



Prepared by
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Office of Management and Finance 2012 – 2017 Strategic Planning Findings Report

April 2012

Introduction

As part of the Office of Management and Finance (OMF) 2012 – 2017 strategic plan development, beginning in February and ending in April of 2012 we completed 33 internal and external stakeholder interviews including a total of 47 individuals, nine focus groups including a total of 103 attendees, an internal and two external surveys with a total of 246 respondents, and an environmental scan consisting of 212 pages of analysis. Findings were developed as a result of each of these efforts and presented in individual reports using the Balanced Scorecard framework perspectives of customer, internal business process, financial, and learning and growth. This report (Findings Report) provides a summary of the results. The findings reported here will be analyzed by the Strategic Planning Steering Committee to develop issues, which will in turn drive the development of goals, strategies, and performance measures by the Strategic Planning Task Force.

The classical Strengths, Weaknesses, Opportunities and Challenges (SWOC) approach was used to gather findings in the interviews and focus groups. Two particular strengths were so strong that they are worth noting below; both strengths are described in more detail on page 4 of the survey report.

- **OMF is perceived as an effective steward of public resources.**
OMF enjoys a positive reputation as a steward of public resources. This was evident in ratings to questions in the survey, comments made by participants in the focus groups, and frequent statements made in interviews.
- **The majority of both employee and customer respondents reported that they receive the correct information in their initial contact with OMF.**
OMF enjoys a reputation of providing correct information upon initial contact. There was a tremendous amount of respect noted for the professional knowledge employees hold and their ability to get to correct answers immediately, if the question is standard, and relatively soon if the question was unique.

Because the input on weaknesses was provided in the context of examples, weaknesses were incorporated as challenges. The results of the research are presented in this report as opportunities and challenges for each of the Balanced Scorecard perspectives.

This report is formatted into three sections: first, a summary listing of the findings; second, a descriptive narrative summary of each finding; and finally, a cross-referenced list with the finding and the source report from which each finding originated. Findings are presented in priority order based on frequency of discovery throughout the analysis.

Summary of Findings

The findings are shown below, linked to their primary source document by the following codes:

- (I) – Stakeholder Interviews
- (F) – Focus Groups
- (S) – Internal / External Survey
- (E) – Environmental Scan

Page numbers from the source document is shown after each code.

Customer Perspective

Opportunities

1. OMF does not provide enough assistance in helping bureaus navigate rules and processes to solve problems and improve their operations, and focuses too much on enforcing the rules. (I 8) (F 12, 13, 14) (S 4, 5) (E 83)
2. OMF administrative requirements assume one size fits all for all bureaus and that doesn't work. Services and administrative requirements should be better suited to the type and size of the bureau. (I 6 ,7) (F 13) (S 4, 5) (E 97, 132)
3. Over the next three years, one-third of the City's workforce will be eligible for retirement. OMF is expected to lead citywide succession activity / workforce planning. (I 6)(E 44, 50, 118, 119, 102, 104)
4. There is a gap in the diversity of the City's workforce. OMF is expected to lead continued efforts to close the gap in the diversity of the workforce. (I 22)(F 14, 20, 21) (S 5) (E 32, 33, 41, 115)
5. In the case of a disaster, rapid recovery of key technology – the assets that OMF manages – is critical to ensure business continuity. (E 74, 165)
6. The City expects that OMF will carefully manage assets and debt through the very slow recovery of the recession in order for the City to have a strong position for the future. (E 139, 140, 150, 151, 153, 154, 155, 156, 187)
7. The SAP system benefits have not been fully realized and additional functionality is needed. (I 6) (F 14) (E 135, 141)
8. OMF has a unique citywide perspective and several people, including elected officials, expect that this perspective could be better used to facilitate conversations between bureaus and between bureaus and elected officials in order to increase understanding of the consequences of decisions. (I 9) (F 14)
9. It is not clear to customers what services OMF provides and why, and what the cost and value of those services are. (I 11) (F 12)

10. OMF is viewed as having a strong role (second only to the Portland Development Commission) in helping grow the economic viability of the City. (I 20) (E 173, 178, 183)
11. Some services related to existing OMF services could be more efficiently provided within OMF. Examples include the Water Bureau billing and the Auditor's Office assessment and collections. (F 14)

Challenges

12. There is an increased need for technology services to provide larger and more complex data analysis (e.g. video surveillance, big data, and enhanced reporting requirements). (E 49, 52, 56, 58, 61, 90)
13. Insufficient City finances and resources require bureaus to identify new funding strategies and sources, and bureaus expect more assistance from OMF. (I 19)(E 113, 200)
14. Procurement requirements are becoming more complex (e.g. sustainable sourcing, "sweatshop free" policy, full service end-to-end procurement, supply risk management) and bureaus are frustrated – expecting help from OMF to keep the procurement process reasonable. (E 84, 85, 122, 123)
15. The City continues to have to provide core services in a weak economy and bureau leaders expect OMF to communicate the challenge of funding shadow obligations. (E 100, 107, 112)

Internal Business Process Perspective

Opportunities

16. Certain frequently used OMF business processes are slow or inefficient (examples include: recruitment and hiring processes, preparation of budget documents, preparation of Council filing documents, and requesting maintenance of city buildings). (I 17) (F 17, 19) (S 4, 5) (E 71)
17. OMF is a collection of several bureaus and departments. For business processes that cross bureau or division lines, there is too little integration across organizational lines and response times are too lengthy. (I 13) (F 16, 17) (S 5) (E 68, 136)
18. Customers report frustration and a desire for OMF to use a common methodology for project management, project portfolio management and process improvement. (F 17, 18)
19. Employees expect greater use of flexible scheduling and more involvement in decision-making, particularly when decisions appear to be made by outside consultants. (F 15, 16)

Challenges

20. OMF must provide services in a highly decentralized city structure operating with a Commission form of government. (E 22, 25)
21. Technology is changing rapidly how bureaus expect to do their work and deliver services (e.g. tablets, smart phones, cloud computing, mobile applications, and end-to-end computing). (I 17) (F 15) (E 48, 59, 62, 64, 66)
22. Funding efforts through grants is increasing and the complexity of grants application and management is also increasing – fueling a trend among cities to centralize grants management. (E 26)

23. Public sector Fleets are expected to adopt alternative fuel options and reduce fuel consumption. (E 72, 73, 159)
24. The community expects Portland to be a leader in moving toward sustainable building construction driven by concern over environmental issues. (E 79)
25. The City will require mailing services even though U.S. Post Office operations are undergoing unprecedented change. (E 87)

Financial Perspective

Opportunities

26. The Bureau of Internal Business Services (BIBS) and the Bureau of Technology Services (BTS) are each responsible for maintaining critical City assets, including key buildings and technology systems. Neither organization has a funding model adequate to support major maintenance/ asset preservation or replacement projects. (F 18) (E 76, 145, 157)
27. There is a national trend to more regional collaboration between counties, cities, communities, and non-profit organizations, including procurement contracts and resource sharing. (F 19) (E 27, 117, 138, 167)
28. As traditional funding sources for OMF become more constrained, there is a need to identify new revenue streams (perhaps by adding services to other local governments), prioritizing budget decisions and ensuring clarity of rates that customers are charged. (F 18, 19)(S 5)(E 81)

Challenges

29. Disaster insurance premium costs are rising. (E 94)
30. There is a national trend to privatize some services such as financial management, human resources, call center, customer service, accounting and payroll services. However, this can increase problems with local control of service delivery. (E 95, 98)

Learning and Growth Perspective

Opportunities

31. Both employees and customers desire for OMF to change its internal culture by recognizing proactive behavior, encouraging more innovation and instilling more accountability for results. (I 21) (F 19, 20, 21)
32. The City does not have a comprehensive on-boarding process for new employees and there is concern that lack of training is inhibiting the advancement of some needed employee and leadership skills. (I 21) (F 21, 22) (S 5)
33. The City's willingness to invest in employee health and wellness seems to change with the economic conditions, whereas national research indicates that health and wellness contribute to long-term benefits through improved production, lower health care costs, reduced claims, and higher morale. (F 20, 21) (E 46, 47, 93)

Challenges

34. An increasing number of employees are required to be proficient in social media practices and the City provides no common training and education in the appropriate public sector use of social media. (E 120)
35. Employees expect greater use of teleworking capabilities than are currently in use. (F 22) (E 69)

Descriptions of the Findings

The supporting findings are shown below, linked to their primary source document by the following codes:

- (I) – Stakeholder Interviews
- (F) – Focus Groups
- (S) – Internal / External Survey
- (E) – Environmental Scan

Page numbers from the source document is shown after each code.

