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CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

OMF Advisory Meeting Committee Notes

Tuesday, April 8, 2014

Members and OMF Leadership Present: Betsy Ames, Jeff Baer, Ben Berry, Jane Braaten, Tim Crail, Leslie Goodlow (for Traci Manning), Mike Greenfield, Erin Janssens, Carol Justice, Anna Kanwit, Bob Kieta (for Bryant Enge), Thomas Lannom, Robert McCullough, Fred Miller, Deborah Sievert Morris (for Paul Scarlett), Katherine Reiland (for Mike Reese), and Gerry Verhoef.

Members and OMF Leadership Absent: Amalia Alarcon de Morris, Jennifer Cooperman, Donna Hammond, Jane Kingston, Mark Lewis, Satish Nath, David Schaff, and Gail Shibley.

Other Staff Present: Kelly Ball, Aaron Beck, Don DePiero, Sara Lowe, Elyse Rosenberg, Janet Storm, Kate Wood.

Welcome: Fred Miller

- Fred Miller welcomed attendees. Each person introduced him/herself.

OMF Budget Update: Fred Miller/Sarah Lowe/Jane Braaten/Bureau Directors

Council Budget Work Sessions

- Miller gave a brief overview of his participation in the Budget Work Sessions. The sessions were structured around topics of discussion based on the Mayor's three stated priorities: homelessness and hunger; complete neighborhoods; and emergency preparedness. Some Bureaus participated in more than one work session, while others did not participate at all depending on whether or not any of their decision packages fell into one of those categories.
- Miller said that a big focus of the work sessions was how to better care for City assets such as emergency fueling stations and the Portland Building. An outside task force is working on the Portland Building issue. The City also needs to focus on planning for deferred maintenance.
- Lowe said that only the largest, most urgent needs would receive new funding and that those decision packages that did not fall into one of the Mayor's priority areas were not considered. The City Budget Office sent follow-up questions to the bureaus with decision packages under consideration. Answers to those questions were due on April 9. Council will review the answers the week of April 14 and will work with the Mayor and bureau directors to finalize the proposed budget. The proposed budget will be released on April 30.
- Bob Kieta said that Council considered three Facilities decision packages related to the Sears Facility during the work sessions: the Sears Facility staging, a west side fueling station, and ADA upgrades (the latter two through PBEM). The ADA position will allow the City to track the process and complete the ADA transition plan in a timely manner.
- Kate Wood of Risk Management reviewed the earthquake insurance decision package. The insurer notified the City that it will drop coverage from \$100 million to a maximum of \$25 million on July 1. The City has the option to purchase expensive "difference in conditions" coverage to cover the shortfall. The Council must decide whether or not to purchase the additional insurance.

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- Ben Berry said that he discussed three emergency preparedness topics at the work sessions: the ongoing Office 365 implementation; an RFP for a hosted data center which will include hot-site disaster recovery; and the business impact analysis study for disaster planning which includes an add package for a continuity of operations analyst. He also discussed a mitigation strategy for the impact of additional Enterprise Server Charges on Police and the Auditor's office.

Questions:

- What is the COLA projection?
 - The City forecasted for 1.8%. The actual came in at 2.7% for FY 2014-15.
- Were OMF's Internal Service Funds impacted by the increased COLA?
 - Yes. CBO suggested that the best way to deal with this would be through IA increases and that bureaus would have to absorb the cost in their budgets.
- How much is the total cost for the Sears Facility and how is the project coming along?
 - The cost for the full master plan build out of the Sears Facility is between \$11-12 Million. The plan is to undertake the projects in stages so that certain pieces can be moved forward. The first step for the Sears facility will be rezoning. Facilities is awaiting a recommendation from the hearing board at which point the project can move forward.
- Commissioner Fish mentioned financing critical infrastructure projects over time. What other projects aside from the Sears Westside Operations Center would fall into that category?
 - OMF is in the process of gathering financial information on infrastructure projects. All options are on the table.
- How long will the current fuel infrastructure support operations in the event of an emergency?
 - At a normal level, 11 to 17 days. At a restricted level, possibly 17 to 23 days. The recommended standard for an emergency is 30 days.
- Did any of the decision packages Council considered include seismic upgrades?
 - Only one submitted by ONI and Fire for Fire Station ADA upgrades and the Kenton Firehouse. The Portland Building was discussed but no decision packages were submitted.
- Does the \$95 million estimate for upgrading the Portland Building include seismic upgrades?
 - Yes.
- What was the mitigation strategy for the mainframe?
 - All bureaus except the Police Bureau and the Auditor's office have discontinued use of the mainframe. In order to mitigate the cost shift to Police and the Auditor's Office, OMF has requested one-time relief resources through a \$533k General Fund add package to absorb their additional cost. If not approved, both bureaus will have to realign internal resources to absorb the cost.
- When will everyone be off of the mainframe?
 - In a worst case scenario, June of 2015.

Spring BMP

- Jane Braaten said that for the Spring BMP, OMF concentrated on meeting its customers' critical needs, for example, the Innovation Fund transfer for Revenue's IRS Tax Data Exchange project and a programmatic carryover for the Campsite Cleanup program. Other carryovers included the Classification & Compensation Study and funding for a Training and Development Analyst to assist in the creation of onboarding and inboarding programs.
- Thomas Lannom gave an overview of the IRS Tax Data Exchange project which will close the tax gap and strengthen the City's ability to collect outstanding taxes. He said that it could mean as much as a seven figure increase in incoming revenue for the City.

- Anna Kanwit said the BHR was looking at several ways to get the Classification & Compensation Study funded as the City's data is outdated by more than 20 years.

Questions

- In terms of public sector classification and compensation how does the City compare to other cities?
 - BHR hopes to obtain funding to hire a consultant to examine this issue including pay equity, pay scales, position descriptions, and how to attract the best and brightest.
- What is Campsite Cleanup?
 - Campsite Cleanup is a centralized project to monitor and manage unlawful campsites on City property. It is part of a settlement to resolve a federal lawsuit that focused on the procedures of the Portland Police. The Police Bureau will no longer assume responsibility for the clean-ups. Facilities is putting the final pieces of the program in place with help from the Police Bureau.

OMF Study Update

- Miller said that Moss Adams released its OMF Study recommendations and handed out a summary of the recommendations. The consultants focused on what the CAO's role should be, if there should be a CFO position, and performed an analysis of City-wide vision and objectives. They determined that the best way for the City to achieve its goals would be to centralize some services such as receivables and facilities, and to consolidate financial services under a CFO. The CBO would remain separate and the Office of the CAO would continue to oversee Business Operations, Policy, and Citywide Projects. Council generally reacted favorably to the recommendations. Should Council implement Moss Adams' recommendations, the first step will be to secure funds for a national search for the CFO position.

Questions

- What would centralizing receivables and facilities mean?
 - There may be savings and workload efficiencies to be had by consolidating certain functions within or between bureaus but the City must gauge what will provide the best service at the best cost. The City must consider whether the customer experience should be "one city, one bill" or if it makes sense to duplicate some billing functions across bureaus. On the facilities side, the City must decide if it makes more sense to have all City facilities as part of one inventory and asset condition terminology, or should facilities be managed separately by bureau. The City also needs to assess where the Portland Building rebuild falls on the list of the priorities for the General Fund. Council will examine the issue and make recommendations.
- When will the final decision be made?
 - There is a Council work session on the OMF Study on May 21. Miller said that he hopes to have the answer before that.

Close

- Ball said that the next meeting was scheduled for May 20. The committee decided to push the meeting until after the May 21 work session. The meeting adjourned at 4:30 p.m.