Office of Management & Finance

FY 2012-13 Budget Presentation – April 4, 2012

Sam Adams, Mayor
Jack D. Graham, Chief Administrative Officer

Overview

The Office of Management and Finance (OMF) delivers core central and administrative services necessary for the operation of the City of Portland government. OMF manages the City's fiscal, human, physical, and technological resources to deliver high quality services to other City bureaus and the community.

OMF also provides services to other government agencies such as the 800 MHz Public Safety Radio System, Integrated Regional Network Enterprise (IRNE), Portland Police Database System (PPDS), Multnomah County Business Income Tax collection, and Printing and Distribution.

OMF is overseen by the City's Chief Administrative Officer (CAO) and consists of the bureaus of Financial Services (BFS), Human Resources (BHR), Internal Business Services (BIBS), Revenue, Technology Services (BTS), and the divisions of Business Operations, Enterprise Business Solution (EBS), and Citywide Projects. The requirements for each operation are depicted in the pie charts.

As also shown in the pie charts, OMF is funded through a combination of resources. Approximately half of OMF's funding is through interagency charges to other City bureaus. Interagency revenue primarily includes charges for Technology Services, EBS Services, CityFleet, Facilities, Printing and Distribution, and Risk Management.
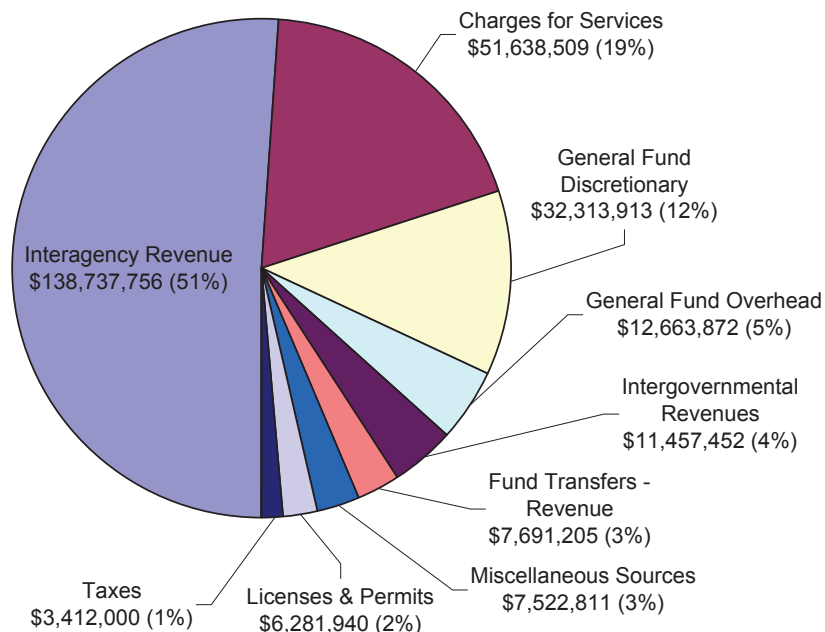
In FY 2012-13, only 12% of OMF's budget is funded through General Fund discretionary resources, mainly to fund portions of Financial Services, Human Resources, Business Operations, Procurement Services, and Revenue.
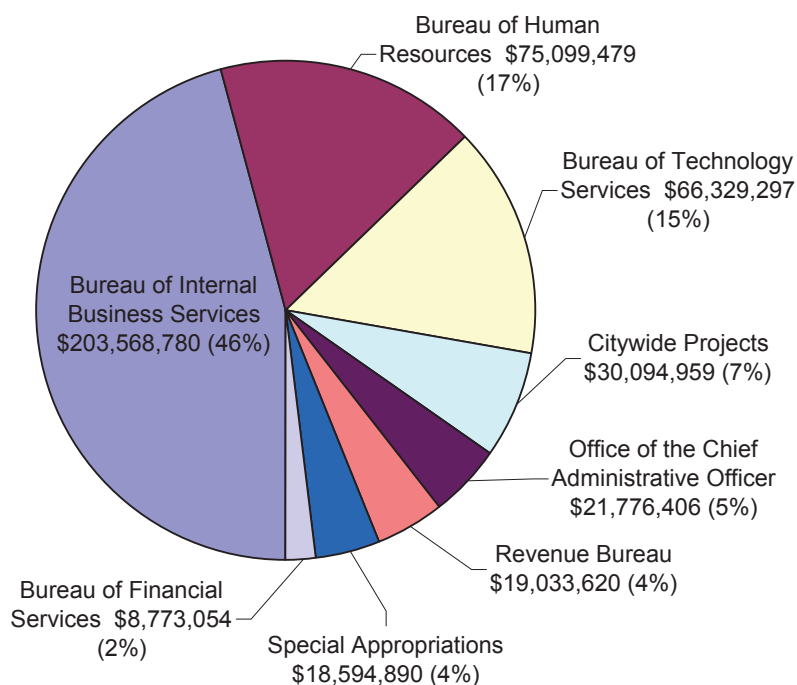
FY 2012-13 Base Budget Resources