Customer Perspective

Opportunities

1. **OMF does not provide enough assistance in helping bureaus navigate rules and processes to solve problems and improve their operations, and focuses too much on enforcing the rules.** (I 8) (F 12, 13, 14) (S 4, 5) (E 83)

OMF has a dual role of providing services and enforcing rules. Keeping a proper balance to ensure customer bureaus, departments and external customers are well served so their problems and challenges are addressed while at the same time ensuring compliance to laws and regulations is critical. Listening carefully to the needs of those they serve, providing creative solutions and being available with support throughout implementation are three steps requested of OMF in nearly every interview, most of the focus groups, and in many of the survey open ended statements.

2. **OMF administrative requirements assume one size fits all for all bureaus and that doesn't work. Services and administrative requirements should be better suited to the type and size of the bureau.** (I 6 ,7) (F 13) (S 4, 5) (E 97, 132)

There is a common understanding that standardization of processes is an important part of ensuring quality results and containing costs, but there was a lot of feedback about processes and requirements from OMF to bureaus that are considered poor fits for some bureaus. For instance, several small bureaus reported that some of the paperwork required to hire a new employee, move an employee, change technology, and participate in various required meetings is overwhelming and tuned to the capability of large bureaus who can dedicate specific individuals to learn and participate and necessary.

3. **Over the next three years, one-third of the City's workforce will be eligible for retirement. OMF is expected to lead citywide succession activity / workforce planning.** (I 6)(E 44, 50, 118, 119, 102, 104)

OMF includes the Bureau of Human Resources and thus the function of supporting the City through succession and workforce planning falls naturally within the OMF scope of services. Additionally,

while OMF has experienced a large turnover of its senior management team, feedback suggests that the impression by most observers is that the succession efforts practiced during these changes were successful. Over the next three years, one-third of the City's workforce will be eligible for retirement, and at the same time, there is a lack of entry-level positions to address changing business needs and reach diversity equity goals. Additionally, as a large percentage of the workforce retires, the age demographic of the workforce will shift. It will be important for the bureaus to understand and properly address the needs of a younger workforce. There is an urgent need for OMF to help the other bureaus continue their succession and workforce planning activities.

4. **There is a gap in the diversity of the City's workforce. OMF is expected to lead continued efforts to close the gap in the diversity of the workforce.** (I 22)(F 14, 20, 21) (S 5) (E 32, 33, 41, 115)

While progress has been made in moving to a more diverse workforce in the City, more work is necessary. "At the core of the Portland Plan is the need to advance equity." For example, 16% of employees are people of color while 26.2% would be parity when compared to the demographics of Portland. Finding new and more effective ways to help the bureaus and departments OMF services close the gap on diversity is an important role for OMF.

5. **In the case of a disaster, rapid recovery of key technology – the assets that OMF manages – is critical to ensure business continuity.** (E 74, 165)

The City relies extensively on technology in order to provide critical services to the public. A large scale natural or man-made disaster can result in catastrophic destruction of numerous technology systems that are essential for the ongoing operation of the City, including communications for law enforcement, fire and rescue, emergency dispatch, payroll, revenue collection, and accounts payable. Preparing for rapid recovery of key technology in the case of a disaster is an important challenge for OMF to address.

6. **The City expects that OMF will carefully manage assets and debt through the very slow recovery of the recession in order for the City to have a strong position for the future.** (E 139, 140, 150, 151, 153, 154, 155, 156, 187)

The City's financial condition is stable, but has lost ground due to growing debt, unfunded liabilities, and funding gaps in maintaining infrastructure. In the FY2011 budget, for instance, there is a \$312 million funding gap from what the bureau's identified to develop needed capacity, maintain existing facilities and technology, address regulatory requirements and meet service levels. Helping the City manage asset and debt through the very slow recovery of the recession to have a strong position for the future is a key role for OMF. (A variation of this theme shows up in the Financial Perspective: 28. Find adequate funding for asset preservation.)

7. **The SAP system benefits have not been fully realized and additional functionality is needed.** (I 6) (F 14) (I 6) (F 14) (E 135, 141)

SAP was implemented to improve and replace and outdated system and to standardize the primary information systems used in the City. Implementation continues to be problematic in some areas and full functionality initially intended has not been realized. Many reported in the interviews and focus groups that SAP is difficult to use and getting needed information from the system can be very difficult. At the same time, there was an overwhelming agreement that SAP is the system the City will use and a desire for rapid progress to be made so the full benefits can be realized. There was

also awareness that SAP has additional functionality that could be helpful once the current implementation reaches a stable state and adoption is widespread.

8. **OMF has a unique citywide perspective and several people, including elected officials, expect that this perspective could be better used to facilitate conversations between bureaus and between bureaus and elected officials in order to increase understanding of the consequences of decisions.**

(I 9) (F 14)

Ken Rust and the management team of OMF were highly praised during interviews and some focus groups for going beyond simply providing services by providing counsel and guidance, especially between bureaus and between elected officials. Several people expressed their hope that Jack Graham, as the new chief administrative officer, and his management team will continue to provide this advanced level of value.

9. **It is not clear to customers what services OMF provides and why, and what the cost and value of those services are.** (I 11) (F 12)

Both internal and external focus groups and people interviewed recommended that OMF step up its efforts to market the value of their services. They recommended that OMF create an integrated brand to help build a unified identity, find ways to make it clear what services OMF provides and why, and make it easy to understand both the cost and value of those services. If people that work with OMF understand the value proposition, they will be in a better position to provide recommendations and participate wisely.

10. **OMF is viewed as having a strong role (second only to the Portland Development Commission) in helping grow the economic viability of the City.** (I 11) (F 12)

The environmental scan research made it clear that Portland is positioned well in several industries for growth. While the Portland Development Commission plays a primary role in helping make this happen, OMF plays a strong secondary role. Growing the economic viability of the City is a critical strategy for the health and well-being of all citizens of Portland, and thus an important role for OMF to continue or even increase.

11. **Some services related to existing OMF services could be more efficiently provided within OMF. Examples include the Water Bureau billing and the Auditor's Office assessment and collections.**

(F 14)

As a service provider to bureaus, departments, and some outside customers, OMF is well positioned to provide additional services. For example, OMF could provide the Water Bureau billing or the Auditor's Office Assessment and Collections.

Challenges

12. **There is an increased need for technology services to provide larger and more complex data analysis (e.g. video surveillance, big data, and enhanced reporting requirements).** (E 49, 52, 56, 58, 61, 90)

The advent of cloud computing, "big data" analysis and video surveillance systems at large scale are examples of solutions being developed to address increased individual mobility of computing, the desire to make more intelligence out of information collected as a natural part of operations, the desire to prevent crime, and other challenges that face the city. OMF can lead the City in responding quickly to increased information collection and processing.

13. **Insufficient City finances and resources require bureaus to identify new funding strategies and sources, and bureaus expect more assistance from OMF.** (I 19)(E 113, 200)

The City currently has insufficient finances and resources to support bureau needs, such as Parks and Recreation and Transportation. During interviews, there were specific requests for OMF to provide ideas, guidance, and support to identify new funding strategies and sources.

