



OFFICE OF MANAGEMENT & FINANCE

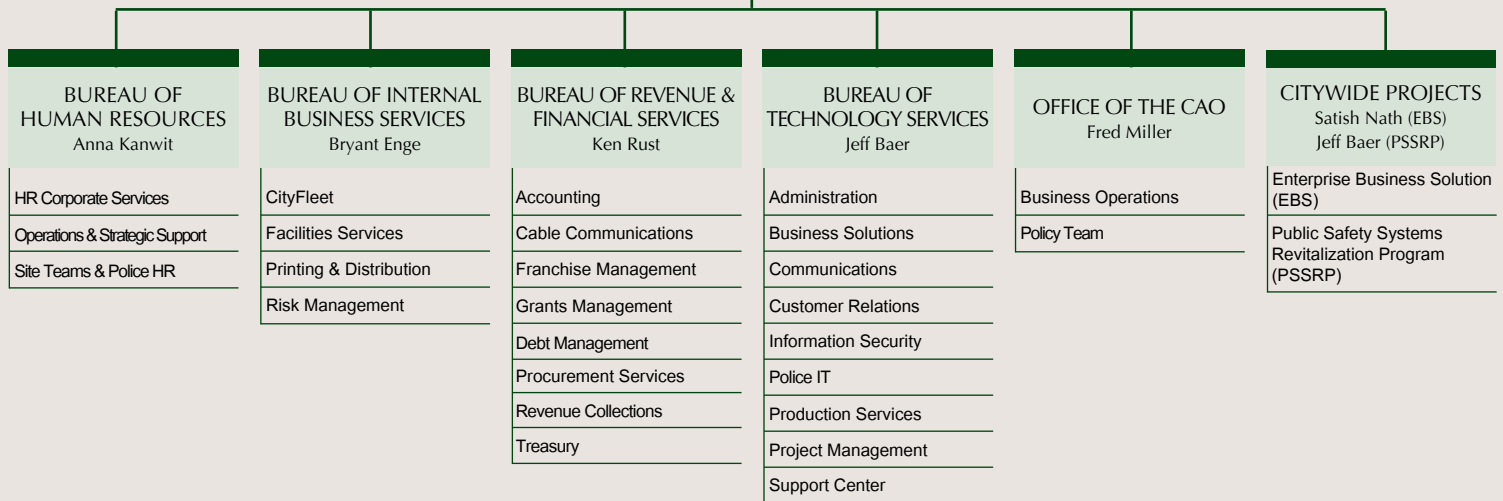
FY 2016-17 BUDGET PRESENTATION
MARCH 31, 2016

