



TRANSITION REPORT:

Key challenges for a new City Council

A report from the Audit Services Division, Office of the City Auditor, City of Portland

February 2009



City faces key challenges

Faced with declining revenues and a potentially long recession, this is an appropriate time to present our perspective of key challenges facing the new City Council. The challenges presented in this report are not intended to be an all-encompassing listing of City problems. This report is a summary and aggregation of important issues, which in many cases cut across city organizational lines. It is based primarily on work we have conducted over the years, our review of relevant literature, and interviews with City managers.

We realize City staff have made great strides on many of these problems. But with tough economic times, it is more important than ever to deliver efficient and effective government services. This report is intended to help the Mayor and City Council focus on key issues needing attention in the next few years in order to fulfill the promise of more efficient, accountable government.

Audit Services Division Mission:
To promote honest, efficient, effective, and fully accountable City government...

City Charter 2-505: *The Auditor shall conduct financial and performance audits of City government...The Auditor shall have access to all information and records required to conduct an audit or otherwise perform audit duties.*

Who we are, and what we do

To fulfill our mission of promoting efficient, effective and accountable City government, the Audit Services Division (ASD) of the City Auditor's Office issues public reports recommending improvements to City operations. Since 1984, our Division has released over 200 reports and special projects containing hundreds of recommendations to Bureaus and City Council.

Our mandate to conduct performance audits is included in the City Charter, which also gives audit staff authority to review all records of City operations.

The Audit Services Division's independence from City Council and other City operations is key to providing valuable, objective information for making operational improvements, and to meet our requirement to follow national government auditing standards.

Key challenges discussed in this report

- Preserving our valuable infrastructure
- Focusing on results-oriented management
- Assisting the homeless and improving housing affordability
- Improving services to Portland's outer east-side residents
- Working with regional partners to preserve and enhance services
- Delivering efficient, effective internal services
- Meeting the challenges of demographic, economic, and social change
- Resolving recent audit recommendations

Preserving our valuable infrastructure

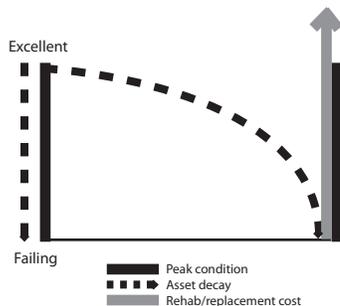


Preventive and routine maintenance is a good investment

Streets, bridges, sewer and water lines, and public buildings are all part of the City's infrastructure; total replacement value of these assets is over \$22.4 billion. Aside from its employees, infrastructure may be the City's most valuable resource. How we treat these assets can impact the quality of services delivered to City residents.

Good asset management requires a continual investment in regular and preventive maintenance. The risk of not maintaining our infrastructure properly is early failure of the asset and increased life cycle costs. Without proper maintenance, Portland risks falling into a reactive mode of making repairs to assets when something breaks. This "run-to-failure" mode is not a good option. Good preventive maintenance, on the other hand, increases the life of assets and reduces costs.

Run-to-failure model



Source: U.S. EPA

While City managers do not purposely practice a "run-to-failure" mode of asset management, the City could clearly do more to extend life cycles and reduce overall costs. According to the City Asset Managers Group, there is a \$136 million annual funding gap between what is provided and what is needed to continue cost effective provision of some of the City's critical services such as water, sewers, and streets. Their latest report says that at current funding levels, some of Portland's infrastructure will continue to deteriorate.

Our past audit work in several large bureaus, including Water, Parks, and Transportation, pointed out the need for better planning for operating and maintenance costs when new assets are acquired. This lack of proper planning for operating and maintenance costs places a burden on future budgets and increases the chance that maintenance will be deferred in tough economic times.



Our audits at Parks and Transportation show a real and continuing concern – established tracking mechanisms are not being used. At Parks, the "Facility Condition Index" tracked all Parks facilities, but is not currently being used. At Transportation, tracking the street maintenance backlog has stopped for more than two years while the Bureau implements a new Pavement Management System. Without good, current data on Parks' facilities or Transportation's street maintenance backlog, good decision-making becomes more difficult.

Progress on asset management

In many ways, City managers made progress in recent years. In FY2001-02, City Council identified the City's deteriorating infrastructure as an urgent priority. It remains a top priority of Council. In 2003, asset managers from various bureaus formed a committee to collaborate on asset management issues. This committee, which became the City Asset Managers Group, reports annually on the status of City infrastructure and promotes sound asset management practices citywide. Several of the largest bureaus, including Water, Environmental Services, and Transportation, already implemented, or are planning to implement, detailed asset management systems.

