



City of Portland
Vera Katz
 Mayor

April 21, 2000

TO: City Bureau Managers

FROM: Mayor Vera Katz *Vera Katz*
 Commissioner Jim Francesconi *Jim Francesconi*
 Commissioner Charlie Hales *Charlie Hales*
 Commissioner Dan Saltzman *Dan*
 Commissioner Erik Sten *Erik Sten*

COPY: City Council Chiefs of Staff
 City Organized Labor Leaders
 Auditor Gary Blackmer

RE: Administrative Services Reform

The purpose of this memorandum is to outline a package of citywide administrative service reforms that will produce budget savings to balance the FY 2001-2002 budget, restore budget cuts, fund bureau requests and community priorities.

Equally important, this package of reforms will also strengthen citywide accountability to the Council for the ongoing management of administrative services. Currently, authority and responsibility for administrative service functions are dispersed throughout the City. As a result, there is no single point of responsibility for ongoing review of administrative service policies, practices, and procedures.

Recent bureau experiences detailed in the media indicate a need to strengthen Council oversight of administrative services. Realizing significant efficiencies, future cost containment, and the provision of reliable services requires a more focused citywide effort with a clearer line of staff accountability to the entire Council.

Administrative services include all those functions that provide products, services, and support to the people and programs that in turn provide direct services to the public. A crew working on street maintenance provides direct services. The person processing the payroll for the crew provides a support function.

The following is an initial list of services we consider to be administrative functions: accounting, debt, treasury, clerical, payroll, external and internal communications, training, education, outreach, grant administration, license and fee collection, risk



management, facilities, fleet, human resources, information technology, legal, printing and distribution, public information, and purchasing.

The FY 2000-2002 Mayor's Proposed Budget and the attached draft ordinance will enact the reforms summarized in this memorandum. The Council will consider the attached draft ordinance on Wednesday, May 3, 2000.

To achieve the estimated budget savings, we propose to:

▪ **Target 10% budget reductions for all administrative services.**

Administrative service functions in all bureaus will be targeted for 5% reductions in FY 2000-2001, and another 5% in FY 2001-2002. These reductions will be based on current service level (CSL) target bureau budgets and a review of support and administration service functions being conducted by the Office of Finance and Administration (OFA).

The 5% reduction target will be applied to the entire bureau budget for the city's administrative service bureaus, which are Attorney, Auditor, Finance and Administration, General Services, Government Relations, Licenses, and Purchasing.

The 5% reduction target will be applied to the administrative service functions of the city operating bureaus, which are Cable, Energy, Environmental Services, Fire and Rescue, Neighborhood Involvement, Mayor and Commissioners, Parks, Planning, Planning and Development Review, Police, Transportation, and Water.

The Portland Development Commission has agreed to undergo the same review. The Bureau of Emergency Communications is undergoing a separate similar budget review in conjunction with its user group.

In completing this and all budget reduction tasks, we expect bureau managers to follow the provisions of the Service Improvement Initiative (SII) Cornerstone Agreement.

▪ **Target 20% reductions to bureau operating budgets for professional service contracts.**

A portion of the city's professional services are procured in the form of outside contracts. We propose to reduce, by 20%, the total amount spent citywide on these contracted services, using FY 2000-2001 operating budget targets as a base.

Administrative service and professional service reductions for the bureaus of Environmental Services and Water will be applied to reducing rates.

To best implement both of these budget reductions in the central administrative service bureaus and to streamline accountability to the Council for the provision of core city administrative services, we propose to:

- **Merge three central support service bureaus.**

We propose to merge three of the city's central support administrative service organizations (Office of Finance and Administration with the Bureau of General Services, and Bureau of Purchases). The new consolidated bureau will be called the Office of Management and Finance (OMF).

- **Realign citywide finance, human resources, information technology and purchasing administrative functions.**

In FY 2001-2002, finance, human resources, information technology and purchasing functions citywide will be reorganized to produce additional budget savings and improve services. Given the natural institutional resistance to this kind of cross-bureau change, we want to be clear that our starting point assumption is that these functions should be centralized to produce budget savings.

To provide for more ongoing review of all city administrative services and stronger Council-wide oversight of them, we also propose to:

- **Appoint a city Chief Administrative Officer.**

To better insure citywide administrative accountability, we propose to create the position of city Chief Administrative Officer (CAO) who will report to the entire Council.

The CAO will lead the Office of Management and Finance (OMF) and have ongoing citywide authority to review and propose improvements to the Council for all administrative service functions in all bureaus. Day-to-day supervision of administrative service functions outside the OMF will remain with bureau managers.