Charlie Hales, Mayor
Fred Miller, Chief Administrative Officer

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

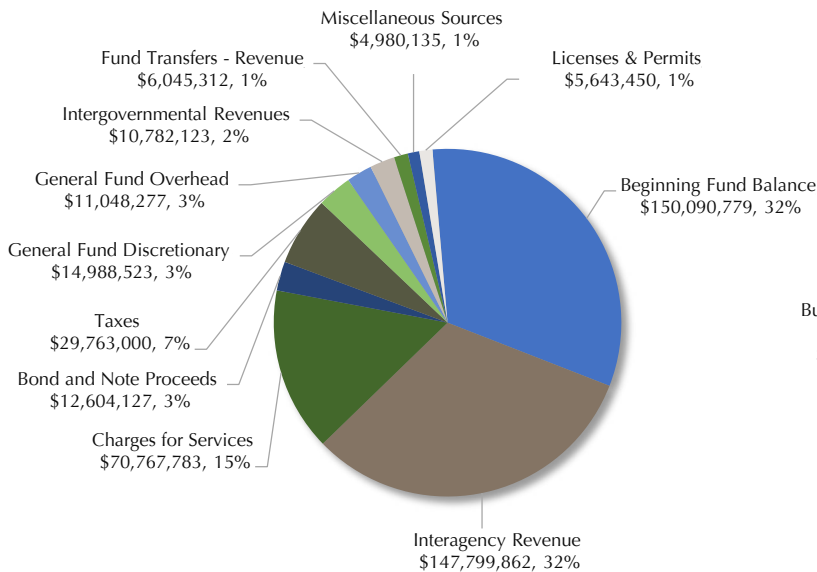
ORGANIZATIONAL STRUCTURE

OFFICE OF MANAGEMENT AND FINANCE
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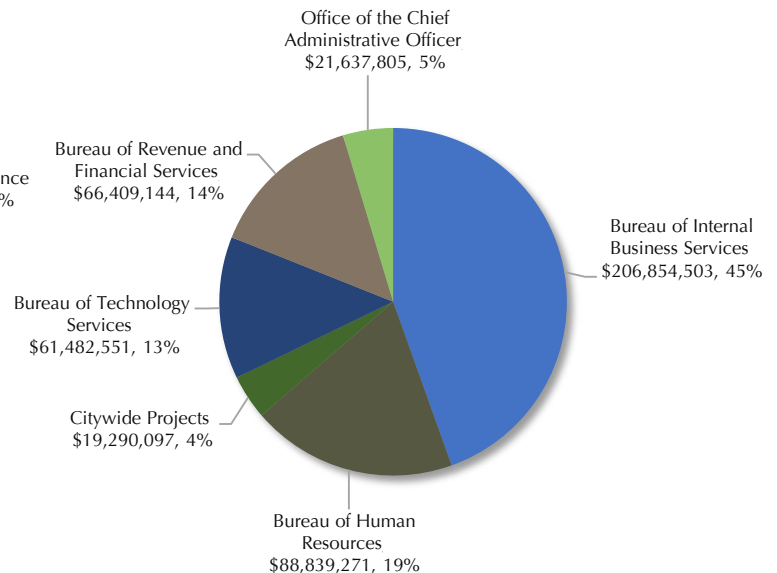


FY 2016-17 OMF BASE BUDGET

RESOURCES



REQUIREMENTS



Total OMF Base Budget: \$464,513,371



WHO WE ARE

Office of the CAO

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

Bureau of Human Resources (BHR)

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

Bureau of Internal Business Services (BIBS)

The Bureau of Internal Business Services manages a range of core internal services that are critical to meeting City business needs such as facilities, fleet, printing, and risk management.

Significant Issues

Looking near and long term, OMF has identified significant issues that require attention and commitment. If these are not addressed, they pose operational and/or financial risk to the City. Addressing these issues will span more than one budget year, and most will require partnerships beyond OMF. OMF's decision packages and work plan reflect these significant issues.

Long term financial forecast

City resources increased in FY 2015-16 but projected expenses are rising faster than projected revenue. In the next five to ten years, the City will have to address several large financial obligations including the Portland Harbor clean-up, Portland Building Reconstruction project, Parks labor settlement, PERS increases, Portland Levee project, Data Center Move, affordable housing, and other infrastructure investments. Hard decisions will be necessary to avoid unnecessary risk.

Portland Building Reconstruction project

In 2015, City Council approved Resolution #37158 directing OMF to complete the Portland Building Reconstruction project by the year 2020 for a cost not to exceed \$195 million. This project will impact many bureaus and is necessary to preserve the City's asset investment and provide a safe and productive work environment for City staff to serve the public. The new building must accommodate rapidly changing technology, an increasingly mobile workforce, and flexible work spaces.

Data Center move/disaster recovery

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 destruction of numerous technology systems that are essential for the ongoing operation of the City. In addition, ensuring the integrity of the systems that keep customer information is essential for public trust. The current Data Center location is not sustainable through the Portland Building reconstruction nor in a disaster situation; therefore, it must be moved and a redundant backup location secured.

