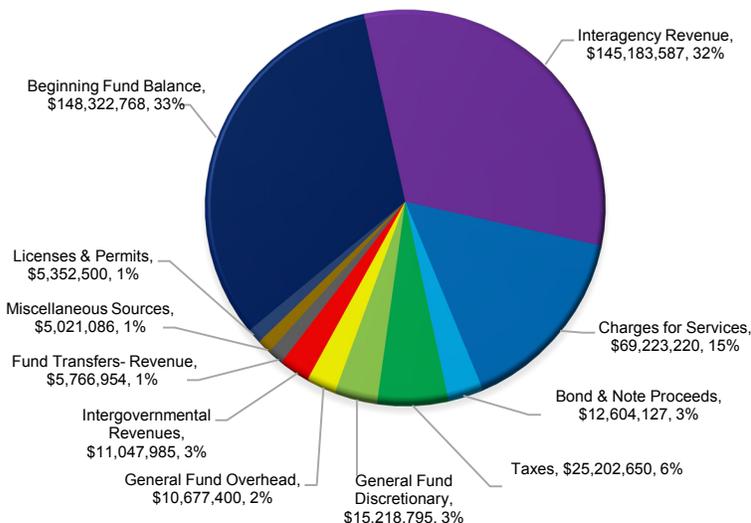
## ORGANIZATIONAL STRUCTURE

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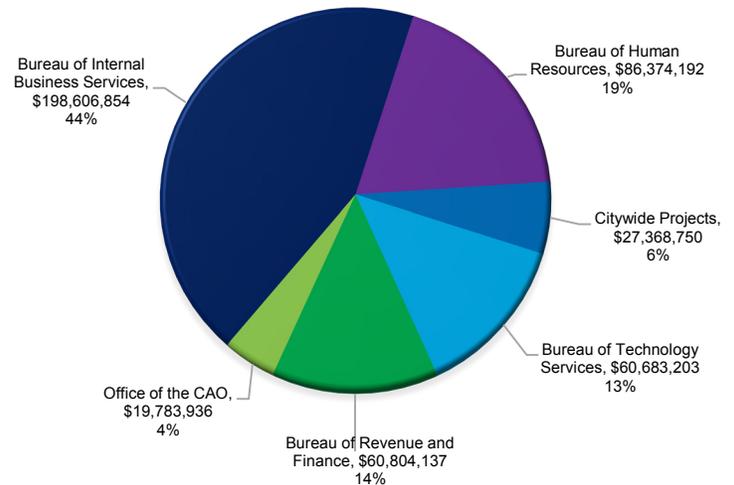


## FY 2015-16 OMF BASE BUDGET

### RESOURCES



### REQUIREMENTS



**TOTAL OMF BASE BUDGET: \$453,621,072**



## WHO WE ARE

### **Office of the CAO**

In addition to Citywide responsibilities and managing the Office of Management & Finance to ensure cost effective administrative and support services, the Chief Administrative Officer is responsible for providing the Mayor and City Council with accurate and timely information and analysis on a wide array of financial and policy issues. This office includes the Business Operations division, Policy team and Spectator Facilities.

### **Bureau of Human Resources (BHR)**

The Bureau of Human Resources is responsible for managing the City's human resources systems, including administrative rules and procedures. It is responsible for assisting bureaus to recruit, develop, and retain a competent and high-quality workforce. The bureau manages employee benefits, payroll, deferred compensation, the Health Insurance Fund, classification and compensation, labor relations, and workforce training. *The FY 2015-16 budget reflects one trainer position moving from EBS.*

### **Bureau of Internal Business Services (BIBS)**

The Bureau of Internal Business Services manages a range of core internal services that are critical to meeting City business needs such as facilities, fleet, printing, and risk management. *The FY 2015-16 budget reflects Procurement Division moving to the Bureau of Revenue and Finance.*

## Significant Issues

OMF leadership developed significant issues, which need to be addressed to reduce operational and/or financial risks to the City. These are long-term issues that will likely include partners. Addressing these issues requires attention by decision makers this year and may require a FY 2015-16 budget action. OMF decision packages and the OMF work plan action items reflect these significant issues.

