



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Ted Wheeler, Mayor

Tom Rinehart, Chief Administrative Officer
1120 SW Fifth Ave., Room 1250
Portland, Oregon 97204-1912
(503) 823-1182
FAX (503) 823-5384
TTY (503) 823-6868

To: City Council
From: Tom Rinehart
cc: Auditor, Bureau Directors, Council Execs
Date: January 10, 2018
Re: CAO 2018 Focus

Thanks to each of you and your staffs for welcoming me and working closely with me in my first year as Chief Administrative Officer (CAO). This work provides new opportunities to expand my leadership skills and stretches me in ways I never anticipated. I feel privileged to serve the City in this role.

This memo is organized around four questions that I believe are central to addressing the challenges of our growing city. In the absence of a City Manager who would take on these responsibilities, the City must face these issues emphasizing shared responsibility, teamwork, and innovation. Our goal - effective implementation of Council policy.

1. Managing Enterprise Risks

Whose role is it to ensure that City is identifying and managing major risks?

I have begun creating an "Enterprise Risk Management" team to ensure we are responsibly monitoring and managing trends that affect our ability to meet Council's goals. Enterprise Risk Management (ERM) is a standard practice in both public and private sector organizations. Unlike the loss-prevention focus of risk management, ERM seeks to focus an organization on its key threats and opportunities, particularly issues which don't seem pressing each day but will have the deepest impact in the mid and long-term. For example, what priority level should the City place on fortifying the Columbia River Levee system? How should we prepare for the inevitable economic downturn to ensure adequate service levels? What options do we have as a City as financial support dwindles from both the state and federal government?

Currently, the City Attorney, Budget Director, Human Resources Director, Chief Financial Officer and Chief Administrative Officer all share citywide responsibilities and report to the entire Council. These leaders have agreed to serve as the ERM team for the City of Portland. Together, with support from your teams and our fellow bureau directors, we will identify the central risks for the City, provide recommendations to Council for both resource allocation and action, lead appropriate follow-up with our colleagues, and report to all of you on our progress.

In organizing the work of the ERM, I hope to provide a helpful tool for Council's use. Too often in the past, we have relied on ad-hoc, short-term, initiative based teams. The

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

Auditor identified the need for this role in 2013, and I believe this model will help us both identify key risks and recommend mitigation approaches for Council. If all goes well, we will have a draft document of issues and a formal process to discuss with all of you in March.

2. Major City Project Management

How do we take the recent collaborations on multi-bureau projects and build a sustainable project management template?

The Council and Directors agreed to work together on a major projects work plan for 2018, and we have agreement on both goals and timelines for permitting changes, Build Portland, an evaluation of options for an integrated Customer Relationship Management and/or 3-1-1 system, and speeding up both employee recruitment and procurement of external services. Our new Deputy CAO, Carmen Merlo, will be leading this work plan and strengthening the template for 2019. We will need support from each of you to overcome the inevitable obstacles we will face and resolve legitimate differences of opinion in each of these challenging efforts.

Carmen will work with the various stakeholders to update you quarterly, make requests for your assistance as needed, and share lessons learned as we continue to figure out the best model for these complex endeavors.

3. Leadership Development

Whose job is it to ensure we are evaluating, identifying and training talented leaders?

After six months as CAO, I asked the Bureau of Human Resources (BHR) to do a 360 degree evaluation of my work. The feedback was valuable for me and enhanced by BHR involvement. I believe *part* of the evaluation of all Directors should be a uniform process administrated by BHR that would serve as a baseline for each of your team's Director evaluations. An initial evaluation, with a consistent model that provides a baseline, will provide important information for Council members' performance assessments of their Directors. If Council is interested in this model, Serilda Summers-McGee has agreed to develop a plan that we can review with each of you.

Nothing is more important than finding, retaining and strengthening talented leaders for our work. Each of us works in an increasingly complex environment without straightforward comparisons to past situations to guide our efforts. I have talked to many Directors and others in vital leadership positions who crave more direct feedback on their performance, deeper and more specific leadership and management training, and peer-to-peer learning opportunities. We have added a leadership development component to the monthly Directors' meeting and spent our entire December off-site meeting on skills building around challenges we all face in our roles. Serilda's plan, in collaboration with each of you, could be another helpful step in addressing this multi-faceted challenge.

4. Budget

Are we focused on the right roles and questions in our current approach to the budget?

The Mayor asked me to work with Andrew Scott and external partners to come up alternative potential models for the FY 2019-20 budget process. In our current model, bureau leadership spends months developing detailed decision packages focused on resource allocation, but we do very little work together with Council on strategic goal setting, desired outputs, and performance measurement for what we aspire to deliver for Portlanders.

What if we turned this model around? What if the majority of Council's time on the budget focused on setting performance expectations and holding Directors accountable for them? What if Directors had more flexibility, under Council supervision and direction, for allocating resources for achieving Council expectations?

I am eager to hear your thoughts as we outline what questions we need to ask and where we want to move as an organization, particularly how to engage Council and Council staff more fully as a policy and performance management body.

I look forward to discussing each of these ideas with you and look forward to a challenging and productive 2018.