Employer of Choice

The City strives to be the public employer of choice. To achieve that, OMF launched a Citywide onboarding platform and began to update the classification/compensation system. Additional components include employee development, centralized training, and strategies to engender emotional safety for City employees to improve overall communication and employee satisfaction at work. The significance of this issue continues to grow given impending retirements, population increases, and a more transitory workforce.

Equitable outcomes

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

Confidential and Restricted Information (including Personally Identifiable Information)

While many bureaus worked to comply with Payment Card Industry (PCI) standards in 2015, there is still work to be done throughout the City to effectively manage all confidential and restricted information, including personally identifiable information and personal health information. Since every bureau collects some types of information that are deemed confidential or restricted, all bureaus will need to take action. OMF will work with City bureaus in identifying City policies and best practices around this issue. Without attention, the City and Council risk compromising customer and employee information that could lead to fraudulent activities.

OMF Decision Packages

OMF's FY 2016-17 Requested Budget includes decision packages that make progress on addressing significant issues and topics in the Budget Development Framework on the following page. Below is a list of OMF decision packages, which are described in more detail in the budget.

Total Reductions: \$1,340,783

Reductions

- BHR – OSS III Diversity, Outreach, and Employment Resources (1 FTE)
- BHR – OSS III Payroll Position (1 FTE)
- BHR – Reduce Training and Professional Services Funding
- Accounting – Reduce CAFR Efficiency Initiatives
- Grants – Reduce Grants Training
- Procurement – Reduce Software Replacement
- Procurement – Reduction to PCDP and MEP Programs
- Revenue – Utility Franchise/Wireless Support
- Revenue – Portland Community Media

Funding Realignments

- BHR – FMLA Program Coordinator Realignment
- BHR – OSS III Realignment of Front Desk Support
- BHR – EBS IA Increase for Training
- Business Operations – Maintain Required Services: Add Revenues/Cut Costs
- CAO's Office – Reallocate Spectator staff costs

Required 5% Reduction for Dedicated Funds

- BIBS Facilities – 5% Reduction for Jerome Sears Building
- BIBS Facilities – 5% Reduction for John Yeon Building
- BIBS Facilities – 5% Reduction for Mayor's Security
- BIBS Facilities – 5% Reduction for City Hall Major Maintenance
- PSSRP – Reduction in Personnel Services (2 FTE)
- Accounting – Target True-up for EBS Costs

Organizational Realignment

- BRFS Reorganization – Debt Management and Treasury

Additions

Investments – Increase Revenue

- Revenue – IRS Data Exchange (2 FTE)
- Revenue – Support Revenue Collection (3 FTE)

Infrastructure Investment – Align OMF Capital Budget with Council Decision

- BIBS Facilities – The Portland Building Reconstruction Project

Investments – Data Center Move

- BTS – Data Center Move

Investments – Support Employer of Choice

- BHR – Training & Development Analyst (1 FTE)
- BHR – Employee Training Fund
- BHR – Program Specialist for Model Employer Resolution (1 FTE)

Investments – Support City Commissions and Council Resolutions

- BIBS Admin – Staff Support to Equitable Contracting and Purchasing Commission (0.5 CSA)
- Treasury – Socially Responsible Investment Research

Customer Bureaus Support and Will Provide Funding

- BTS Vertical Applications Analyst – BDS (1 FTE)
- BTS – Electronic Equipment Replacement

Add Packages Submitted after the Requested Budget at the Request of Another Bureau or Office

- Coordinated Campsite Cleanup and Shelter Program
- Grants Division – Manage Special Appropriations Grants
- Jerome Sears Building Immediate Occupancy Improvements
- PSU/COP Jasmine Block Building Feasibility Study

Special Appropriations

- Innovation Fund – Comply with 5% Cut Requirement
- Council Office Transition Costs



WHO WE ARE

Bureau of Revenue and Financial Services (BRFS)

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

Bureau of Technology Services (BTS)

The Bureau of Technology Services is responsible for the management, policy setting, strategic planning, and leadership in the use of information technologies, radio, and telecommunications equipment and systems. The bureau provides expert, interoperable and cost effective communications and information technology services to the City and its regional partners.