- Data Security/Emergency Preparedness
- Employee Pension Benefits: Retirement Security and Financial Reporting
- Employer of Choice
- Equity and Opportunity
- Property Management/Taking Care of What We Have

### **Data Security/Emergency Preparedness**

The City relies extensively on technology in order to provide critical services to the public. A large scale natural or man-made disaster could result in catastrophic destruction of numerous technology systems that are essential for the ongoing operation of the City. In addition, ensuring the integrity of the systems that keep customer information is essential for public trust.

### **Employee Pension Benefits: Retirement Security and Financial Reporting**

City employees are covered under a pension system managed by the State of Oregon Public Employees Retirement System (PERS). The Individual Account Program (IAP) of PERS imposes significant market risk on participants, which could put their retirement security at risk. The City will need to closely monitor the management of pension benefits under the IAP and work toward making changes in the investment structure of the IAP.

### **Employer of Choice**

The City strives to be the public employer of choice. Components of becoming an employer of choice include Citywide onboarding and an updated classification/compensation system, and both are in progress.

### **Equity and Opportunity**

The City has adopted the Portland Plan and the City requires all bureaus to assess the equity and social impacts of their service delivery, policies and budget requests to identify who benefits and who is burdened, and to help reduce disparities in our community. OMF has specific responsibilities to promote diversity in the City's workforce and in the City's contracting opportunities.

### **Property Management/Taking Care of What We Have**

It is critical for the City to preserve and maintain its property assets. Without regular attention, properties fall into disrepair and end up costing more to fix than it would have cost if they were maintained properly.

# OMF Budget Development

## Bureau Advisory Committee

The OMF Advisory Committee, which serves as OMF's Bureau Advisory Committee during budget development, provided valuable customer feedback, especially on the funding impacts to other bureau operations and budgets. While the Committee generally supports OMF's decision packages, bureaus had concerns about covering interagency rate increases within their existing budgets. Hearing this, OMF kept requests focused on the most critical needs.

## Equity Lens

As ideas developed, an equity lens was used to determine if programs or decision packages make positive strides in creating equitable outcomes, or if they inadvertently burden a particular group. The Equity Assessment Tool was completed with information from each OMF bureau and equity impact statements were included with each decision package.

## Customer Focus

OMF has increased the focus on customer needs and business process improvements. In addition, OMF is looking for ways to improve and support customers with existing resources.

The CAO identified a list of current processes that could be improved and work is underway to address these issues. Customer participation has been invited. There are also several information sharing initiatives like the Business Hour group of business and administrative managers from around the City, or the Directors of Small Bureaus meeting. OMF also created the role of OMF navigator to provide a single point of contact to help customers in finding the right person to address a specific need. A Customer Service Survey is currently in process and asks City Bureau Directors to provide specific, qualitative feedback for further follow up by OMF directors and managers.

The FY 2015-16 budget reflects discussions with customers about their needs, the City's needs, and their ability to support increases to services. In addition, OMF is looking for ways to improve and support customers within existing resources.

## Decision Packages

Addresses Emergency Preparedness

- Technology Disaster Planning Analyst

Addresses Equity and Opportunity/Supports Employer of Choice

- Citywide Training and Onboarding
- Focusing on Employing Persons with a Disability

Revenue-generating/Supports Revenue Collection

- IRS Data Exchange
- Franchise Agreement Auditor Position
- Legal Services to Support Revenue Collection

Customer Bureaus Support Funding

- DBC Finance Software
- Facilities Maintenance Technician Apprenticeship Program

Realignment Package

- Portland Building Renovation Design Realignment



## WHO WE ARE

### Bureau of Revenue and Financial Services (BRFS)

The Bureau of Revenue & Financial Services is responsible for revenue collection, financial management services. The bureau is responsible for collecting the business license tax, utility license franchise fees, transient lodging tax, business property management, cable franchise management, and other revenues. It also provides Citywide financial services including accounting, financial reporting, treasury, debt management, grants management, and procurement. *The FY 2015-16 budget reflects Procurement Division joining the bureau.*

### Bureau of Technology Services (BTS)

The Bureau of Technology Services provides planning and management of the City's communications related and information technology equipment and systems. The bureau provides expert and cost effective communications and information technology services to the City and regional partners, promoting interoperability. *The FY 2015-16 budget reflects EBS's move to Citywide Projects.*