In addition, some bureaus improved preventive maintenance practices and operating and maintenance budgeting in response to our audit recommendations.

Challenges remain

Despite major improvements to asset management systems, there is still work to be done.

The annual funding gap of \$136 million must be addressed. The City cannot allow deferred or reactive maintenance to become standard operating procedure. Warning signs that this may be happening are beginning to appear. Our review of documents from Environmental Services and interviews with some managers there, for example, shows a trend toward more reactionary maintenance, and away from routine maintenance. In addition, the backlog of streets needing maintenance continues to grow.

The City Council and managers must carefully weigh the costs and benefits of acquiring new assets, when it is already difficult to find maintenance funds. Currently, maintenance funding is not always appropriately identified.

Council needs to reaffirm commitment to maintaining the City's infrastructure

The work of the City Asset Managers Group should be seriously considered as Council moves forward during future budget sessions. In particular, we support recommendations for developing a funding strategy to shrink unmet budget needs for infrastructure maintenance, and a budget priority to take care of current assets before adding more assets.

Our audit reports on this key challenge

Our office issued audit reports about this key challenge. These reports and other documents are listed in the References section on pages 18 and 19 of this document.

Focusing on results-oriented management



Results matter

The City of Portland has a reputation for innovative management: strong neighborhood associations and effective land use planning are important examples. However, resource constraints on the City's ability to maintain high quality, effective services are increasing. In this economic environment, it is especially important to employ rigorous decision-making.

A results-oriented decision making process would help maximize the quantity and quality of City services, improve the efficiency of City programs, better allocate resources, help managers plan and implement programs with public priorities in mind, and improve accountability and trust in government.

Managing for results efforts

In December 2002, the Audit Services Division, in partnership with the Office of Management and Finance, completed work on a special report that reviewed the status of the City's efforts toward setting goals and objectives, measuring performance, and using that information in decision-making. The report recommended the City adopt an improved performance measurement system that could be used more readily in the decision-making process.

Results-oriented management is not just about measurement and planning; it is about using good information to make informed decisions. This is especially important in our system of government where elected citizens are leaders of bureaus in which they may have little or no management experience. Properly done, a solid, reliable decision-making process can inform commissioners and the public, supporting rational program reviews and budget prioritization.

Progress toward results-oriented management

In February 2003, the City Council unanimously accepted the Managing for Results report and directed the development of an implementation plan. City Council approved the subsequent implementation plan in June 2003. The adopted plan set out specific roles for the Bureau of Planning, Office of Management and Finance, the Audit Services Division, and City Council.

Important dates and reports

- **2002** Our Managing for Results report was released.
- **2003** City Council unanimously accepted the Managing for Results report and subsequent implementation plan.
- **2004** Audit Services Division, with the participation of City bureaus, streamlined our annual report on City government performance to more directly relate to City and bureau goals.
- **2008** Citywide strategic planning process endorsed by City Council.

For our part, we streamlined the annual report on City government performance, and tied performance measures more directly to Bureau and City goals. In addition, we advanced the publication date of the report to the first week of December, to enhance its use in the budgeting process.

Recently, the Mayor and City Council announced an effort to develop a citywide strategic plan – the Portland Plan. Central to this idea is the use of “baseline reports” as a means of assessing current and future performance.

Challenges remain

Despite these improvements and planned efforts, many of the weaknesses we reported in 2002 still exist:

- The City still lacks an overarching mission statement and a clear set of goals and objectives. As we reported in 2002, the City has not conducted a complete strategic planning effort since Portland Future Focus, over 16 years ago.
- Currently reported measures still provide an incomplete picture of City performance. Some major gaps still exist in current measures. For example, our office has consistently reported gaps including maintenance measures for parks, and a street maintenance backlog measure for transportation. Also, bureaus still need significant guidance in developing reliable, comprehensive, and detailed program measures.
- The City budget is not formatted for the public or decision-makers to easily assess performance. The current budget format does not clearly tie program spending and staffing information to goals or performance data. It is difficult to relate funding levels to program strategies, service costs, and results.