We expect the CAO to produce a Council approved annual workplan that continuously improves all city support services, maintains or reduces costs.

We expect the CAO to work in cooperation with all bureau managers and labor unions in fulfilling her/his responsibilities. To assist in this effort, a citywide bureau manager coordinating committee will be established and chaired by the CAO. We foresee regular Council worksessions with the CAO focused on addressing citywide administrative service issues.

We propose that Tim Grewe, currently the Director of the Office of Finance and Administration, serve as CAO for the City of Portland.

ORDINANCE No. 174410

***Amend City Code to reorganize administrative service functions to provide for efficiencies and accountability. (Ordinance; amend Code Title 3)**

The City of Portland ordains:

Section 1. The Council finds:

1. Authority and responsibility for administrative services is currently dispersed through the City and there is currently no single point of responsibility for ongoing review of administrative services policies, practices, and procedures.
2. Improved oversight of all administrative services is necessary to achieve significant budget savings and cost containment.
3. Reorganization of the City's administrative services will improve long and short term support service efficiency and produce cost savings that can be reallocated to other critical community needs.
4. Consolidation of core administrative service bureaus will allow the City to take greater advantage of changing business practices and technological changes.
5. Reorganization will strengthen citywide accountability to Council for administrative functions.
6. The Council expects that the realignment of administrative services will improve service and customer satisfaction, and leverage ongoing service improvement efforts in the bureaus.

NOW, THEREFORE, the Council directs:

- a. The City Code shall be amended to create the Office of Management and Finance, which shall be directly responsible for providing the City's core administrative services and for providing ongoing evaluation and proposed improvements to administrative services in all city bureaus. The Office of Management and Finance shall include those bureaus and divisions now within the Office of Finance and Administration, as well as the current bureaus of General Services and Purchasing.
- b. In order to establish the Office of Management and Finance, the City Code shall be amended as follows:

City Code Chapter 3.15, Chapter 3.18, Chapter 3.34, Chapter 3.40, Chapter 3.52, Chapter 3.53, Chapter 3.90 and Chapter 3.92, are repealed. A new Chapter 3.15 is enacted as follows:

OFFICE OF MANAGEMENT AND FINANCE

Sections:

3.15.010	Organization
3.15.020	Definitions
3.15.030	Office of Chief Administrative Officer
3.15.040	Bureau of Finance
3.15.050	Bureau of Human Resources
3.15.060	Bureau of Information Services
3.15.070	Bureau of Risk Management
3.15.080	Bureau of General Services
3.15.090	Bureau of Purchases

3.15.010 Organization

The Office of Management and Finance shall be under the direction and control of the Chief Administrative Officer (CAO). The CAO shall be responsible for the overall coordination and management of the bureaus of the Office of Management and Finance to assure that the goals of the City Council are met and the mission and goals of the Office of Management and Finance are achieved. This includes responsibility for the productivity, responsiveness and effectiveness of the services and programs of the Office of Management and Finance. The Office of Management and Finance also shall be charged with providing ongoing evaluation and proposing improvements to city administrative service functions in all city bureaus. Day-to-day supervision of administrative service functions outside the Office of Management and Finance will remain with bureau managers. The CAO will consult with bureau managers and labor unions in fulfilling his or her duties.

3.15.020 Definitions

Administrative services include all those functions that provide products, services, and support to city employees and programs that in turn provide direct services to the public. These services include, but are not limited to the following functions: accounting, debt, treasury, clerical, payroll, external and internal communications, training, education, outreach, grant administration, license and fee collection, risk management, facilities, fleet, human resources, information technology, legal, printing and distribution, public information, and purchasing.

3.15.030 Office of the Chief Administrative Officer

A. The Office of the Chief Administrative Officer, City of Portland shall be supervised by the CAO and shall include such other employees as the Council may provide. The Office of Chief Administrative Officer shall be responsible for the overall coordination of the administrative service functions of the City.

B. In conjunction with the annual budget, the CAO shall provide the City Council a detailed annual workplan to improve city administrative services

C. The CAO will meet with the City Council at least twice a year to report on efforts to continually evaluate and improve all city administrative services, including those contained in the annual workplan.

- D. The CAO or designee shall perform the duties of the position referred to in the Oregon Revised Statutes as Budget Officer.
- E. The CAO may determine that the City's administrative services are more effectively and efficiently provided by another configuration or organization of bureaus and may recommend such reconfiguration or reorganization to the City Council.
- F. Upon approval of the City Council, the CAO or designee shall have the specific authority to:
 - 1. Implement policies, practices, rules, regulations and systems for providing all city administrative services. All bureaus and agencies shall comply with City Council approved policies, practices, rules, regulations and systems established for administrative services.
 - 2. Determine if any administrative service should be provided by city staff or outside vendors. Bureaus shall use the services of the Office of Management and Finance unless otherwise authorized by the CAO or directed by the City Council.
 - 3. Provide administrative services to any other governmental or private agency when it is in the interest of the City to do so.
 - 4. Provide additional administrative services as directed by the Council.
 - 5. Recommend to Council organizational structures for providing administrative services city-wide.