14. **Procurement requirements are becoming more complex (e.g. sustainable sourcing, “sweatshop free” policy, full service end-to-end procurement, supply risk management) and bureaus are frustrated – expecting help from OMF to keep the procurement process reasonable.** (E 84, 85, 122, 123)

There were many cases in the environmental scan research that indicate the complexity of procurement is increasing and many comments in the interviews and focus groups indicating how difficult it is to navigate through that complexity. (Partially addressed from the internal business process perspective in Finding 18, below). The procurement process needs to remain timely and cost effective while addressing increasing requirements.

15. **The City continues to have to provide core services in a weak economy and bureau leaders expect OMF to communicate the challenge of funding shadow obligations.** (E 100, 107, 112)

It appears that the Oregon and more specifically the Portland metropolitan area economy is slowly recovering from the recession, but the speed of that recovery is such that there continues to be significant negative impact on the City. Portland continues to experience a low number of new business licenses, a struggling housing market, slow consumer spending, and high levels of unemployment, all driving low levels of City revenues. In response, the City funded a number of ongoing programs and positions with one-time revenue, creating a “shadow obligation” for the City.

Internal Business Process Perspective

Opportunities

16. **Certain frequently used OMF business processes are slow or inefficient (examples include: recruitment and hiring processes, preparation of budget documents, preparation of Council filing documents, and requesting maintenance of city buildings).** (I 17) (F 17, 19) (S 4, 5) (E 71)

Bureaus and departments come to OMF to help them complete support work. Support work takes time away from their mission focused work, and thus is important to get done quickly and efficiently. Several processes were mentioned that are perceived as being troublesome, including preparation of council documents for review and filing, the procurement process (addressed from the customer perspective in Finding 15, above), recruiting, preparation of budget documents, and asking for maintenance of city buildings. Further, customers reported that they do not know how to follow up when they do not have a positive initial contact or disagree with what they are told. Much attention has been given to improving frequently used OMF business processes in the past; that effort should continue or even be increased.

17. **OMF is a collection of several bureaus and departments. For business processes that cross bureau or division lines, there is too little integration across organizational lines and response times are too lengthy.** (I 13) (F 16, 17) (S 5) (E 68, 136)

OMF is a collection of several bureaus and departments. From an outsider perspective, it is reported that it feels like there is too little integration between the internal operations of OMF even when processes cut across organization lines, too much centralization in some cases where decentralization would serve better, and too many layers of management in some cases to drive clear accountability and timely decision making. There was concern expressed about the difficulty of getting a timely and complete answer if the question involved multiple OMF bureaus. OMF has the opportunity to consider process related structures to ensure cross organizational handoffs are effective, in addition to evaluating a hybrid centralized/decentralized model for better delivery of some services.

18. Customers report frustration and a desire for OMF to use a common methodology for project management, project portfolio management and process improvement. (F 17, 18)

Project management (Waterfall, Agile/Scrum), project portfolio management, and process improvement (Lean, Rapid Process Improvement, Work Simplification, Six Sigma) are examples of enterprise management techniques that several people in the interviews recommended OMF fully adopt and make standard.

19. Employees expect greater use of flexible scheduling and more involvement in decision-making, particularly when decisions appear to be made by outside consultants. (F 15, 16)

Flexible scheduling was discussed during several of the focus groups as a possible way to improve workforce effectiveness and employee satisfaction. Also discussed in some of the focus groups was a desire for employees to be invited to participate in decisions that impact them and minimizing important decisions being made by outside vendors and consultants.

Challenges

20. OMF must provide services in a highly decentralized city structure operating with a Commission form of government. (E 22, 25)

Portland is the largest city of its size with a Commission form of government and operates in a decentralized fashion, with the mayor and each Commissioner responsible for the administration assigned bureaus.

21. Technology is changing rapidly how bureaus expect to do their work and deliver services (e.g. tablets, smart phones, cloud computing, mobile applications, and end-to-end computing). (I 17) (F 15) (E 48, 59, 62, 64, 66)

All research indicated that technology is changing rapidly. This, in turn, changes the potential support for internal processes with OMF and how services are delivered to customer bureaus and departments. Expectations from customers and employees are keeping pace with the rapid changes of technology, and dissatisfaction can rise quickly if known technology tools are restrained in some way. Tablets, smart phones, cloud computing, mobile applications, end-to-end computing support for most processes are recent examples of the changes taking place. Adopting these new technologies is neither quick nor easy, and often requires significant change for BTS and everyone involved. OMF must adapt rapidly to changing technology and or manage expectations properly.

22. Funding efforts through grants is increasing and the complexity of grants application and management is also increasing – fueling a trend among cities to centralize grants management. (E 26)

Although most cities do not have grants management as a functional division, some cities indicate

that it is an emerging issue being funded or centralized for better resource management and revenue collection, supporting the direction Portland is moving.

23. Public sector Fleets are expected to adopt alternative fuel options and reduce fuel consumption.

(E 72, 73, 159)

Portland is considered a “green” city and prides itself on being proactive, such as the ambitious response and results since 1993 to reduce carbon emissions. A national trend in public sector Fleets is the move to alternative fuel options, in effort to reduce fuel consumption, to reduce carbon emissions, and to reduce lifecycle costs.

24. The community expects Portland to be a leader in moving toward sustainable building construction driven by concern over environmental issues. (E 79)

There is a national movement toward more sustainable building construction in the public sector, driven by increased concerns over environmental issues.

25. The City will require mailing services even though U.S. Post Office operations are undergoing unprecedented change. (E 87)

OMF frequently uses many of the services of the U.S. Post Office. Unprecedented changes are being considered, including closing as many as 250 Post Offices, increasing delivery time (first class up to three days; possibly less delay for properly labeled and bundled bulk mail), increasing cost (50-cent stamp coming soon), and cutting back to a five day delivery schedule.

Financial Perspective

Opportunities

26. The Bureau of Internal Business Services (BIBS) and the Bureau of Technology Services (BTS) are each responsible for maintaining critical City assets, including key buildings and technology systems. Neither organization has a funding model adequate to support major maintenance/ asset preservation or replacement projects. (F 18) (E 76, 145, 157)

The Bureau of Internal Business Services (BIBS) and the Bureau of Technology Services (BTS) are each responsible for maintaining critical City assets, including key buildings and technology systems.

Neither organization has a funding model adequate to support major maintenance/ asset preservation or replacement projects, leaving City’s facilities and City technology assets at risk. For example, while the industry standard, and OMF’s goal, for facility maintenance is to reinvest three percent of a building’s current replacement value each year, OMF is currently only able to reinvest about 1.7%. (This finding is addressed partially from the customer perspective in Finding 7, above)

27. There is a national trend to more regional collaboration between counties, cities, communities, and non-profit organizations, including procurement contracts and resource sharing. (F 19) (E 27, 117, 138, 167)

Portland enjoys a collaborative relationship with Multnomah County and many other regional municipalities, the community, and non-profit organizations. These relationships are not always without some conflict, such as in disagreements over which organization should do what, but the benefits historically have outweighed the costs. There is a national trend to more regional

collaboration between counties, cities, communities, and non-profit organizations, including procurement contracts and resource sharing.

28. **As traditional funding sources for OMF become more constrained, there is a need to identify new revenue streams (perhaps by adding services to other local governments), prioritizing budget decisions and ensuring clarity of rates that customers are charged.** (F 18, 19)(S 5)(E 81)

As OMF funding becomes more constrained, it is important to seek new revenue streams, perhaps by providing services to other local governments, to prioritize budget decisions, and ensure clarity of rates charged customers. At the same time, revenue generating work cannot be added to OMF that would put in danger existing mission critical work, the costing model must actually cover costs, and moving to a simple costing model might actually create more confusion than clarity for truly complex transactions.

Challenges

29. **Disaster insurance premium costs are rising.** (E 94)

As insurance markets have experienced market fluctuations in the aftermath of disasters, disaster insurance premiums have increased.

30. **There is a national trend to privatize some services such as financial management, human resources, call center, customer service, accounting and payroll services. However, this can increase problems with local control of service delivery.** (E 95, 98)

Printing, bill paying, and recruiting are examples of services that some cities throughout the nation have privatized. It is now common for organizations to outsource financial and administration services, human resources functions, call center and customer service activities, and accounting, and payroll. There is a national trend toward outsourcing and significant industry has built up to provide these types of services, but with outsourcing comes challenges of control, agility, and other potential problems.