Commitment needed from City Council to move management forward

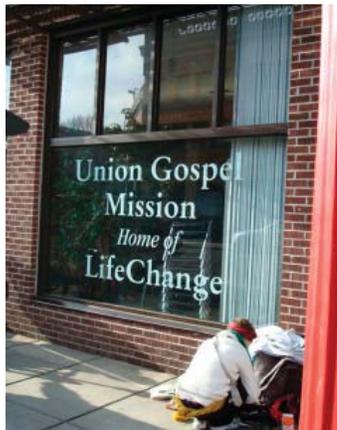
The Audit Services Division remains committed to implementing a more fully integrated system of results-oriented management. Using performance data to enhance program delivery is critical, especially when tough service delivery decisions must be made: making arbitrary program cuts is not in the public interest. To that end, and in support of past audit reports and council resolutions, we recommend:

- City Council reaffirm its commitment to results-oriented management, continue with strategic planning efforts, and formally integrate the use of performance data into the annual budget process. Council members should stress to their bureau managers that there should be a clear “line-of-sight” linking program performance to organizational results.
- City Council and managers utilize existing and past work to construct a framework for improving performance data usefulness and usage. For example, the 2002 report and implementation plan includes roles and timeframes for data usage, which, after modifications for current circumstances, may still be useful. Performance data definitions and hierarchies are still relevant.
- The City budget document be reviewed with an eye toward improving readability. City Council and the public should be able to quickly read and digest a full range of program goals and objectives, comparing planned to actual cost and performance. The Managing for Results report includes examples to improve the budget’s clarity and readability.

Our audit reports on this key challenge

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Assisting the homeless and improving housing affordability



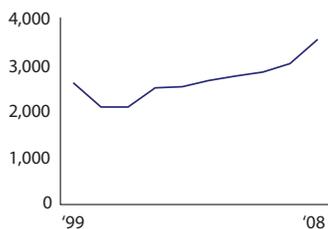
Housing impacts Portland's livability

At the core of Portland's envied reputation for livability is its concern for the less fortunate, and its successful combination of mixed income housing in the downtown core. Despite much progress on providing stable housing for the homeless and on successful developments like the Pearl District, historic organizational barriers in the housing delivery system and a rapidly declining economy threaten to prevent the City from reaching long term goals.

The risk of not accomplishing housing goals is significant. According to the Bureau of Housing and Community Development (now called the Bureau of Housing), 80,000 Portlanders live at a high risk of homelessness, and 2,000 are chronically homeless. The one-night shelter count of the homeless has increased over the past ten years.

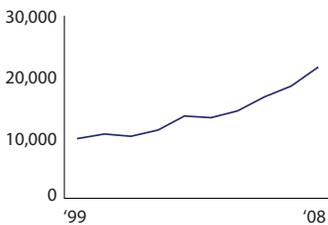
In addition, the number of renters and homeowners with severe housing cost burden, where they spend more than 50 percent of their income on housing, has increased.

Multnomah County one night shelter count



Source: Service Efforts and Accomplishments: 2007-08

Number of homeowners who pay more than 50% of their income on housing



Source: Service Efforts and Accomplishments: 2007-08

Progress on the 10 year plan to end homelessness

Several reports, including our 2007 review of housing achievements, and our annual report on City government performance, have shown progress in housing programs. For example, many homeless persons placed in housing are remaining in that housing for longer periods. In addition, progress on short term goals includes:

- Placing homeless families, not just individuals, into housing
- The supply of permanent housing increased
- More households received rent assistance
- More agencies are incorporated into a centralized data management system.

In addition, a recent reorganization of housing programs could improve the basic service delivery system. Consolidating housing programs into the existing Bureau of Housing organization will be a step toward improved accountability and coordination.

Important dates and reports

- **1997** We reported on the fragmented nature and conflicting priorities of housing programs in Portland and Multnomah County.
- **2005** The City approved the 10 year plan to end homelessness.
- **2002** and **2007** Audits reported on the accomplishments of housing efforts.
- **2008** Consultant report found the housing delivery system to still be fragmented and inefficient.
- **2008** Audit of housing tax abatements found oversight of the program was inadequate to ensure goals are met.
- Ongoing housing measures are reported annually in the Audit Services Division's annual report on City government performance.

Challenges remain

Despite these improvements, the lack of coordinated assistance remains a problem. In 1997, we reported on the fragmented service delivery system, noting that three political jurisdictions, six public agencies, numerous non-profit agencies, and more than six commissions had some degree of oversight or management responsibilities in the housing system.

In fact, a recent consultant report, the Clegg Report, found that fragmented service delivery is still a problem. Agencies have conflicting priorities and cost per unit of service is higher than necessary.

These issues, along with a faltering economy, may well prevent the City and County from achieving long term goals.

Staff we interviewed for this report concur that a prolonged, deep recession will push many more individuals and families to the brink of homelessness and set back recent gains.

Organizational changes needed for significant improvement

Because recent reports support the findings from our audit work dating back to 1997, we support recommendations to improve the housing delivery system, which include:

- Creating a consolidated housing and community services system that coordinates policies, priorities, and funding.
- Expanding the use of, and improving the reliability of, the Housing Management Information System.
- Encouraging City agencies to be more accountable for the achievement of housing and development goals through improved performance measures and public reporting.

