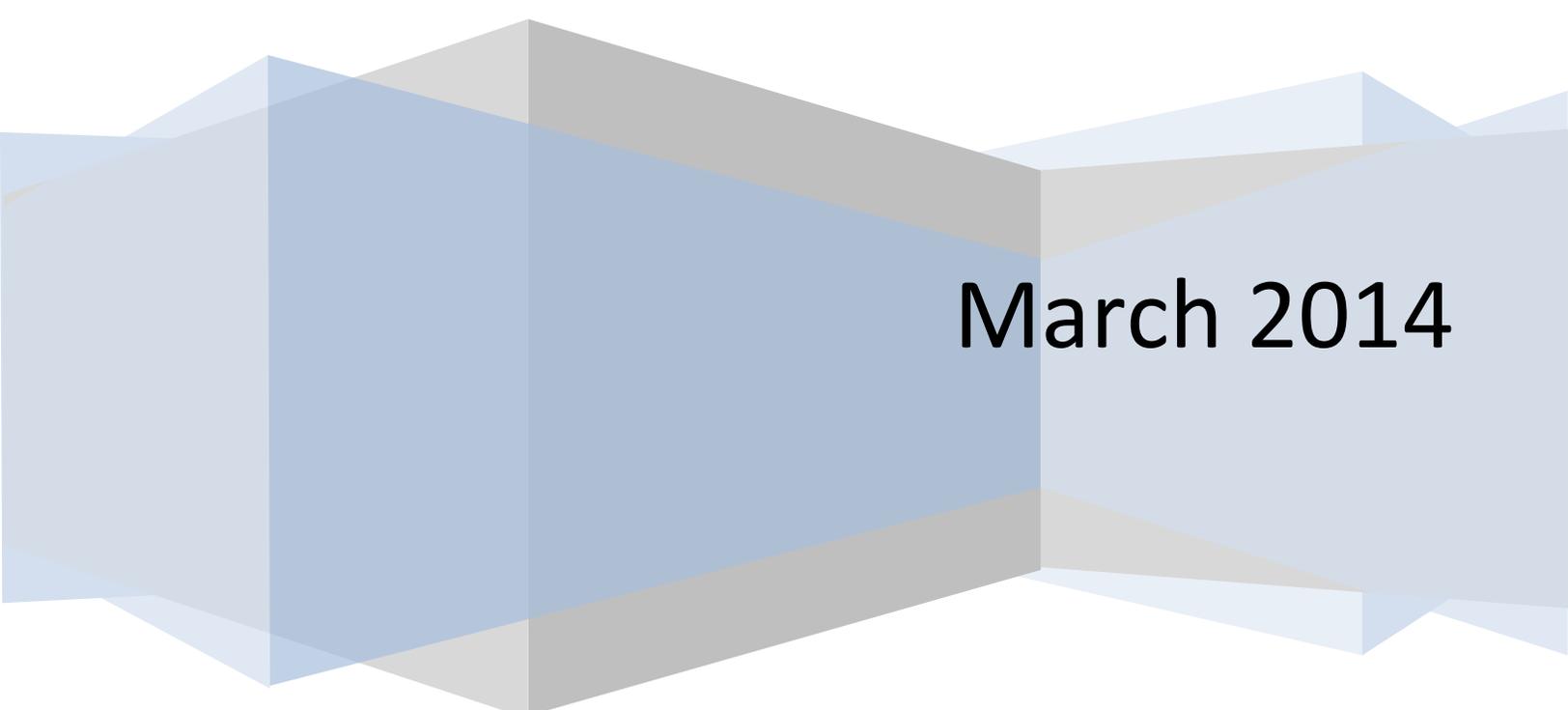


City of Portland

Citywide Span of Control Study

Final Report

Council Budget Subcommittee



March 2014

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1 Executive Summary

During the FY 2013-14 budget process, the Portland City Council identified a span of control analysis as a potential source for achieving savings and organizational efficiencies, and adopted a budget note directing the City to conduct a preliminary span of control assessment. Span of control refers to the number of people who report to each supervisor within an organization and an analysis of span of control assesses the appropriateness and effectiveness of those relationships. A subcommittee, led by Commissioners Fish and Novick, developed a methodology and conducted the analysis. Given the short time period for the analysis, the subcommittee focused on supervisors who have spans of control of 1:3 or lower. This report describes the methodology the subcommittee used to conduct the preliminary assessment, findings from the assessment, and the subcommittee's recommendations.

Key findings include:

- Although most managers in the City supervise more than three staff, those with spans of control of 1:3 or less can be found in most City bureaus. The assessment identified 134 positions with a span of control of 1:3 or lower.¹
- Several factors have influenced the creation of supervisory positions with a span of control of 1:3 or less at the City. For example, bureau directors indicated that in some cases they had reclassified employees to provide pay increases for highly skilled employees at the top of the range; they indicated that existing pay scales for non-supervisory classifications could jeopardize their ability to retain employees with skills that are more highly valued in the private sector.
- The analysis examined each of the supervisory relationships for the 134 identified positions with spans of control of 1:3 or lower. Bureau directors provided explanations for most of the positions identified as having a low span of control. Some low spans of control had already been addressed through retirements, job changes, and other actions. Excluding the Police Bureau, eleven positions remain for which organizational restructuring should be implemented to address low spans of control.
- Span of control, while significant, is only one of many factors an organization should consider when assessing organizational efficiency. Thus, a span of control analysis is,

¹ Portland Police Bureau and Portland Fire & Rescue SAP (HCM module) personnel data did not reflect the actual structure of the organizations, thus this figure does not include positions with spans of control of 1:3 or less in those two bureaus.

by definition, narrowly focused with limited scope. This report makes position-specific recommendations in five bureaus and proposes future steps intended to address the core issues that have contributed to low span of control relationships at the City.