Learning and Growth Perspective

Opportunities

31. **Both employees and customers desire for OMF to change its internal culture by recognizing proactive behavior, encouraging more innovation and instilling more accountability for results.** (I 21) (F 19, 20, 21)

Feedback from the internal focus groups, the internal stakeholder interviews and the survey all included a desire for OMF to evolve the internal culture toward employees taking proactive action and holding themselves and each other accountable for results. There was general agreement that some of the various portions of OMF already display this culture, such as Fleet, and that it would be helpful both as an employee and as a customer if it was the norm.

32. **The City does not have a comprehensive on-boarding process for new employees and there is concern that lack of training is inhibiting the advancement of some needed employee and leadership skills.** (I 21) (F 21, 22) (S 5)

In one of the external focus groups, it was identified that only large bureaus provide any significant

on-boarding process. That same theme came up in several of the stakeholder interviews, and in a slightly different way in several of the other focus groups. The discussion included concern that employee skills were often not advancing, due to lack of training, either formal or on-the-job, and that could be impacting opportunities for internal advancement and for the City to be prepared for successions when a large portion of the workforce retires in the next few years. OMF employees were rated as knowledgeable in their subject matter in the survey, but leadership training was rated below the mid-point.

33. **The City's willingness to invest in employee health and wellness seems to change with the economic conditions, whereas national research indicates that health and wellness contribute to long-term benefits through improved production, lower health care costs, reduced claims, and higher morale.** (F 20, 21) (E 46, 47, 93)

In the environmental scan research, it was identified that the City's willingness to invest in employee health and wellbeing, and its interest in actively encouraging employee fitness, seems to come and go with economic conditions and their impact on City budgets. Studies show, however, that organizations that have capitalized on the corporate health and wellness trend are realizing long-term benefits through improved production, lower health care costs, reduced claims, and higher morale. This topic came up in several of the focus groups both as appreciation for existing efforts and as requests to continue and increase efforts.

Challenges

34. **An increasing number of employees are required to be proficient in social media practices and the City provides no common training and education in the appropriate public sector use of social media.** (E 120)

According to the American Society for Training and Development, 73% of employers who use social media to reach external audiences, do not provide social media training to their employees.

35. **Employees expect greater use of teleworking capabilities than are currently in use.** (F 22) (E 69)

Several of the focus groups encouraged the increase of teleworking. Research for the environmental scan highlighted that the use of teleworking is rapidly increasing in all sectors, driven by the mobility tools now available for workers in a wide variety of job responsibilities. In fact, at the federal government level, Congress passed H.R. 1722, the Telework Enhancement Act of 2010, which requires all federal agencies to create teleworking policies and encourage eligible employees to telework. OMF currently has some employees who telework.

Findings Tied To Source Research

Where did these findings come from? Each finding was developed by reviewing findings from the interviews, focus groups, surveys and the environmental scan. Those findings were collected into topics, which eventually became overall findings. The supporting findings are shown below, linked to their source document by the following codes:

- (I) – Stakeholder Interviews
- (F) – Focus Groups
- (S) – Internal / External Survey
- (E) – Environmental Scan

Page numbers from the source document is shown after each code and following each supporting finding.

Customer Perspective

Opportunities

- 1. OMF does not provide enough assistance in helping bureaus navigate rules and processes to solve problems and improve their operations, and focuses too much on enforcing the rules. (I 8) (F 12, 13, 14) (S 4, 5) (E 83)**
 1. Focus on helping customer bureaus, departments and external customers solve problems and improve their operations. (I: Page 8)
 2. Make it easier to know who to go to within OMF and easy to access needed information. (F: Page 12)
 3. Balance monitoring compliance with providing advice and guidance on how to solve the business need. (F: Page 13)
 4. Provide consistent service regardless of who makes the request and who receives the request. (F: Page 13)
 5. Actively solicit feedback from customers through regular contact and through surveys. (F: Page 13)
 6. Unify and coordinate OMF services to city customers so bureaus experience a consistent and seamless service delivery. (F: Page 14)
 7. Re-examine OMF services and processes from a customer perspective in order to close a significant gap in how OMF is rated by customers v. employees, because OMF employee ratings were far more positive than customer ratings. Employees rated only four of the 35 questions below the mid-point while customers rated 16 questions below the mid-point. For 12 of the 35 questions, employee ratings were higher than customer ratings by more than half a point. (S: Page 4)
 8. A key difference between employees and customers was in the perception of how OMF plays an appropriate role. Key differences were on whether OMF fairly represents bureau concerns in policy development and decision making - customers rate OMF at below the mid-point (2.6) while

employees rated it above the mid-point (3.3) – and on whether OMF plays an appropriate role in leading Citywide initiatives (customers rated it as a 3 with employees rated it 3.6). (S: Page 4)

9. Both OMF employees and customers reported difficulty in easily finding the information needed about OMF services, with both groups rating this statement below the mid-point. (S: Page 5)
10. Both OMF employees and customers agreed that OMF has a positive relationship with City bureaus and that individual customers have a positive view of OMF. (S: Page 5)
11. Customers see a need for OMF to work more collaboratively within its own organization. The greatest negative disparity in all the questions was seen in the question about working collaboratively with other areas of OMF to serve customers: OMF employees rated themselves a 4 and customers rated OMF a 2.9. (S: Page 5)
12. The City of Portland is questioning whether more regulation between companies and taxi drivers should be required. (E: Page 83)

2. OMF administrative requirements assume one size fits all for all bureaus and that doesn't work. Services and administrative requirements should be better suited to the type and size of the bureau. (I 6 ,7) (F 13) (S 4, 5) (E 96, 132)

1. Reconsider the Financial Planning financial analyst role to provide consistent support and expertise in order to leverage their involvement with their customers. (I: Page 7)
2. Standardize processes as much as possible but recognize that one size does not fit all bureaus. (F: Page 13)
3. Re-examine customer perception in how OMF balances its roles in service delivery versus policy compliance: Most customers disagreed that OMF provides the right balance between a standardized business process and a customized approach and most customers disagreed that OMF provides the right balance between advising customers and enforcing the rules. (S: Page 4)
4. Pay close attention to customer perceptions of the organization's customer service: Of the top five questions that OMF customers ranked significantly lower than OMF employees, four of these questions were regarding customer service: Ratings in problem solving skills, customer service, an understanding of customer business challenge and collaboration all differed by more than half a point. The latter two questions were rated by customers at below the mid-point. (S: Page 5)
5. Standardize processes to minimize political influence. (E: Page 96)
6. Standardize functions of business operations by function rather than customer groups. (E: Page 97)
7. The overall OMF customer survey trend had a slight dip in 2009 from a high in 2008, returning to the 2008 level in 2010 and 2011. (E: Page 132)

3. Over the next three years, one-third of the City's workforce will be eligible for retirement. OMF is expected to lead citywide succession activity / workforce planning. (I 6)(E 44, 50, 118, 119, 102, 104)

1. Lead citywide succession activity. – (I: Page 6)
2. As workplaces become flatter and more collaborative, opportunities for advancement may be more in the form of skill development and less in the form of vertical movement. (E: Page 44)
3. Internal employee development is seen as a core responsibility of senior managers. (E: Page 44)