Our audit reports on this key challenge

Our office issued audit reports about this key challenge. These reports and other documents are listed in the References section on pages 18 and 19 of this document.

Improving services to Portland's outer east-side residents



Residents in all areas deserve high quality City services

When the City of Portland completed a series of annexations in the 1980s, over 100,000 Multnomah County residents were added to the City's population. These new residents expected improved government services. It was an area in need of many urban services, such as upgraded water and sewer lines. Our 1986 report concluded that major new capital investments would be needed over the years to meet the promise of improved service. Our analysis pointed to extensive capital investment needed in parks, streets, water and sewer.

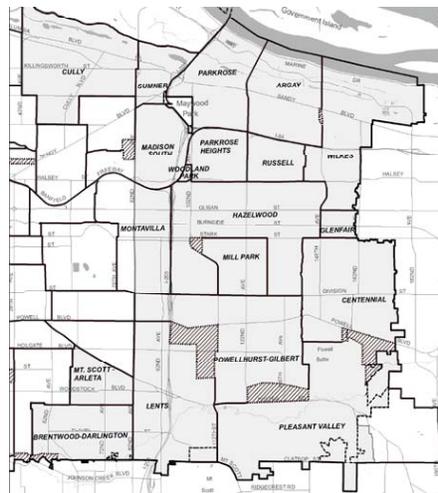
Despite many well intentioned efforts, however, outer east Portland still lacks a well established urban infrastructure.

In January 1999, we briefed City Council on the results of our 1998 resident satisfaction survey, which included neighborhood level data. Council members noted a high degree of dissatisfaction with city services in the outer southeast area, compared to the rest of the city. One Commissioner specifically asked what the Council could do to improve services in outer southeast Portland.

Upon further study, our staff concluded that residents of outer east and outer southeast Portland were dissatisfied with the overall job of local government, neighborhood livability, housing physical condition, and street maintenance.

Our report to Council also concluded that residents had reason to be dissatisfied: streets were in poor condition, the area is fragmented by major streets, had very low quality housing, and existing roads were not appropriate for current use.

**East Portland
Plan area**



Improvement efforts

Two major efforts illustrate that city leaders are still interested in improving the outer east area. First, in September 1998, City Council adopted the Lents Town Center and Urban Renewal Plan. In May 2008, City Council approved an extension of the Urban Renewal Area timeframe and level of indebtedness, recognizing that there “continues to exist blight and underutilized property within the Plan Area.”

The Council is currently considering adopting the East Portland Action Plan, an area improvement plan developed by the Bureau of Planning and community leaders. Among potential action areas are schools, housing, public safety, transportation, land use planning, and business enhancement.

Challenges remain

Despite intense interest by City Council ten years ago, resident perceptions of the area have seen little change.

Recent studies by the Portland Development Commission and the Bureau of Planning reported that significant issues still exist with housing, school funding, streets and sidewalks, and social support services.

Continue focus on improvement efforts

The Audit Services Division recommends the City Council be as involved as possible in implementing east side improvements. Experience shows that significant change will not be easy to achieve.

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Resident survey ratings: East area compared to citywide “good” and “very good” ratings

	1998			2008		
	Citywide	Outer SE	Difference	Citywide	East	Difference
Overall local government job	62%	43%	-19%	61%	44%	-17%
Neighborhood livability	84%	67%	-17%	86%	67%	-19%
City livability	79%	63%	-16%	82%	63%	-19%
Housing physical condition	66%	47%	-19%	68%	56%	-12%
Street maintenance	47%	37%	-10%	41%	40%	-1%

Note: Coalition boundaries are slightly different in 2008
Source: Audit Services Division Resident Surveys, 1998 and 2008

Working with regional partners to preserve and enhance services



Coordination can improve services

Residents may not be aware of the array of government agencies providing services on their behalf. The State of Oregon, Metro, Port of Portland, Tri-Met, Multnomah County, and school districts all provide critical services to Portland residents. Poor coordination among governments can have severe consequences on the cost and quality of public services. Transportation planning can ease or hinder the movement of the region's traffic. Good jail population management can affect an officer's ability to place an offender in custody.

In order to provide services more efficiently, Multnomah County and its cities agreed to swap some responsibilities in 1983. As a result, Portland and other cities transferred social services to the County and focused on "urban services" such as police, fire, parks, water, sewers, and streets. Multnomah County transferred street maintenance, parks and policing to the cities and focused on human services and state-mandated responsibilities such as health, social services, elections, tax collection, prosecution and jails.