3.15.040 Bureau of Finance

The Bureau of Finance shall be supervised by a director and shall include such other employees as the Council may provide. The responsibilities of the Bureau of Finance shall include financial planning, public finance and treasury management, accounting and grants.

3.15.050 Bureau of Human Resources

A. The Bureau of Human Resources shall be supervised by a director and shall include such other employees as the Council may provide. The responsibilities of the Bureau of Human Resources shall include coordination and control of the administrative and technical activities relation to maintenance of a comprehensive human resources system for the City, including employee relations, training, employment services, classification and compensation, affirmative action and service improvement initiative.

B. Dispute Resolution.

- 1. The Human Resources Director or designee(s) is the official interpreter for the City pertaining to its collective bargaining agreements and any other written compensation and benefits plans and personnel policies established by the Council.
- 2. The Commissioner-In-Charge of a bureau shall retain the right to hear individual grievances and or concerns on a case by case basis. In settling such grievances and or concerns, the Commissioner-In-Charge shall do so with the advice and consent of the City Attorney and the Human Resources Director.
- 3. If the Commissioner-In-Charge of a bureau does not retain jurisdiction of a grievance and or a concern within one week of receiving the issues, then the Human Resources Director shall automatically have jurisdiction to settle the issue.
- 4. Provision for resolution of disputes is as follows:
 - a. Within 1 day following the filing of a written grievance under a collective bargaining agreement, or other written personnel policy adopted by Council, the bureau or

department recipient of the grievance shall provide a copy to the Human Resources Director of the written grievance or other appeals document. During the investigation of grievances the Human Resources Director or designee(s) shall be an agent of the Office of the City Attorney for purposes of representing the City.

b. Where a grievance or complaint by a nonrepresented employee or settlement thereof would require payment of a claim for wages or other monetary benefit, the supervisor, division head or bureau head responding to the grievance shall confer with the Human Resources Director or his or her designee before any promise is made to accept or adjust the claim in settlement.

c. Where the claim is for wages or other monetary benefit not exceeding \$ 5,000 per claimant, the supervisor, division head or bureau head, with the approval of the Commissioner-In-Charge of the bureau and of the Human Resources Director may accept or adjust the claim in settlement on behalf of the City, where settlement is deemed prudent and appropriate, provided that:

(1) The Human Resources Director authorizes the settlement in writing and gives written notice to the payroll division or to the benefits program manager involved to draw and issue a check not exceeding \$5,000 per claim for the settlement expense, charged to the appropriate center code, account number or fund;

(2) Payments which are an exception to Section 5.08.020 of the Code, which requires payroll checks to be drawn only for services rendered, shall be made only when the Human Resources Director determines such payment to be in the best interests of the City and the Office of the City Attorney approves. This Section shall be narrowly applied.

(3) The Office of the City Attorney reviews and approves the settlement agreement as being not in conflict with State or federal laws, applicable ordinances, and collective bargaining agreements pertaining to conditions of employment.

(d) Where a settlement agreement provides for payment of claims for back wages or other monetary benefit in an amount exceeding \$5,000, the settlement shall not be authorized or enforceable unless approved by the City Council by ordinance.

(e) The CAO or designee is authorized to investigate informal reports of employment discrimination, in accordance with Section 3.15.070 E. where applicable. During the investigation of reports, the CAO or designee(s) shall be an agent of the Office of the City Attorney for purposes of representing the City.

(f) The Human Resources Director will file a report to Council 2 weeks after the end of each month with respect to the settlements entered into pursuant to this section.

3.15.060 Bureau of Information Technology.

The Bureau of Information Technology shall be supervised by a director and shall include such other employees as the Council may provide. The bureau shall be responsible for providing technical support and strategic planning services for the City's information management systems and infrastructure, including Geographic Information Systems.

3.15.070 Bureau Risk Management

A. The Bureau of Risk Management shall be supervised by a director and shall include such other employees as the Council may provide. The bureau shall coordinate and control the administrative and technical activities relating to commercial and self-insurance, including property, workers' compensation, liability and subrogation. The bureau shall have the

authority to monitor and coordinate a City-wide loss prevention and control program, as necessary to minimize potential property, liability, fidelity and personnel losses. In addition, the Bureau shall maintain records relating to commercial and self-insurance losses by the City or claims filed against the City and shall execute any claim or proof of loss for damage to City property.