Citywide Projects

Citywide Projects consists of the Enterprise Business Solution division, managing the City's SAP application, and the Public Safety Systems Revitalization Program, focusing on replacing aging public safety technology systems that support critical Citywide needs.



OMF BUDGET DEVELOPMENT FRAMEWORK

Budget Advisory Committee

The OMF Advisory Committee, which serves as OMF's Budget Advisory Committee during budget development, provided valuable customer feedback, especially on the funding impact to other bureau operations and budgets. In December and January, business managers from City bureaus were also invited to these discussions. Committee members encouraged OMF to think through potential decision packages in the context of budget guidance focusing on housing and homelessness, high priority core programs and services, and maintaining existing assets and infrastructure, and to narrow the requests accordingly.

Equity

OMF leadership and the Advisory Committee were asked to look at requests through an equity lens. Committee members were encouraged to ask probing questions and comment on ideas and decision packages that could impact equitable outcomes. OMF also analyzed their decision packages and other ideas provided to City Council for consideration using the Budget Equity Tool.

Engaging in Discussions of Tradeoffs

In preparing the OMF budget submission, the need to be good stewards and communicate with Council on our long-term needs in infrastructure and technology had to be balanced with the need to comply with the budget direction and submit only a focused number of packages. In OMF's discussions with customer bureaus about the Portland Building reconstruction, data center disaster recovery, and technology equipment replacement funds, the tradeoff between short-term and long-term needs also had to be weighed. The City as a whole faces the same need for a conversation about tradeoffs. The City is facing large financial obligations in the next five to ten years and traditionally uses a one-year budget lens when looking at all of these issues. OMF will provide Council with the data necessary to look at the financial forecast with a six- to ten-year lens.

Estimating Resources Needed to Implement Plans

During the Council deliberations on the Climate Action Plan and Comprehensive Plan, OMF leaders reviewed plan strategies to look ahead to what resources would be needed to implement those strategies. Again, this generated a good conversation about tradeoffs that could also apply at the City level. Is this the year OMF invests in both facility assets and employee assets to achieve its goals in various plans? Can OMF achieve its sustainability goals without driving up costs that adversely impact equity goals?

Acknowledging OMF as a Provider of Required Services

OMF's function is to provide services the bureaus rely on to do their job; therefore, cuts to OMF reduce these needed functions. Because many of these services are required, OMF acknowledges that the City needs a service delivery model with a mix of centralized and decentralized services. OMF's budget packages reflect a continued advocacy for a level of centralized services that still meet its customers' needs. Without that service level, there is a risk that a number of bureaus will need to create their own IT, HR, and fleet departments – and that will cost the City more than it can afford.

Collecting Revenue Owed

When resources are not keeping pace with expenses, it is important to revisit whether all of the revenue owed is being collected. OMF looked at this challenge and continues to advocate for the City to support revenue collection activity that has a positive net return. The Advisory Committee supported a commitment to collecting revenue that is currently owed.



SERVICES TO THE CITY

The Office of Management & Finance (OMF) is overseen by the Chief Administrative Officer (CAO) and provides core central services necessary for the operation of the City of Portland government.

Services include:

- Human Resources
- Internal Business Services - CityFleet, Facilities, Printing & Distribution, and Risk Management
- Revenue & Financial Services - Accounting, Debt Management, Procurement, Revenue, and Treasury
- Technology
- Citywide Projects - Enterprise Business Solution, Public Safety Systems Revitalization Program
- Business Operations
- Policy
- Spectator Venues Program

OMF also provides services to other government agencies including:

- The Public Safety Radio System
- Integrated Regional Network Enterprise
- RegJIN
- Multnomah County Business Income Tax Collection