Similarly, when the tax limitation Measure 5 was enacted in 1991, the governments agreed to a coordinated approach to tax measures under the new limit, to avoid harming each other's revenue collections. As one example of coordination, Portland provided financial assistance to school districts in later years when schools faced reductions in State funding.

Challenges

State and County spending reductions could have significant direct impacts on Portland residents, and could also impair the City's effectiveness in providing services.

State cuts are being proposed in mental health programs, drug addiction treatment, and general health care. In addition, cuts in public safety may reduce funding for community corrections, public safety training, and crime victims assistance.

With nearly half (45%) of the County's operating budget dependent upon state and federal funds, decisions in Salem and Washington, D.C. have a direct consequence on local residents. According to preliminary budget documents we reviewed, the County is expecting a \$17.5 million loss in state funding. Potential impacts include service cuts to 5,000 mental health crisis clients, and 465 alcohol and drug treatment clients. Over 1,600 clients could completely lose aging and disability services.

In Multnomah County, a third of the budget relies upon property taxes, the subject of several previous statewide tax limitation initiatives. As a result, growth in property taxes has not kept pace with inflation and population growth. Business and gasoline taxes are more elastic, but comprise only 15% of the County budget, which may not be enough to cover an overall gap between County revenues and expenditures.

The Multnomah County Auditor has prepared biennial financial condition reports for over 15 years, which have noted several stopgap efforts by County leadership even while the problem worsened. For example, the County has relied upon 5-year library operating levies and a personal income tax for three years to cover some of its ongoing costs. There is also a long-term reduction in capital expenditures, and the number of County employees declined 10% from FY2000-01 to FY2005-06.

In addition to the \$17.5 million state funding shortfall, the County is forecasting a \$24 million to \$35 million shortfall in its local revenues. These shortfalls result from a long-term “structural” problem in the County’s financial position. The County has not yet completed next year’s budget but additional cuts are expected in many human services and the criminal justice system.

When treatment is unavailable, people with chronic mental health or addiction problems are more likely to generate police workload. Reduced health funding may impact the volume and type of emergency medical calls to the Fire Bureau. Reductions in care facilities may also impact City housing programs and homeless shelters. Reduced County assistance for children may adversely impact their education and the school districts.

Local government financial/service restructuring needed

Short term: City Council should explore financial and service issues with the County for any means to reduce the impact on vulnerable populations. For example, short-term supplemental revenues can help mitigate the immediate impact of a weak economy. Past discussions about a cell phone tax could be revived with the intent to share the revenues with the County. County leadership may have also identified key legislation and budget issues which could benefit from additional City advocacy with the State legislature.

Long term: City leaders need to assess local tax efforts and community needs between Multnomah County and other governments. In 1999, City leaders contested a proposal from the County to seek voter approval of a public safety levy, citing an agreement from 1993 to coordinate and share available property taxes reached after passage of Measure 5. The County’s circumstances have changed dramatically since 1993 and local leaders need to review that agreement and other available funding sources.

On the expenditure side, City and County leaders have been discussing Animal Control funding and responsibilities. Officials have also discussed a regional bridge authority for the Willamette River crossings. In addition, the low call load in relation to the total cost of the Sheriff’s Office law enforcement could produce substantial savings for the County if it contracted with cities for the services.

Our audit reports on this key challenge

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Delivering efficient, effective internal services



Internal services are important

Internal service organizations provide goods and services to other City bureaus, or to other governments, usually on a cost reimbursable basis. Internal services are typically established in order to standardize and consolidate the use of services to better account for, and control, the overall costs of government. In Portland, these services include Printing and Distribution, Fleet Services and Facilities Management, among others.

Many of these important services and other administrative overhead functions such as Human Resources and Purchasing have been absorbed by the Office of Management and Finance.

Cost effective and high quality internal services are necessary to support the critical work of City bureaus, which can allow them to operate at lower cost to the taxpayer.



Past reviews of internal and support services

Our past audit recommendations have ranged from improving and clarifying personnel rules to enhancing facilities management programs and improving an innovative purchasing program.

In addition to our audit work, the City performed a customer survey of City bureaus, studying how City managers rate the internal services their offices use. The survey found the overall lowest satisfaction ratings were for Human Resources, Facilities, and Technology Services (BTS). Of the ten lowest rated services, Human Resources accounted for five, Facilities two, and BTS two.

Survey comments centered on lack of timeliness, too much paperwork and regulation, and not enough knowledgeable staff. Many respondents said staff in these areas seem more interested in process than results.

Improvements made in some areas

In response to these various reports, Human Resources, Facilities, and BTS have each launched efforts to improve customer service, according to managers we spoke with. BTS set up customer service advisory committees that meet regularly, and introduced formal processes to review customer requests and monitor progress. Facilities has taken several steps to ensure that customers are given adequate warning before work begins, and are updated on work being performed. Human Resources is actively engaging the largest Bureaus in efforts to re-engineer the recruitment process in order to make it more responsive to customer needs.