B. The Risk Manager is hereby delegated authority to evaluate, approve or disapprove on such form as he finds necessary, on behalf of the City, all applications for self-insurance programs in lieu of commercial insurance requirements of contracts, permits, or any other legal documents of the City. Upon approval of a self-insurance program, the contract, permit or other legal document that is the subject of an application is automatically amended, subject to the approved form being filed with the City Auditor or such other bureau as may be charged with keeping the records, to substitute such approved self-insurance program for the commercial insurance requirements of the contract, permit, or other legal document, without further action by the Council.

C. Workers' Compensation claim administration procedures within the City generally shall be based on the guidelines of the Oregon Workers' Compensation Board and the rules and regulations embodied in ORS Chapter 656. These procedures include the authority to settle a "bona fide disputed claim" subsequent to an appeal of the employee's claim against the City in accordance with ORS 656, 283 or 656.289. The settlement procedure shall be as follows. The Risk Manager shall make the initial recommendation to settle a bona fide disputed claim when appropriate to the administration of that claim. The Risk Manager will forward the recommendation to the Commissioner In Charge (or designated delegate) of the bureau in which the claimant was employed at the date of injury. The Commissioner In Charge may approve or disapprove the recommendation. The Risk Manager also shall give notice to the Commissioner In Charge of the Bureau of Risk Management that a recommendation to settle a bona fide disputed claim has been made. The City Attorney shall approve all offers of settlement as to form.

D. The Risk Manager is authorized to act on behalf of the City of Portland on all matters related to Workers' Compensation not specifically delineated in Subsection (2). This authorization includes, but is not limited to:

1. The authority to accept, deny or defer claims.
2. The authority to authorize all payments in amounts required by law relating to a Worker's Compensation claim.
3. The authority to engage legal counsel to appeal any adverse decisions regarding a Workers' Compensation claim.
4. Subject to the provisions of City Charter Section 1-106 governing settlements, the Risk Manager, with the concurrence of the Human Resources Director, is authorized to act on behalf of the City of Portland in the settlement of tort claims and court actions alleging employment discrimination and violations of civil rights.

E. The Risk Manager or designee is authorized to investigate complaints of discrimination filed with the Civil Rights Division of the Oregon Bureau of Labor and Industries, or the Equal Employment Opportunity Commission. Prior to initiation of tort claims and court proceedings, the Risk Manager or his designee is authorized to settle such complaints subject to the following provisions. During the investigation of complaints filed, the Risk Manager or designee shall be an agent of the Office of the City Attorney for purposes of representing the City.

1. The Risk Manager may, subject to the terms and conditions of City Code Section 3.15.050.B.4.c and d, make settlements to such complaints in an amount not exceeding \$5,000. The Risk Manager will file a report with the Council two weeks after the end of each month with respect to the settlements entered into pursuant to this Subsection.

2. Where a settlement agreement provides for payment claim in an amount in excess of \$5,000, the settlement shall not be authorized to enforceable unless approved by the City Council by ordinance.

F. The Risk Manager is authorized to investigate and enter into settlements on fair and moral claims which are not covered by insurance, for which the Committee on Claims, under Chapter 3.72, has established guidelines for recommendations and potential reimbursement. However, in the event the guidelines are insufficient for the Risk Manager to determine whether to accept or deny the claim, or to determine the amount of reasonable reimbursement, the Risk Manager shall forward such claims to the Committee on Claims.

3.15.080 Bureau of General Services

A. The Bureau of General Services shall be supervised by a director and shall include such other employees as the Council may provide. The bureau shall coordinate and control the administrative, fiscal and technical activities relating to the internal services provided in the areas of facilities, fleet, communication, printing and distribution services and other services the Council or the CAO may assign.

B. Property Rental Agreements – Authority. The Mayor and the Commissioner in Charge are authorized to execute on behalf of the City, agreements to rent or lease City-owned property that is being held for future City use; rental agreements for City -owned commercial property; renewal leases; or amendments to leases. The Commissioner in Charge of the Bureau of General Services is authorized to request the City Attorney to proceed in court as necessary to enforce the provisions of any property rental agreement authorized by this Section.

3.15.090 Bureau of Purchases

The Bureau of Purchases shall be supervised by a director and shall include such other employees as the Council may provide. The bureau shall be responsible for procurement and contractor development. The Purchasing Director shall be responsible for the functions of the Purchasing Agent under the Charter or general law and shall act as Purchasing Agent in all matters requiring action or signature of the Purchasing Agent.