4. As the workforce changes, it will be important to retain high performing older workers longer, possibly by offering flexible work arrangements, phased retirement, or change compensation and benefits that discourage early retirement. (E: Page 50)
5. Employers must understand the needs and preferences of Generation Y – giving them challenging projects and the opportunity to participate in decision-making early in their careers. (E: Page 51)
6. Over the next three years, one-third of the City’s workforce will be eligible for retirement. This will represent a significant loss of critical institutional knowledge that bureaus depend upon for the effective delivery of City services. (E: Page 118)
7. The majority of these *Generation Y or Generation Standby* employees surveyed (79%) believe that being trusted to manage their own time and being trusted to use the internet as they wish is more important than their job role or salary. (E: Page 119)
8. Though the city unemployment rate has dropped two percentage points over the last two years, it remains at a historically high level of 8.2% as of January 2012. (E: Page 101)
9. The Oregon Employment Department's 2010 to 2020 industry employment forecast predicts that total payroll employment will grow by 18 percent over the decade, adding 298,000 jobs to Oregon's economy. Oregon's private sector will grow by 20 percent over the period while government payrolls will expand by only 7 percent. (E: Page 102)
10. Clackamas County and the combined area of Multnomah and Washington counties are both expected to grow 21 percent by the year 2020. One out of every two jobs in Oregon will be in the tri-county area. (E: Page 102)
11. The unemployment rates for Oregon and Washington have become closer to national levels in 2012, which is a significant improvement over the prior two years. (E: Page 104)
12. Both the Oregon and Portland-Vancouver-Hillsboro area unemployment rates are down from a year prior reducing from 9.9% and 10.1% respectively. (E: Page 104)

4. There is a gap in the diversity of the City’s workforce. OMF is expected to lead continued efforts to close the gap in the diversity of the workforce. (I 22)(F 14, 20, 21) (S 5) (E 32, 33, 36, 115)

1. Prepare for a younger workforce. (I: Page 22)
2. Help City bureaus embrace, achieve, and maintain diversity. (F: Page 14)
3. Increase executive level and mid-level management championship for diversity, creating an inclusive workplace reflecting the population of the city, capable of accomplishing the work challenges. (F: Page 20)
4. Prepare for upcoming retirements by engagement in strategic and diverse recruitment and development of the existing workforce. (F: Page 21)
5. Both OMF employees and customers positively rate OMF’s ability to communicate effectively, recruit diverse personnel and retain diverse personnel. However, both employee and customer comments suggest a need to continue to strengthen OMF’s support for diversity and support to bureaus to achieve a diverse workforce. (S: Page 5)
6. Diversity education and tracking would assist the organization to stay abreast of its actual composition and treatment of the workforce. (E: Page 32)

7. Actions to educate and inform employees about diversity development as well as to encourage management to communicate their commitment to it are needed. (E: Page 32)
8. There is a need for greater communication and engagement by managers and supervisors within their own workgroups, as well as increased cross-bureau/division activities, so employees can become more aware of the experiences and workplace cultures of staff in other OMF work teams. (E: Page 32)
9. Data indicates that racial and ethnic disparities and those for people with disabilities are vast across all indicators, supporting the need for the City to lead with race and ethnicity as a starting focus, and also for disabilities to be an initial priority for the City and the Office of Equity. (E: Page 33)
10. Equity will be a key priority internally, and in the City's work with partners in government, private businesses, non-government organizations, academia and each community member. (Page 36). In the City, 16% of employees are people of color while 26.2% would be parity. (E: Page 41)
11. At the core of the Portland Plan is the need to advance equity. Advancing equity in Portland means "improving the way the city works — starting with how the City government and partners make decisions, where they invest, how they engage with Portlanders and each other, and how success is measured." (E: Page 115)

5. In the case of a disaster, rapid recovery of key technology – the assets that OMF manages – is critical to ensure business continuity. (E 74, 165)

1. While continuity planning is frequently discussed in the context of Information Technology, a successful plan should integrate all aspects of the organization, including the facility. (E: Page 74)
2. The 2010 Natural Hazardous Mitigation Plan (NHMP) identifies eight natural hazards and 102 action items to be addressed over the next five years. In order of the impact and frequency of occurrence, the eight threats are earthquake, severe weather, flood, landslide, erosion, wild land urban interface fire, invasive plant species, and volcanic activity. (E: Page 163)
3. 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. (E: Page 165)

6. The City expects that OMF will carefully manage assets and debt through the very slow recovery of the recession in order for the City to have a strong position for the future. (E 139, 140, 150, 151, 153, 154, 155, 187, 189)

1. The City's outstanding debt increased 34 percent from 2001 to 2010, from \$2.3 billion to \$3.0 billion. (E: Page 138)
2. The financial condition of the City of Portland is currently stable, due in part to the City's diverse revenue base and the existence of strong policies that help in multi-year financial planning. However, the City's overall financial position has lost ground due to the growing debt, unfunded liabilities, and funding gaps in maintaining infrastructure. (E: Page 139)
3. To improve the City's long-term financial health, the City Auditor's Office recommends that the Office of Management and Finance take two important actions. First, develop and monitor measures of City-wide debt and report this information annually to the Council. Second, reconsider options to

prefund and/or reduce the costs of FPDR pension and other post-employment benefit liabilities. (E: Page 140)

4. In the FY2011 budget, there is a \$312 million funding gap from what the bureau's identified to develop needed capacity, maintain existing facilities, address regulatory requirements and meet service levels. The transportation bureau was the largest gap at \$177 million needed beyond budgeted levels. (E: Page 140)
5. Transportation's maintenance liability continues to increase as the infrastructure ages. Current transportation revenues are not sufficient enough to address these growing needs. PBOT has an annual \$176.7 million funding gap. (E: Page 150)
6. Environmental Services has a total funding gap at \$28 million, which is the same level as reported last year. (E: Page 151)
7. The funding gap for the Water Bureau is \$30 million a year. (E: Page 153)
8. PP&R (Parks) has an expected total annual funding need of \$70.6 million for each of the next 10 years which includes meeting needs of existing customers, not maintenance of current assets. With an annual average of only \$7 million received in SDC funds, grants and donations to meet that need, the annual funding gap is \$63.6 million. (E: Page 154)
9. PP&R (Parks) annual funding gap for maintenance of existing assets is \$27.7 million. While city council has been able to provide about \$1 million annually to address some of the most urgent needs, the annual need for repair, rehab and replacement and mandated work is \$28.7 million annually, leaving a \$27.7 million annual funding gap. The annual need for mandated work alone is \$4.4 million. (E: Page 154-155)
10. Fire has no ongoing budget authority for major maintenance projects for their new facilities. Fire does have regular O&M budgets for these facilities. Over the 10-year period of FY 2011 to FY 2021, overall condition will not decrease. However, without saving major maintenance money up for the future when the large needs come due in 20-30 years, no money will be available. (E: Page 149)
11. The FPDR pension fund costs are forecast to increase by 178% over the five years. New hires are much of the increase, but contribution rates are also expected to continue to increase. FYE12 and FYE13 rates are almost 16% higher than FYE11's, and double-digit increases are forecast for FYE14 and FYE16. (E: Page 189)
12. The General Fund 'personal services' spending through December was 7.8% above a year ago. Most of the increase was due to new labor contract obligations, a 47% increase in PERS rates, and a 37% increase in overtime and premium pay. Health benefit costs are running approximately 3.2% over last year. When coupled with the PERS increases, it is expected that total benefits will exceed last year's by 15%. (E: Page 187)

7. The SAP system benefits have not been fully realized and additional functionality is needed. (I 6) (F 14) (E 135, 141)

1. Improve use of the SAP enterprise system. (I: Page 6)
2. Increase SAP functionality and training; simplify use. (F: Page 14)
3. One of the most effective avenues for reinvestment in SAP automation is to make better use of what is already available. AKT suggests this occur by creating a "platform of learning" group within OMF.