### Citywide Projects

Citywide Projects consists of the Enterprise Business Solution division, managing the City's SAP application, and the Public Safety Systems Revitalization Program, focusing on replacing aging public safety technology systems that support critical Citywide needs. *The FY 2015-16 budget reflects EBS joining Citywide Projects and one trainer to BHR from EBS.*



# KEY PERFORMANCE MEASURES

## Percentage of Diverse Applicants per Recruitment - Minority

The recruitment value reflects the City's networking and outreach efforts. The percentage of minority applicants is expected to reach 20% in FY 2015-16.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
19%	21%	20%	20%	20%

## Percentage of Diverse Applicants per Recruitment - Female

The recruitment value reflects the City's networking and outreach efforts. The percentage of female applicants is expected to reach 40% in FY 2015-16.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
37%	44%	40%	40%	40%

## Business License Tax Gap

The tax gap is the difference between business taxes and fees owed and the amount paid. The number of new businesses has increased as the economy improves. Systematic and sustained collections have held the gap to within an acceptable range.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
\$7.14	\$7.16	\$7.24	\$7.36	\$7.30

## City's Unlimited Tax General Bond Rating (1=Aaa)

The City continues to maintain the highest Aaa bond rating.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
1.00	1.00	1.00	1.00	1.00

## Percent of MWESB Hours Worked

The percent of minority and women contractor hours worked on City construction projects is in accordance with the Workforce Training and Hiring goal of 27%.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
22%	35%	35%	22%	22%

## Percentage of OMF Owned City Facilities Maintained in Good Condition

Facilities Services conducts annual condition inspections of all buildings in the OMF portfolio, which are then rated based on the projected major maintenance and repair cost as compared to the replacement cost of the building. The ratings include poor, fair, and good condition.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
61%	61%	61%	61%	61%

## Network Availability (Excluding Scheduled Maintenance)

This measures the infrastructure availability that allows the City's workforce to access City technology applications and tools, anytime, anywhere including the use of mobile devices.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
99.96%	99.96%	99.96%	99.96%	99.96%

## Percent of CityFleet Vehicles that Utilize Alternative Fuel and Hybrid Technology

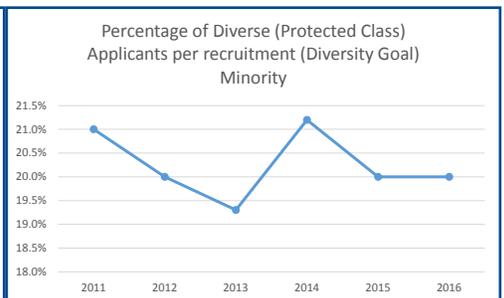
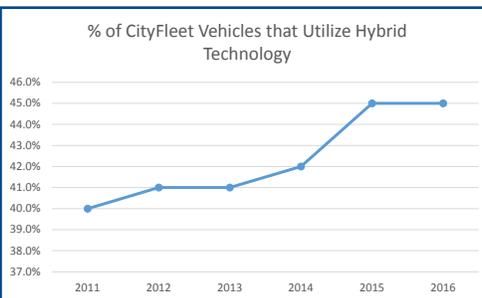
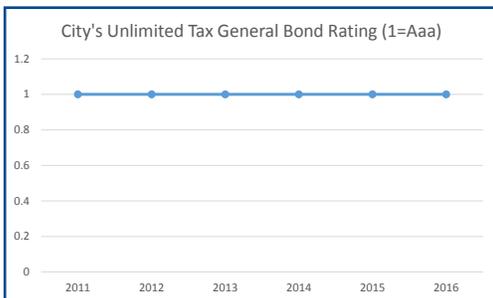
CityFleet supports the City's sustainability goals and strives to improve air quality, reduce dependence on foreign oil, reduce negative environmental impacts, control costs, and reduce vehicle emissions through a comprehensive Green Fleet Vehicles implementation Program. Use of alternative fuel and hybrid technology vehicles supports these efforts.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
41%	42%	45%	45%	45%

## Payment Gateway Availability

The payment gateway processes payments for City services such as permits, parking meters, Arts Tax, and water bills.