Improvements needed in several areas

While these efforts are a good start, we recommend the City continue efforts to evaluate not only customer service efforts, but also efficiency and effectiveness aspects of internal services.

Our audit reports on this key challenge

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Meeting the challenges of demographic, economic, and social change



Population changes impact demand for City services

Portland's population is growing in size and changing rapidly in composition. Portland grew 21 percent between 1990 and 2000. Forecasts show the region adding up to one million new people during the next few decades. In addition, with people living longer, there may be a larger proportion of elderly residents who need health care and other forms of social support.

These changes have the potential to impact the economy, the education system, our transportation system, and the environment. If we understand and meet these challenges, they present an opportunity to expand our economy, improve our urban infrastructure and enhance Portland's quality of life.

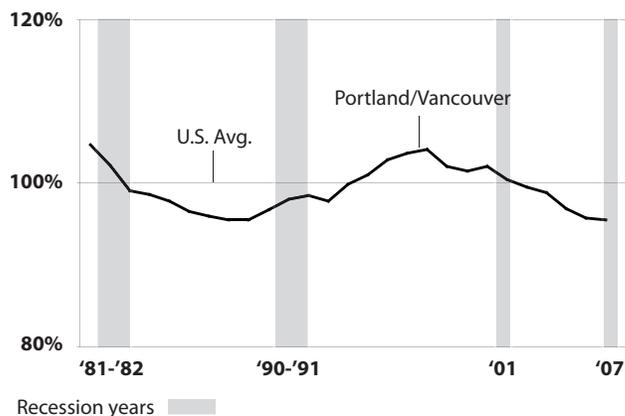
Challenges

Four main issues Council should focus on are:

1. Understanding the forces that shape our economy

The recession that started in 2001 was more severe in Portland than in other parts of the country. In addition, our analysis of recessionary periods dating from 1982 shows that Portland's per capita income has fallen compared to the national average and has stayed low for long periods.

Portland per capita income compared to the national average (100%)



Source: U.S. Bureau of Economic Analysis, Audit Services Division analysis

This trend may be impacted by Portland's mix of industries. Studying other, more successful areas, to determine the degree to which Portland may implement a similar mix of economic strategies may help Portland better withstand economic downturns.

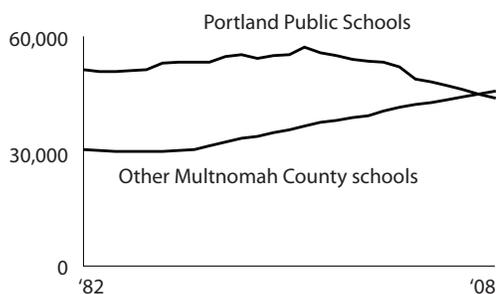
Another area reflecting these economic trends is Portland's poverty rate. About one-fifth of Portland's children live in poverty.

2. Understanding where Portlanders are moving and anticipating the services they may demand

Some Portlanders are moving away from the city center toward more affordable housing. Generally, they are moving away from Northeast Portland and the Inner Southeast to the suburbs and to outer east Portland. As discussed in this report, outer east Portland already lacks many of the services expected in a well developed urban area.

Movement of families away from the Portland Public School system also means fewer students and less State funding, which could result in future school closures. This change in enrollment patterns has been occurring for about the last twenty years.

K-12 Student Enrollment



Source: Oregon Department of Education, National Center for Educational Statistics

3. Providing an efficient transportation system that is easy on the environment and produces the least stress for workers, families and the community

As Portlanders move toward outer areas, stresses are placed on the transportation system and on families. More cars and congestion can be expected on roadways which are already above design capacity. In east county areas such as Gresham, about 40 percent of commuters travel more than 30 minutes to work, compared to only 28 percent of commuters in

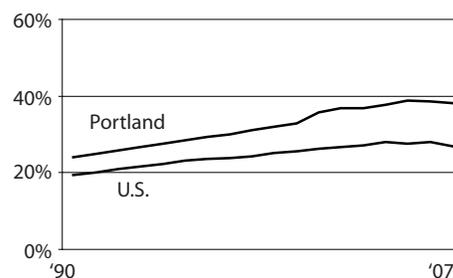
Portland. In addition, commuters in far east county areas are more likely to drive themselves to work, rather than use public transit. Not only do these trends place stress on the environment and the transportation system, they may also place stress on families who must endure longer periods apart as commute times grow longer.