This group would lead the effort to change and improve business processes most impacted by SAP implementation. (E: Page 135)

4. Regarding the SAP implementation project: The City achieved its primary goal of replacing its old software with a new system. However, the implementation project cost more than triple the original estimate, was completed more than a year late, did not include expected functions and did not eliminate shadow system to the level expected. (E: Page 141)

8. OMF has a unique citywide perspective and several people, including elected officials, expect that this perspective could be better used to facilitate conversations between bureaus and between bureaus and elected officials in order to increase understanding of the consequences of decisions. (I 9) (F 14)

- Make more use of the unique OMF citywide perspective, including facilitation of conversations between bureaus and between bureaus and elected officials in order to increase understanding of the consequences of decisions. (I: Page 9)
- Work actively with elected officials to help them understand the consequences of potential policies. (F: Page 14)

9. It is not clear to customers what services OMF provides and why, and what the cost and value of those services are. (I 11) (F 12)

1. Explain the OMF overhead model so customers can understand it. (I: Page 11)
2. Brand OMF while not taking away bureau identities. (F: Page 12)
3. Make clear the value OMF provides and what bureaus pay for. (F: Page 12)

10. OMF is viewed as having a strong role (second only to the Portland Development Commission) in helping grow the economic viability of the City. (I 20) (E 173, 178, 183)

1. Lead an effort to better market City services to the public. (I: Page 20)
2. Portland is positioned as the frontrunner to be the capital of the global green economy. Few cities, if any, are as well positioned not only to lead the development of the sustainable global economy but to supply the necessary products, services and expertise to run a sustainable economy. (E: Page 173)
3. Portland will focus its resources on enhancing the competitiveness of businesses in four industry concentrations - Clean Tech and Sustainable Industries (CTSI), Activewear, Software, and Advanced Manufacturing. Each of these industries is thriving due to differing but equally unique economic attributes of the Portland region. (E: Page 174)
4. The city has lagged in its share of the region's job growth, despite its growing share of the region's housing. Factors such as a tightening land supply and infrastructure deficiencies are limiting opportunities to increase job growth in the city. (E: Page 178)
5. With annual exports of more than \$21 billion, greater Portland was one of only four regions in the nation to double exports over the past decade. Nearly one-fifth of the Portland metropolitan economy is generated by exports, which translates into jobs: For every \$1 billion in exports, an average of 5,400 new jobs are created. (E: Page 183)

11. Some services related to existing OMF services could be more efficiently provided within OMF. Examples include the Water Bureau billing and the Auditor’s Office assessment and collections. (F 14)

1. Consider adding additional services to OMF, such as Water Bureau billing and Auditor’s Office Assessment and Collections. (F: Page 14)
2. Expand the functions of the centralized grants team. (F: Page 14)

Challenges

12. There is an increased need for technology services to provide larger and more complex data analysis (e.g. video surveillance, big data, and enhanced reporting requirements). (E 49, 52, 56, 58, 61, 90)

1. There has been a growing movement for governments to provide annual financial information to investors and bond holders faster. A shorter filing period would create a substantial impact on staff at a significant cost to the City. (E: Page 49)
2. Based on past pronouncement history from GASB, the Accounting Division has every expectation that new requirements will continue into the future with a continued trend of increasing complexity. (E: Page 52)
3. Driving the need for intelligent processing of transactions straight through to end results like financial, tax or operating records is growing complexity in business, including increasing regulation, more complex assets and multi-legged transactions. (E: Page 56)
4. Big data will matter more in certain sectors – specifically computer and electronics products, information sectors, finance and insurance, and government. (E: Page 58)
5. Video surveillance has the potential to help reduce crime, if it is used properly. The challenge to Police Bureaus will be to find funding to cover the initial investment in the technology as well as the ongoing costs for maintaining and eventually replacing the system. Assuming they can overcome those two hurdles, they then have to delicately confront the privacy issues with the citizens they are sworn to protect. (E: Page 61)
6. In addition to the enhanced ability to access the internet, the advent of Apps (smart phone and tablet computer application) is a major driver of the adoption of tablet PCs. Being able to add functionality in seemingly infinite ways has made these must-have devices and has changed the way business, government and private individuals access information. (E: Page 90)

13. Insufficient City finances and resources require bureaus to identify new funding strategies and sources, and bureaus expect more assistance from OMF. (I 19)(E 113, 200)

1. Continue to actively manage City finances and resources and increase help to bureaus as they seek new revenue sources. (I: Page 19)
2. City fiscal conditions typically lag economic conditions, in much the same way that state fiscal conditions lag economic conditions and the unemployment rate lags overall economic recovery. For city budgets, this lag is typically two years. (E: Page 113)
3. Due to continued weakness in the US and global economies, along with a weak local housing market, the City of Portland will not have sufficient revenue inflows and will need to make significant ongoing reductions in FY 2012-13. The City is projected to need \$17.4 million in ongoing spending cuts in

order to balance spending to expected revenue over the five-year forecast horizon. This forecast also does not include the potential impact of a new library district which, based on a prior analysis completed by Multnomah County, would increase the needed General Fund cuts to 6.1%-6.5% from current appropriation levels. The largest driver of the current shortfall is a significant decrease in the expectations for property tax revenue growth over the next several years. Falling property values have driven up property tax compression more rapidly than was previously anticipated. (E: Page 113)

4. The practical impact is that property taxes are expected to grow by only about one-half the historical growth rate for the next several years. (E: Page 114)
5. Although there was \$22.5 million in one-time spending in the FY 2011-12 adopted budget, there is only about half that amount available for FY 2012-13 and none in subsequent years. (E: Page 194)
6. But constraints on the growth of property tax collections are not the only cause of districts' budget distress. The recession has resulted in reductions in many of the other revenue sources districts rely on: fees, service charges, and other types of taxes, such as TriMet's payroll tax and transient lodging taxes that many cities charge. For Multnomah County taxing districts alone, these sources of revenue were down over \$131 million or 6.9% in 2010-11 compared with the prior year. (E: Page 200)

14. Procurement requirements are becoming more complex (e.g. sustainable sourcing, “sweatshop free” policy, full service end-to-end procurement, supply risk management) and bureaus are frustrated – expecting help from OMF to keep the procurement process reasonable. (E 84, 85, 122, 123)

1. E-Procurement is about centralized control and decentralized execution. Major players in the industry are moving towards a full service end-to-end procurement suite. (E: Page 84)
2. Legislation is gradually incentivizing enterprise Procurement to adopt sustainable strategic sourcing practices. Firms are held accountable for the actions of their suppliers and the carbon footprint of their supply chain. (E: Page 85)
3. Procurement departments have had to review processes to ensure global spend visibility, real time (or close to it) supply-market intelligence, and a deep tool kit best practices are in place and implemented. (E: Page 85)
4. More progressive companies are applying a rigorous contracting process featuring category-specific terms and conditions designed to minimize supply risk and maximize company agility. (E: Page 86)
5. In 1994 “Sustainable City Principles” were adopted by the City to acknowledge its responsibility to minimize negative impacts on human health and the environment while supporting a diverse, equitable and vibrant community and economy. This approach has led to an evolution of procurement policies for products and services that are in support of these principles. (E: Page 122)
6. A “sweatshop free” policy was specifically adopted to ensure that procurement decisions emphasized Portland's commitment to social justice and promotion of better working conditions. City contractors are expected to meet certain code of conduct standards established by this policy. (E: Page 123)

15. The City continues to have to provide core services in a weak economy and bureau leaders expect OMF to communicate the challenge of funding shadow obligations. (E 100, 107, 112)

1. Oregon led growth in the region with a 3.4% change from 2009 to 2010. (E: Page 99)

2. Starting in late 2008, it was clear that the City of Portland was going to face the worst recession in decades. In addition to declining business license and other local revenues, the City had many ongoing programs and positions that were being funded with one-time revenue, creating a “shadow obligation” for the City to fund in the future. (E: Page 100)
3. The Portland Metropolitan Statistical Area (MSA) performed above the national average of 2.5% achieving 4.7% real Gross Domestic Product (GDP) growth compared to the loss experienced in 2009. (E: Page 107)
4. Local and regional economies are characterized by struggling housing markets, slow consumer spending, and high levels of unemployment driving declines in city revenues. In response, cities cut personnel, infrastructure investments and key services. (E: Page 112)

Internal Business Process Perspective

Opportunities

16. Certain frequently used OMF business processes are slow or inefficient (examples include: recruitment and hiring processes, preparation of budget documents, preparation of Council filing documents, and requesting maintenance of city buildings). (I 17) (F 17, 19) (S 4, 5) (E 71)