Actual	Actual	Yr. End Est.	Base	Target
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
99.95%	99.99%	99.90%	99.90%	99.90%



**OMF FY 2015-16 Requested Budget  
Decision Package Summary**  
February 2, 2015

**Addresses Emergency Preparedness:**

<b>Rank</b>	<b>Package Title</b> Package Description	<b>Funding Source</b>	<b>Amount</b>	<b>FTE</b>
1	<b>BTS – Technology Disaster Planning Position</b> Request a position to implement threat mitigation strategies for the City's information and technology systems in case of an unforeseen disaster. BTS operates a variety of information systems that would be vulnerable in unforeseen disasters. These systems include the City's financial and certain public safety systems. In FY 2014-15, there is one-time funding for a Technology Disaster Planning Analyst position to develop a robust technology disaster recovery strategy and plan to support the Portland Bureau of Emergency Management's (PBEM) Citywide Continuity of Operations Planning (COOP). There is ongoing work required to ensure that the disaster strategy and plan can be tested annually and evolve as the technology itself evolves and initial recruitment efforts for the limited-term position have been very challenging because the position is much sought-after in the industry. Bureaus are interested in protecting their technology investments in case of disaster so they can maintain service delivery and BTS sees this as an ongoing need.	Ongoing Interagency Rates	\$158,252	1

**Addresses Equity and Opportunity/Supports Employer of Choice:**

<b>Rank</b>	<b>Package Title</b> Package Description	<b>Funding Source</b>	<b>Amount</b>	<b>FTE</b>
2	<b>BHR – Citywide Training and Onboarding Support</b> Request a position to manage and update the onboarding program; develop and deliver training for supervisors around leadership, succession planning, and employee development (including mentoring, coaching, communication, and performance management); deliver diversity training; and assist in the development of e-Learning resources for City employees. BHR had one-time funding for this position in FY 2014-15, which has been used to develop an onboarding program. Without new resources, the Training and Development Program cannot manage and coordinate Citywide training and deliver Council-mandated training while also	One-Time General Fund Overhead & Discretionary	\$122,332	1

	managing the onboarding program and developing needed new trainings and programs. Employee training demonstrates a commitment by the City to becoming an Employer of Choice and to taking care of its most important infrastructure – people.			
3	<b>BHR – Position Focusing on Employing Persons with a Disability</b> Request a position to implement and maintain strategies for the City to become a model employer of persons with disabilities. In May 2012, City Council adopted Resolution 36925 calling for the City to become a model employer, which means the City should demonstrate a strong commitment in the employment, promotion, and equitable treatment of persons with disabilities. Through assistance from the Office of Equity and Human Rights and work done by the HR Director and a Portland Commission on Disabilities sub-committee, a draft strategy and work plan was developed and a baseline survey was conducted. The position will focus on implementation of the strategies and work plan, including employment outreach to persons with disabilities and training for City employees on hiring, creating a welcoming work environment, and retaining employees with disabilities. This package supports the Mayor's priority of Equity and Opportunity.	One-Time General Fund Overhead & Discretionary	\$99,845	1

**Revenue-Generating or Supports Revenue Collection:**

Rank	Package Title Package Description	Funding Source	Amount	FTE
4	<b>BRFS – Revenue – IRS Data Exchange Ongoing Support</b> Request a position (\$109,472) and related ongoing technology and support costs (\$431,028) associated with the Internal Revenue Service (IRS) Government Liaison Data Exchange Program (GLDEP). This program is being implemented using Innovation Fund resources from FY 2013-14 and allows Revenue to receive Federal Taxpayer Information (FTI) from the IRS. Because of the significant safeguarding and security procedures that must be performed to receive FTI, a full-time IRS Liaison and Disclosure Officer is needed to interact with the IRS Office of Safeguards and the IRS GLDEP Liaison and to provide required training, auditing, activity logging, and monitoring. Along with the position, there are significant costs being incurred for technology services needed to maintain the FTI system. FTI will be used to collect tax revenues for the City and County. Its use is projected to increase compliance with all income tax programs. It is projected to increase the amount of General Fund business tax revenues collected by a range of \$780,000 to \$2.3 million annually.	One-Time General Fund Discretionary	\$540,500	1
5	<b>BRFS – Revenue – Franchise Agreement Auditor Position</b> Request a limited-term position to perform 15-20 audits annually for the Franchise Management and Utility License Programs, which generate over \$82 million annually in General Fund revenue. The Office for Community Technology (OCT) within the Revenue Division is responsible for managing franchise agreements for entities using the right of way	One-Time General Fund Discretionary	\$140,000	1