4. Providing a first rate education system

A first rate education system would attract the brightest minds from elsewhere, while retaining our local talent.

While Portland has a good base of educated residents, evidence suggests that our educational attainment rate is slowing. The percentage of Portlanders with at least a bachelor's degree steadily grew in the 1990's, but has leveled off in recent years.

Percent of adult population with a Bachelor's Degree or higher



Source: American Community Survey

While it is important for Portland to attract well educated residents who move here from other locations, it is also important to have local colleges and universities providing employment, conducting research and incubating businesses. According to a 2005 study by ECONorthwest, the relatively high proportion of college attainment in Portland is largely due to highly educated workers moving into the region, not from Portland schools producing graduates. In fact, the study says Portland ranks 42nd among the fifty largest metropolitan areas for the share of its population aged 18 to 24 enrolled in college.

Resolving recent audit recommendations

In January 2009, we provided the Mayor with this list of our top unresolved audit recommendations. Attention by Council to these issues is important so that key bureaus can make needed improvements. Each of these recommendations is contained in the published audit reports (links as shown). Bureau management generally agreed with each recommendation. These key recommendations apply to six major City bureaus. Other recommendations and audit reports also need attention as discussed earlier in this report, but these represent the most pressing issues requiring Bureau and Council attention.

Police Bureau

- Number of Detectives remains low – We reported in 2005 that the number of detectives (79 at the time) was far below other cities, and likely contributed to low clearance rates. Of the other cities we contacted, the average number of detectives by case load was two times greater than Portland’s average. To date, the Bureau has 82 detectives, still far below other cities on a case load basis.

Police Investigations: Improvements needed to address relatively low clearance rates, July 2005. Report # 312

<http://www.portlandonline.com/auditor/index.cfm?c=37677&a=87331>

- Police overtime requires attention in two areas:
 1. Labor rules should be revised to require that for each hour of overtime worked, that only one-hour be paid in comp time with the other half-hour paid in cash. This rule increases officer availability.
 2. The City should ensure that it develops a comprehensive policy to recover the cost of overtime police spent on special non-City sponsored events like community festivals, parades and fun runs.

Police Overtime: Most recommendations implemented, but more could be done, February 2008. Report #361

<http://www.portlandonline.com/auditor/index.cfm?c=27096&a=184628>

Transportation

- New cost model required – Adopt the cost model completed in November ‘08 that is required to perform public improvement paving projects in compliance with State law. With this, Transportation can resume public improvement projects and achieve greater efficiency in paving maintenance.
- New pavement management system needed — Develop pavement management system in order to perform more cost effective street maintenance treatment that includes preventive maintenance. As of October 30, 2008 a contract for system development has not been signed.

Street Paving: Office of Transportation improved quality assurance, but is resurfacing fewer streets, August 2008. Report #359

<http://www.portlandonline.com/auditor/index.cfm?c=27096&a=208400>

Management and Finance

- Construction contract process needs significant improvement – In order to achieve cost savings and complete construction projects in a timely manner, Facilities Services should institute better procedures in the following areas when managing construction contracts:
 1. More project planning with client bureaus
 2. Complete project design and obtain client bureau sign-off before soliciting construction bids
 3. Improve clarity of contract provisions and strictly enforce these provisions
 4. Improve administration and documentation of contract changes; obtain sign-off from client bureau for each change.

Construction Contracts: Facilities Services needs to improve coordination with bureaus to reduce costs and delay, January 2008. Report #348A

<http://www.portlandonline.com/auditor/index.cfm?c=27096&a=180264>

Housing

- Long-term performance measures required to assess homelessness plan– The Bureau of Housing, and the Committee responsible for the 10-Year Plan to End Homelessness need to develop long-term performance indicators in order to measure the long-term impact of the Plan.

Ending Homelessness: Many short-term goals met; now long-term success should be defined, August 2007. Report #336

<http://www.portlandonline.com/auditor/index.cfm?c=44209&a=165798>

Parks

- Parks needs to re-institute its Facility Condition Index — Our July 2007 audit found that Parks was effectively tracking, assessing, and measuring facility maintenance. However, shortly after the audit release, the Bureau stopped collecting data for its Facility Condition Index. This is a significant problem because they now lack the tools to efficiently plan and schedule maintenance

Portland Parks Facility Maintenance: Tracking, assessment and measures have improved, July 2007.