1. Streamline and improve the recruitment and selection process. (I: Page 17)
2. Simplify the budget process by decreasing time and complexity while increasing transparency and communication. (I: Page 15)
3. Simplify preparation of Council documents for review and filing. (F: Page 17)
4. Simplify preparation of contracts with vendors and the process of procuring services. (F: Page 17)
5. Speed up the process of recruiting for personnel. (F: Page 17)
6. Simplify preparation of budget documents. (F: Page 17)
7. Simplify and clarify the process of requesting maintenance of city buildings.(F: Page 17)
1. Benchmark OMF operations with other regional organizations to find areas of efficiency and effectiveness to improve. (F: Page 19)
2. Better communicate how initial decisions and interpretations can be appealed. The lowest rated question for both groups was, “I know the process for appealing an initial decision from OMF.” This was rated 2.11 by customers and 2.26 by employees. (S: Page 4)
3. Focus on customers who do not have a positive initial contact and do not know how to follow up: 6 percent of employees and 9 percent of customers said they did not receive the correct information on initial contact – and also did not know the process for appealing a decision. (S: Page 4)
4. Customer ratings of OMF business processes being effective and efficient were lower than employee ratings: Employees rated these questions at the mid-point or just above; customers rated these below the mid-point, and at least a half-point below the employee ratings. (S: Page 5)
5. As a strategy for addressing budget reductions, public sector fleets are conducting utilization reviews and reducing inventories based on optimizing the least amount of equipment to meet the needs of the organizations. (E: Page 71)

17. OMF is a collection of several bureaus and departments. For business processes that cross bureau or division lines, there is too little integration across organizational lines and response times are too lengthy. (I 13) (F 16, 17) (S 5) (E 68, 136)

1. Properly centralize or decentralize services across City of Portland bureaus. (I: Page 14)
2. Eliminate silos and simplify service processes. (I: Page 13)
3. Consider an OMF hybrid organization of centralized and decentralized services, consolidating services where it provides better consistency and decentralizing services that require ‘high touch’ or unique solutions. (F: Page 16)
4. Minimize OMF silos through cross-functional teams, cross bureau planning, and a start-to-finish process perspective. (F: Page 16)
5. Flatten OMF organizational structure by removing as many layers of management as possible and ensuring appropriate spans-of-control. (F: Page 17)
6. Comments indicate that business processes that cross multiple OMF bureaus without adequate communication and transitions are seen as providing a difficult, silo constrained experience for both employees and customers. (S: Page 5)
7. Respondents also commented that they would appreciate more efficient processes and for service providers to describe the process from end-to-end at the outset. (S: Page 5)
8. With the correct people, procedures, communications, service expectations, performance measurements and cross-functional processes in place, optimized shared service delivery can be achieved at a lower participant agency cost than would be in place if the same services were paid for singularly, by each jurisdiction. (E: Page 68)
9. AKT recommended that: OMF should consider reviewing the structure, interaction, and roles of Financial Services, Financial Planning, and Business Operations....with the intent of creating efficiencies. (E: Page 136)

18. Customers report frustration and a desire for OMF to use a common methodology for project management, project portfolio management and process improvement. (F 17, 18)

1. Consider implementing an OMF-wide project portfolio management approach to increase focus, utilize resources better, and enhance retaining institutional knowledge. (F: Page 17)
2. Adopt a common methodology for business process mapping, business process improvements and sustainability; train staff in their use. (F: Page 18)

19. Employees expect greater use of flexible scheduling and more involvement in decision-making, particularly when decisions appear to be made by outside consultants. (F 15, 16)

1. Encourage effectiveness of the workforce by encouraging flexible scheduling. (F: Page 15)
2. Include employees in decisions that impact them and minimize leaving important decisions to outside vendors and consultants. (F: Page 16)

Challenges

20. OMF must provide services in a highly decentralized city structure operating with a Commission form of government. (E 12, 20)

1. Portland is the only city of its size with a Commission form of government, resulting in direct service delivery bureaus reporting to Commissioners rather than the Mayor (Strong Mayor form of government) or the City Manager (City Manager form of government). In Portland, the Chief Administrative Officer's responsibility is limited to the non-primary delivery departments and bureaus providing supporting services to the primary delivery bureaus. (E: Page 12).
2. There appears to be a weak trend for cities to adopt a hybrid model of support services (a mix of centralized and decentralized) as the city population size and/or the employee FTE count increases. As the population and employee count increases, more decentralized services may be appropriate based on this national trend. (E: Page 20)

21. Technology is changing rapidly how bureaus expect to do their work and deliver services (e.g. tablets, smart phones, cloud computing, mobile applications, and end-to-end computing). (I 17) (F 15) (E 48, 59, 62, 64, 66)

1. Develop and communicate a technology and service strategy for customers. (I: Page 17)
2. Use technology to increase and improve communications through enhanced use of the web, expansion in the use of social media, and increased use of mobile applications.(F: Page 15)
3. Use technology to increase and improve communications through enhanced use of the web, expansion in the use of social media, and increased use of mobile application. (F: Page 15)
4. There has been a push to use alternatives to Excel spreadsheets for budgeting, forecasting, consolidation, financial reporting and analysis that offer accurate calculations, real-time financial analysis. (E: Page 48)
5. Much of what an IT department currently does now on their own will essentially be outsourced with the introduction of cloud computing. (E: Page 59)
6. Smart devices and tablets allow the user greater productivity and can be an asset to the organization, but their use in an organization's IT environment needs to be carefully regulated. (E: Page 62)
7. Mobile applications are growing in popularity and this trend is expanding into the use of mobile devices and applications with the SAP system. (E: Page 64)
8. Both employees and citizens can benefit from government's increased use of social media if it is developed in a thoughtful and organized manner. (E: Page 64)
9. Timely and accurate synchronization of payroll, benefits, and other human resources data is essential to accurate budget analysis. (E: Page 66)

22. Funding efforts through grants is increasing and the complexity of grants application and management is also increasing – fueling a trend among cities to centralize grants management. (E 26)

- Although most cities do not have grants management as a functional division, some cities indicate that it is an emerging issue being funded or centralized for better resource management and revenue collection, supporting the direction Portland is moving. (E: Page 26)

23. Public sector Fleets are expected to adopt alternative fuel options and reduce fuel consumption. (E 72, 73, 159)

- In the automotive industry, one trend of national significance is the growing number of alternative fuel options for public sector Fleets and the private consumer. (E: Page 72)
- Fleets have to be proactive in finding alternative ways to reduce fuel consumption. (E: Page 73)
- Despite Portland’s regionally ambitious response and impressive results since 1993 to reduce carbon emissions in 2008 to one percent below 1990 levels, latest science suggest that more dramatic actions are required to mitigate the most extreme impacts of the changing climate. (E: Page 159)

24. The community expects Portland to be a leader in moving toward sustainable building construction driven by concern over environmental issues. (E 79)

- In recent years there has been a move toward more sustainable building construction in both the public and private sectors. Increased concerns over environmental issues, such as global warming, have contributed to this trend. (E: Page 79)

25. The City will require mailing services even though U.S. Post Office operations are undergoing unprecedented change. (E 87)

- With unprecedented change coming to the U.S. Post Office operations, it is imperative to stay abreast of postal developments and new rules. (E: Page 87)

Financial Perspective

Opportunities

26. The Bureau of Internal Business Services (BIBS) and the Bureau of Technology Services (BTS) are each responsible for maintaining critical City assets, including key buildings and technology systems. Neither organization has a funding model adequate to support major maintenance/ asset preservation or replacement projects. (F 18) (E 76, 145, 157)