	and for the utility license fees paid by utilities operating within the City. Together, the programs involve over 175 entities. Regular audits are necessary to ensure compliance with franchise agreements and the City's code. Currently, audits are only getting done periodically as resources are available. Based on past audit results, it is expected that this package would bring in General Fund revenue in excess of what it costs. The results will span multiple years since franchise audits take many months to complete.			
6	<p><b>BRFS – Revenue – Legal Services to Support Revenue Collection</b></p> <p>Request funding for additional service from the City Attorney's Office for the implementation, collection, and advice regarding key sources of revenue for the City of Portland – specifically, the Arts Tax, Transient Lodgings Tax, Business License Tax, Business Improvement Districts and any other income based personal and business fees or taxes pursuant to the Portland Street Fund. Prior to FY 2012-13, Revenue funded a full time Deputy City Attorney position through an interagency agreement with the City Attorney's office. That year, due to a decrease in attorney workload on behalf of the Revenue Division, coupled with the economic downturn, the Revenue Division was forced to decrease the funding to half of a position. Since that time, the need for legal services by the Revenue Division for new issues has dramatically increased. For example, legislation adopted by the State of Oregon that went into effect in October of 2013 for Online Travel Companies and has resulted in over a year of negotiation and service from the City Attorney. The City Attorney's office has advised that they cannot sustain this increased workload without additional funding.</p>	One-Time General Fund Discretionary	up to \$105,000	0

**Customer Bureaus Support Funding:**

Rank	Package Title Package Description	Funding Source	Amount	FTE
7	<p><b>BRFS – Debt Management – DBC Finance Software Ongoing Maintenance</b></p> <p>Request funding to cover the additional ongoing annual maintenance cost for DBC Finance software over the cost of the previously-used debt structuring software. Council approved one-time funding in the FY 2014-15 Fall BMP to replace Debt Management's bond structuring software (Munex) with DBC Finance, a more robust and sophisticated software that is the municipal debt market industry standard. This software upgrade will ensure greater service reliability and stability for the City's \$3.5 billion debt program and has the support of our bureau customers. The BMP approval paid for the DBC Finance upfront license fee and the annual maintenance fee for FY 2014-15. DBC Finance is Software as a Service which, to be functional, requires ongoing annual maintenance payments. Debt Management's customers support the software change and the funding for it.</p>	Ongoing Interagency Rates (to Debt's customers)	\$11,500	0

8	<p><b>BIBS – Facilities – Facilities Maint. Tech. Apprenticeship Program</b>  Request a maintenance position to provide increased customer service, including quicker response times, and develop an apprenticeship program. Facilities customers currently wait long periods of time to have their requests met, sometimes more than a month. Through this request, Facilities will be able to improve response times and to develop a Facilities Maintenance Technician apprenticeship program to support the development of a more diverse workforce and provide for succession planning. The Bureau of Development Services has agreed to fund this position through an interagency agreement.</p>	Ongoing Interagency Rates (to BDS)	\$122,332	1
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### Realignment Package

Rank	Package Title Package Description	Funding Source	Amount	FTE
1	<p><b>BIBS – Facilities – Portland Building Renovation Design Realignment</b>  Request to realign resources within the Portland Building’s major maintenance account to fund design and cost estimating services for the Portland Building exterior, interior, and structural improvements project. This work will be performed by a construction contractor and will provide services through the construction documents phase. The results will yield detailed and necessary direction on how best to design and construct needed repairs to the Portland Building, identifying cost efficient construction phasing and a methodology that will have the least impact on business operations of tenants in the Portland Building. It will also provide information needed to develop a full financing package. The Portland Building’s major maintenance account is funded through rental rates charged to tenants. If this realignment is approved, major maintenance projects previously planned would be deferred.</p>	One-Time Realignment of Major Maintenance Funds	\$3,750,000	0