<http://www.portlandonline.com/auditor/index.cfm?c=44209&a=163843>

Development Services

- Organizational change in BDS could improve the City's development review process – In Report #318, we recommended improved coordination between bureaus involved in the City's development review process. While BDS took some steps to improve coordination, there has been no major organizational change in BDS as some review staff members are not BDS employees. While coordination has improved, lack of BDS organizational change serves as a weakness in the City's development review process. Our review of this issue dates to 1997, when the need for improvement was first identified

Development Review Process: Bureau commitments to improve timeliness and efficiency have not been fully accomplished, August 2005,

<http://www.portlandonline.com/auditor/index.cfm?c=37677&a=88953>

References

Preserving our valuable infrastructure

City of Portland Service Efforts and Accomplishments: 2007-08 (ASD #360, December 2008)

Portland Parks Facility Maintenance: Tracking, assessment and measurement have improved (ASD #353, July 2007)

Street Paving: City work not meeting pavement quality standards (ASD #324D, October 2006)

Street Paving: Office of Transportation improved quality assurance, but is resurfacing fewer streets (ASD #359, August 2008)

Street Paving: More proactive maintenance could preserve additional city streets within existing funding (ASD #324B, July 2006)

Street Paving: City needs to demonstrate least cost (ASD #324A, May 2006)

Parks Bond Construction Fund: Status of improvement projects (ASD #247, September 1998)

Focusing on results-oriented management

City of Portland Service Efforts and Accomplishments: 2007-08 (ASD #360, December 2008)

Managing for Results: A proposal for the City of Portland (ASD #288, December 2002)

City Council Resolution #36154 with attached document, Managing for Results: An implementation plan for the City of Portland

Memo to Portlanders from Mayor-elect Sam Adams, December 16, 2008: Improving “the City that Works”

Assisting the homeless and improving housing affordability

City of Portland Service Efforts and Accomplishments: 2007-08 (ASD #360, December 2008)

Transformation of the social housing and community services system in Portland and Multnomah County (Clegg and Associates, Seattle, Washington, July 2008)

Housing Tax Abatements: Oversight inadequate to ensure program goals (ASD #362, July 2008)

Ending Homelessness: Many short-term goals met; now long term success should be defined (ASD #336, August 2007)

A Review of the Efforts and Accomplishments of City Housing Programs: 1996-2000 (ASD #274, June 2002)

Housing: Clarify priorities, consolidate efforts, add accountability (ASD, January 1997)

Improving services to outer east-side residents

City of Portland Service Efforts and Accomplishments: 2007-08 (ASD #360, December 2008)

East Portland Action Plan: A guide for improving livability in outer east Portland (Bureau of Planning, July 2008)

Resolution approving the proposed amendment to the Lents Town Center Urban Renewal Plan (PDC Resolution #6583, May 2008)

Outer Southeast: A review of citizen satisfaction (ASD, May 1999)

Financial and service impact of annexations: An urban services program review (ASD #3-86, September 1986)

Working with regional partners to preserve and enhance services

Financial and Urban Services Impact of Annexations: An Urban Services Program Review (ASD #IAR 3-86, September 1986)

Financial Condition Report (Multnomah County Auditor's Office, June 2007)

Delivering efficient, effective internal services

2008 OMF Internal Customer Survey Results (Olympic Performance, Inc.)

Construction Contracts: Facilities Services needs to improve coordination with bureaus to reduce costs and delays (ASD #348A, January 2008)

City Recruitment Process: Monitoring needed to ensure balance of flexibility and fairness (ASD #356, October 2007)

Strategic Sourcing: Projected savings not achieved, program poorly implemented (ASD #349, July 2007)

Bureau of Technology Services: Customers see improved service, but improved communication would help (ASD #314C, July 2006)

Best Practices for Information Technology Governance (ASD #314B, September 2005)

Review of Internal Services: Bureau of Information Services (ASD #234B, April 1997)

Review of City Internal Services: Bureau of General Services (ASD #234, February 1997)

Meeting the challenges of demographic, economic, and social change

American FactFinder, <http://factfinder.census.gov/home/saff/main.html>, US Census

Population Estimates for Oregon and Its Counties and Incorporated Cities: April 1, 1990 to July 1, 2006, Portland State University Population Research Center (March 2007)

Making the Greatest Place: 2040 Growth Concept, Metro

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Transition Report: Key challenges for a new City Council

Report #376, February 2009

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Other recent audit reports:

Five-Year Parks Levy: Facilities and services enhanced, but ballot title misleading (#371, February 2009)

City of Portland Service Efforts and Accomplishments: 2007-08, Eighteenth Annual Report on City Government performance (#360, December 2008)

Portland Fire & Rescue: Controlled substances monitoring falls short of requirements (#364, October 2008)

We conducted this audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended to promote the best possible management of public resources. This and other audit reports produced by the Audit Services Division are available for viewing on the web at: www.portlandonline.com/auditor/auditservices. Printed copies can be obtained by contacting the Audit Services Division.