OMF Revenues: $271,719,458
Fund Balances: $171,551,027

Resources

Charges for Services
$51,638,509 (19%)

General Fund Discretionary
$32,313,913 (12%)

General Fund Overhead
$12,663,872 (5%)

Intergovernmental Revenues
$11,457,452 (4%)

Fund Transfers - Revenue
$7,691,205 (3%)

Miscellaneous Sources
$7,522,811 (3%)

Licenses & Permits
$6,281,940 (2%)

Taxes
$3,412,000 (1%)

Interagency Revenue
$138,737,756 (51%)

Requirements

Bureau of Human Resources $75,099,479 (17%)

Bureau of Technology Services $66,329,297 (15%)

Citywide Projects
$30,094,959 (7%)

Office of the Chief Administrative Officer
$21,776,406 (5%)

Revenue Bureau
$19,033,620 (4%)

Special Appropriations
$18,594,890 (4%)

Bureau of Financial Services $8,773,054 (2%)

Bureau of Internal Business Services
$203,568,780 (46%)

Who We Are

OMF provides core administrative services to all City Bureaus and many businesses in the City of Portland through the following:

Office of the Chief Administrative Officer

Provides strategic support to the entire OMF organization and City Council. It includes the divisions of Business Operations, Enterprise Business Solution, and Citywide Projects.

Bureau of Human Resources

Provides strategic leadership and management for citywide human resources systems, including benefits and wellness, classification and compensation, employment, training and development, diversity development, site teams, police human resources and labor relations.

Bureau of Financial Services

Provides core financial services and activities for the City and key advisory services to bureaus and City Council. This include budgeting, financial tracking and reporting, payroll, bond issuance, compliance and tracking of debt, and investment of cash.

Bureau of Internal Business Services

Provides an array of internal services to other City bureaus and jurisdictions, including fleet, facilities and property management, printing and distribution, procurement, and risk management.

Revenue Bureau

Provides annual collections of over $170 million in business and hotel taxes and other collections programs for Portland and Multnomah County and regulates a range of industries such as taxis and towing to ensure equity and public safety.

Bureau of Technology Services

Provides support, management, policy setting, strategic planning and leadership in the use of computer, radio, and telecommunications technologies to support the effective delivery of Portland City government services.

Significant Issues

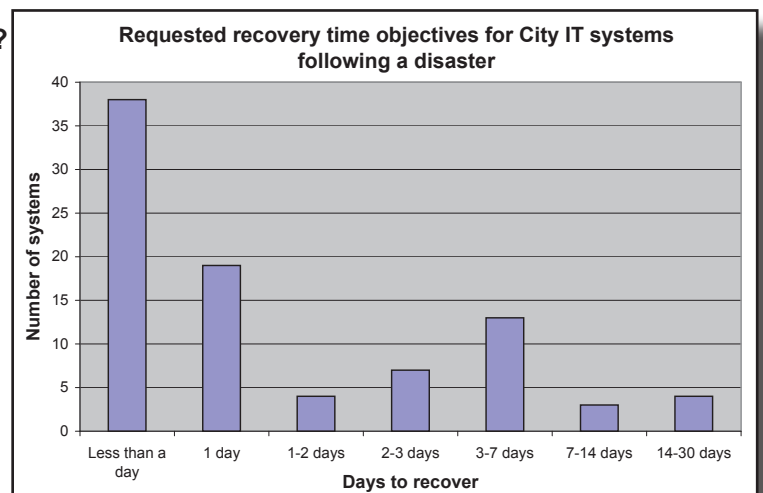## Critical Technology Recovery in a Disaster

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. Key services relying on technology include: communications for law enforcement, fire and rescue, emergency dispatch, payroll, revenue collection, and accounts payable.