1. Evaluate the scope and funding model for facilities services to provide more consistent maintenance to City-owned property and stabilize costs.(F: Page 18)
2. Deferring needed maintenance indefinitely may ultimately result in significantly higher costs. (E: Page 76)
3. BTS and BIBS Facilities Services are both responsible for maintaining critical City assets, including key buildings and technology systems. Neither BTS nor BIBS have funding models to support adequate major maintenance/ asset preservation projects for City’s facilities, as well as regular replacement schedules for technology assets. (E: Page 145)
4. While the industry standard, and OMF’s goal, for facility maintenance is to reinvest three percent of a building’s current replacement value each year, OMF is currently only able to reinvest about 1.7%. This level of reinvestment has declined in recent years. (E: Page 157)

27. There is a national trend to more regional collaboration between counties, cities, communities, and non-profit organizations, including procurement contracts and resource sharing. (F 19) (E 27, 117, 137, 167)

1. Develop partnerships / resource sharing agreements with local county, city, regional and state entities in areas such as training and meeting space. (F: Page 19)
2. There were consistent themes among many of the comparable cities for reviewing opportunities for consolidation of citywide program structures, including review of county or regional functions that could be mutually leveraged through collaboration. (E: Page 27)
3. Cooperative procurement contracts could result in “Piggybacking.” Piggybacking is a form of intergovernmental cooperative purchasing where an entity will competitively award a contract that will include language allowing for other entities to utilize the contract which may be to their advantage in terms of pricing, thereby gaining economies of scale that they would otherwise not receive if they competed on their own. (E: Page 27)
4. Most recently in May 2011, Resolution A arose again after the proposed FY 2011 - 2012 City budget included funding for social programs that the Mayor believed were important to achieve basic equity for Portlanders. This issue surfaced and implies Portland has disregarded the agreement for many years and has been spending general fund dollars for services the County is obligated to provide. (E: Page 117).
5. Total City revenues are up 26 percent from \$1.1 billion in 2001 to \$1.3 billion in 2010. Portland's population has grown 10 percent during this time. Total revenue per resident increased 15 percent during the ten years, from \$1,986 to \$2,292. (Page 137) Revenues are diversified between sources that are more stable, such as property taxes, as well as revenues that fluctuate with the economy, such as business licenses and lodging taxes. This diversified revenue base helps the City weather downturns in the economy. The spending level per Portland resident has increased 16 percent, from 2,258 in FY2002 to \$2,621 in FY2010. During the eight year period from 2002 to 2010, Public Utilities and Legislative/Administrative expenditures declined while expenditures for Public Safety, Parks and Rec., Community Development, and Transportation all increased. (E: Page 137)
6. A regional collaboration of City, community, and non-profit partnerships have developed three integrated strategies action plans in support of advancing equity as the foundation of the Portland Plan. They are: thriving educated youth, economic prosperity and affordability, and healthy connected city. (E: Page 167)

28. As traditional funding sources for OMF become more constrained, there is a need to identify new revenue streams (perhaps by adding services to other local governments), prioritizing budget decisions and ensuring clarity of rates that customers are charged. (F 18, 19)(S 5) (E 81)

1. Assess budget reductions that have resulted in the loss of essential staff. (F: Page 18)
2. Re-evaluate the BTS costing model to be more nimble and innovative. (F: Page 18)
3. Provide services to other local governments to generate new revenue for the City in areas such as revenue collection, contract negotiations, and auction/disposal of surplus items. (F: Page 19)
4. OMF employees somewhat disagreed that OMF has adequate resources to achieve its mission, while customers somewhat agreed that OMF has adequate resources. (S: Page 5)

5. OMF customers disagreed that OMF shares appropriate information about its rates and charges. (S: Page 5)
6. Prioritizing budget decisions gives cities leverage in explaining to citizens why decisions were made, and allows citizens to be a part of the process in deciding what stays and what goes. (E: Page 81)

Challenges

29. Disaster insurance premium costs are rising. (E 94)

- It is typical to focus on disaster planning from a physical recovery standpoint, however as the insurance markets have experienced market fluctuation in the aftermath of disasters it becomes important for local government Risk Management to forecast the potential increased costs in premiums. (E: Page 94)

30. There is a national trend to privatize some services such as financial management, human resources, call center, customer service, accounting and payroll services. However, this can increase problems with local control of service delivery. (E 95, 98)

- The outsourcing of city services once relied upon and funded by a city has become a national trend. This is resulting in privatization of services (i.e. printing, bill paying and even recruiting) versus the use of in-house services. (Page 95) Now it is common for organizations to outsource financial and administration (F&A) processes, human resources (HR) functions, call center and customer service activities and accounting and payroll. (E: Page 98)

Learning and Growth Perspective

Opportunities

31. Both employees and customers desire for OMF to change its internal culture by recognizing proactive behavior, encouraging more innovation and instilling more accountability for results. (I 21) (F 19, 20, 21)

1. Instill a culture of honoring proactive behavior. (I: Page 21)
2. Expand communications between senior management and employees to include updates on City activities reported in the media, and updates and changes in OMF. (F: Page 19)
3. Emphasize an internal culture that is more innovative and focused on containing costs. (F: Page 20)
4. Increase opportunities for OMF staff to mix together in social functions and work assignments in order to create a one-OMF culture. (F: Page 20)
5. Add to management performance appraisals accountability for supporting OMF committee efforts and cross-organization collaboration. Consider using peer and staff feedback as part of the review process. (F: Page 21)

32. The City does not have a comprehensive on-boarding process for new employees and there is concern that lack of training is inhibiting the advancement of some needed employee and leadership skills. (I 21) (F 21, 22) (S 5)

1. Develop or replace key skill sets that may be lost within the planning horizon due to the aging workforce. Ensure seamless transfer of responsibilities and customer support. (I: Page 21)
2. Implement an employee on-boarding process with standardized orientation for all levels of personnel. (F: Page 21)
3. Increase opportunities for internal advancements. (F: Page 21)
4. Provide internal training programs to meet specific business needs, cross-training to improve critical function coverage, change management / problem solving training to move from a “we’ve always done it this way” culture, and management training to ensure streams of future leaders. (F: Page 22)
5. Both OMF employees and customers specifically rated OMF employees as knowledgeable in their subject matter: The question received the highest overall rating (3.62) of all the questions, with little difference between customers and employees. (S: Page 5)
6. Both OMF employees and customers disagreed that OMF provided an appropriate level of leadership training, with the groups providing identical ratings (2.79) below the mid-point.)(S: Page 5)

33. The City’s willingness to invest in employee health and wellness seems to change with the economic conditions, whereas national research indicates that health and wellness contribute to long-term benefits through improved production, lower health care costs, reduced claims, and higher morale. (F 20, 21) (E 47, 93)

1. Review compensation and benefits to best motivate employees, enhance cooperation with unions, and use city funds appropriately. (F: Page 20)
2. Increase support for employee wellness through promotion and access to a wellness programs. (F: Page 21)
3. One way in which employers are coping with increasing costs is through the increased use of consumer-driven health plans (health savings accounts and health reimbursement accounts). Another employer strategy to manage long-term health care costs has been to refocus on wellness and chronic disease management programs. (E: Page 47)
4. Increased leave, cafeteria benefit plans, and flexible scheduling with an eye toward work/life balance are increasingly seen as important by both employers and employees. (E: Page 46)
5. The City’s willingness to invest in employee health and wellbeing, and its interest in actively encouraging employee fitness, seems to come and go with economic conditions and their impact on City budgets. Progressive organizations have capitalized on the corporate health and wellness trend and realized that the long-term benefits are improved production, lower health care costs, reduced claims and higher morale. (E: Page 93)

Challenges

34. An increasing number of employees are required to be proficient in social media practices and the City provides no common training and education in the appropriate public sector use of social media. (E 120)

- According to the American Society for Training and Development, 73% of employers who use social media to reach external audiences, do not provide social media training to their employees. (E: Page 120)

35. Employees expect greater use of teleworking capabilities than are currently in use. (F 22) (E 69)

- Where increased efficiencies can be realized, encourage telecommuting and alternative work schedules. (F: Page 22)
- At the federal government level, Congress passed H.R. 1722, the Telework Enhancement Act of 2010, which requires all federal agencies to create teleworking policies and encourage eligible employees to telework. (E: Page 69)