How has OMF mitigated the impacts of budget cuts?
Maintaining service delivery is a priority for OMF and the customers we serve. The budget cuts offered by BTS and the PSSRP do not have a direct impact on disaster recovery, but do impact the overall capacity and flexibility of staff to focus on recovery efforts in an emergency situation. BTS has already realigned staff to meet existing service needs and address budget cuts.

How is OMF positioning itself for the future?
In 2008, BTS conducted a Business Impact Analysis of a disruption affecting City of Portland services. The analysis provided a list of core services critical to the City's business continuity. Although BTS keeps backup copies of critical City data, with the exception of CAD, there is currently no funding for full system redundancy.

Requested recovery time objectives for City IT systems following a disaster

(Number of systems / Days to recover)

Days to recover	Number of systems
Less than a day	38
1 day	19
1-2 days	4
2-3 days	7
3-7 days	13
7-14 days	3
14-30 days	4

In 2008, BTS asked customers what recovery time was needed for each of their technology systems in the event of a disaster. This graph shows the majority of systems would need to be back online and functioning in less than a day.

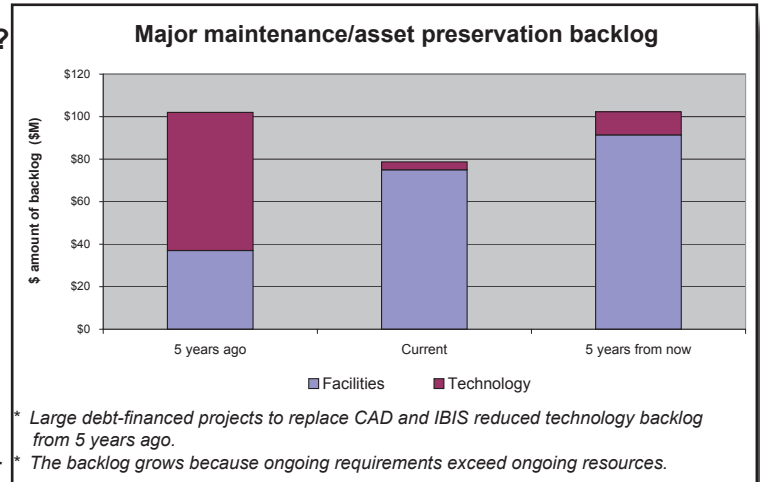## Facilities and Technology Asset Major Maintenance and Replacement

BTS and BIBS Facilities Services are both responsible for maintaining critical City assets, including key buildings and technology systems. Both BTS and BIBS do not have funding models to support adequate major mainte-nance/asset preservation projects for City's facilities, as well as regular replacement schedules for technology assets.

How has OMF mitigated the impacts of budget cuts?
The cuts offered by OMF have sought to keep current services intact to our customers. Because major main-tenance and replacement issues are future costs, these costs will be incurred in future budget decisions.

How is OMF positioning itself for the future?

*   Best practice for technology assets is to set aside money annually for replacement. The actual set aside amount is based on the length of the asset's useful life. Bureaus already set aside money to cover replacement of PCs and laptops every four years. In FY 2012-13, bureaus will begin paying for replacement of virtual servers. Annual set asides for larger technology infrastructure and assets, how-ever, are not being fully covered.
*   Best practice for facility assets is to annually set aside 3% of replacement value to fund major main-tenance/asset preservation projects so the facility can remain functional. BIBS currently collects 1.5% annually for preservation of infrastructure assets.
*   OMF will develop a proposal to close the funding gap and report back to Council during the FY 2012-13 Fall Budget Monitoring Process.

Major maintenance/asset preservation backlog

* *Large debt-financed projects to replace CAD and IBIS reduced technology backlog from 5 years ago.*
* *The backlog grows because ongoing requirements exceed ongoing resources.*

In the next five years Facilities back log is projected to increase from $75M to $91.4M and the BTS backlog is projected to increase from $3.7M to $10.9M. As the backlog grows, these assets will prematurely reach a condition where it is cheaper to replace entirely than to catch up on the projects. The City will increasingly be reliant on debt financing or one-time funding.

Workforce Planning

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. The current trend shows that there will not be enough work ready candidates in the market; therefore it is critical for the City to develop programs internally and externally to attract and retain employees.

**How has OMF mitigated the impacts of budget cuts?**
BHR has recently undertaken a realignment of service delivery:

*   Streamlined citywide recruitment process through implementing NEO GOV and assigning recruitment staff to Site Teams.
*   More community outreach and focused recruitments.
*   Implemented a career development and workforce knowledge transfer program.
*   Piloting an e-learning module to track training blocks and match career paths with required training.

How is OMF positioning itself for the future?
BHR's reorganization and realignment of service delivery has created capacity to cover current requirements and flexibility to accommodate future requirements. OMF is also implementing new tools and technology to be more effective in delivery of services. For example, an employee webinar training program is being implemented that will offer flexibility and tangible skills and knowledge around internal City processes, functions, and organizational structure. OMF is also participating in a mentorship program that BHR plans to roll out Citywide.

Age of City Employees
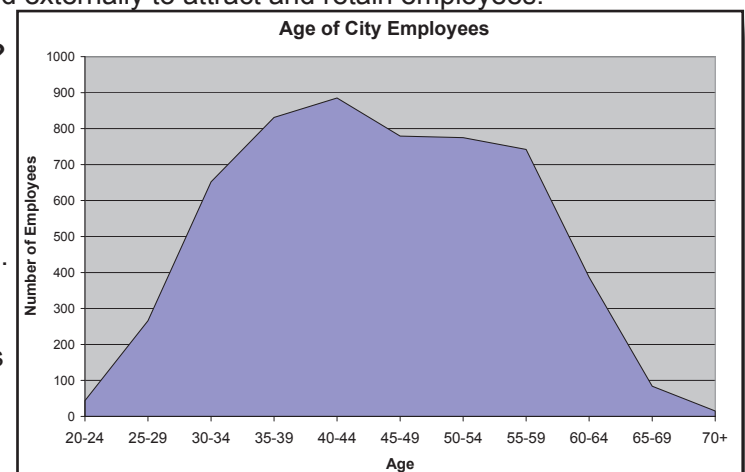
Current age demographics of City employees, as of March 2012.

Current Equity Efforts

Workforce Diversity

BHR is working with bureaus to restructure the City's classification system to create more entry-level positions, to be able to hire people near the start of their careers, and have them advance as they gain more experience and knowledge on the job.

OMF Bureaus and Divisions support active Diversity Development Committees, conduct recruitment outreach to organizations and publications representing women and communities of color, and provide diversity-related training, conferences and cultural celebrations for employees.

Contractor Diversity

Since completion of the Disparity Study, Procurement Services, City bureaus, PDC, and the Fair Contracting Forum have been working to restructure five of the City's Fair Contracting programs: workforce training and hiring; good faith efforts; prequalification; a new construction program (formally Sheltered Market Program); and professional, technical and expert services, with the goal of developing enhanced program-specific recommendations that center around equity in contracting.

Customers/Clients

OMF has actively participated in the work to establish the new Office of Equity and Human Rights, providing administrative and policy research services needed to create the office.

The Taxi Driver Labor Market Study examined the economic and working conditions of taxi drivers. We will be using the study's findings to propose changes to our current regulatory system.

Budget mapping provides a means for policy makers and community members to better understand the distribution of spending and the delivery of services throughout Portland.

The RFP for the City Hall Interior Door Automation Project is out for bid and there will soon be ADA-compliant push-button door operators in City Hall.

Leadership

OMF is weaving equity into future planning through the development of our 2012-17 Strategic Plan. Input from City bureau directors, community customers, and a cross section of OMF employees will ensure a diversity of voices inform the future direction of our organization.

City ADA Title II and Civil Rights Title VI Programs work to implement compliance strategies and procedures to promote equity, fairness, and remove barriers and conditions that prevent underserved groups from receiving benefits of City programs and services.

The ADA Transition Plan Project is reevaluating programs, services, activities, policies, and facilities/sites to ensure they are accessible to and usable by people with disabilities by identifying and removing barriers that exist.

The CAO's Policy Team coordinated the development of the City's equity initiative, conducted the first equity survey/inventory of the bureaus, and drafted equity metrics.

Jack D. Graham, CAO

OMF Core Leadership Team:

- Betsy Ames, Sr. Policy Analyst
- Jane Braaten, Sr. Business Ops Mgr
- Yvonne Deckard, Director BHR
- Bryant Enge, Director BIBS
- Rich Goward, Jr., Director BFS
- Mark Greinke, Director BTS
- Thomas Lannom, Director Revenue
- Satish Nath, Manager EBS