Based on the findings, the subcommittee recommends the following:

- **Bureaus should implement the position-specific recommendations for organizational restructuring or reclassification identified by the analysis.** The span of control analysis identified reclassifications in five City bureaus in order to remedy low spans of control. The required position actions should be implemented as discussed with the bureaus.
- **The Portland Police Bureau should provide a written response to recommended position eliminations and reclassifications.** In meetings with the project's subject matter expert, representatives of the Portland Police Bureau stated that they did not perceive low spans of control as problematic, and did not suggest changes to remedy them. The information gathered through this analysis suggests that in order to increase all spans of control to at least 1:4, the Portland Police Bureau should consider eliminating 23 command / management positions and reclassifying 6 supervisory positions.
- **The City should immediately conduct a non-represented classification and compensation study.** The City's current classification and compensation structure is more than a decade out of date and does not properly describe or compensate non-represented employees' work. Conducting this study will have a cost in the short term but should yield benefits in organizational efficiencies in the long term.
- **The City should develop consistently formatted individual position descriptions for every non-represented employee.** A position description is different from a classification specification because it describes the unique work of each employee. Developing position descriptions would ensure that individuals are appropriately allocated to their respective classifications.
- **The City should perform broader reviews that examine other aspects of organizational efficiency.** A more comprehensive analysis would consider other factors including layers of management, functions and processes, and the use of technology to streamline services.
- **The City should add span of control reporting requirements to the budget process.** Currently, bureaus only report the total average span of control for the bureau. This

reporting process should include a deeper review of low spans of control so that Council can act on this information during the City's annual budget process. The Office of the City Auditor's 1994 and 2011 Span of Control Audits indicated that many bureaus do not use span of control analysis as a management tool; adding reporting requirements to the budgeting process would support the recommendation to begin doing so.

Based on the analysis of bureaus' organizational structures by the project's subject matter expert, and assuming all of the recommended personnel changes were implemented, **the estimated General Fund savings would range between \$500,000 and \$2.5 million.** This total figure includes changes recommended for the Portland Police Bureau based on a snapshot of the organization developed by the subject matter expert in September. The lower estimate assumes a reduction of 22 FTE of command level positions, and adding back an equal number of sworn officer positions. The upper estimate assumes 23 FTE would be eliminated and not replaced.

Project Background, Structure, Scope, and Risk Factors

1.1 Background

City Council adopted a budget note as part of the City's FY 2013-14 Adopted Budget that drove the preliminary span of control analysis. Specifically, the budget note states:

“Council Budget Subcommittee 1 recommended that the City conduct a preliminary span of control analysis that results in at least \$1.1 million in General Fund ongoing savings. Specifically, the analysis should identify bureaus, divisions, or functions where the current span of control might be increased and include recommendations for maximizing the span of control or reorganizing where appropriate. The analysis and recommendations are to be completed by December 1, 2013. Current Appropriation Level targets in FY 2014-15 will be adjusted to reflect the span of control recommendations. A Council subcommittee will manage and implement this analysis, with staff assistance from the City Budget Office and Bureau of Human Resources.”

The budget note guided all elements of the project, including structure, scope, and goals. In an effort to ensure sufficient time to complete the citywide span of control analysis, Council amended the original budget note in the Fall BMP to extend the project completion date to January 31, 2014. Changing the project timeline also made it necessary to modify the requirement mandating that bureaus integrate span of control savings into Current Appropriation Level targets, since this information is typically released to bureaus in early December. The amendment eliminated this requirement and replaced it with a different

process, which may require bureaus to submit recommended position changes through decision packages as part of the FY 2014-15 budget process.

1.2 Structure and Scope

Commissioners Fish and Novick led the Council Subcommittee, which was staffed by members of the City Budget Office, the Office of Management and Finance-Bureau of Human Resources, staff from the respective Council Offices and, at the request of subcommittee leadership, two City Bureau Directors. As detailed in the Project's Charter, this team was responsible for fulfilling high-level project deliverables, including, but not limited, to:

1. Defining the current actual span of control in all areas of the City to establish a baseline for analysis
2. Conducting a preliminary citywide span of control analysis in order to identify bureaus, divisions, or functions where the span of control could be optimized
3. Providing recommendations for reorganization where appropriate
4. Confirming recommendations through review and quality assurance by an external vendor
5. Generating General Fund savings from span of control changes that total at least \$1.1 million
6. Developing funding strategies for any changes that are not immediately implementable on July 1, 2014
7. Providing an outline for further analysis resulting from the findings of the preliminary span of control assessment

Rather than contracting with an external expert, the subcommittee decided that the City's Classification and Compensation Manager would serve as the project's subject matter expert and perform the span of control analysis and develop final recommendations. This decision was largely based on the experiences of other jurisdictions, the condensed project time frame, and the limited project budget.

The subcommittee further decided to acquire an independent contractor to provide the project with quality assurance services, including validation of the project's processes, methodologies, and findings. After an open procurement process, Moss Adams was selected as the quality assurance (QA) vendor for the span of control project.

The project was broken down into two phases. Phase 1 focused on defining the span of control in all areas of the City in order to establish a baseline for the analysis and inform future recommendations. See detailed findings in the *Phase 1: Data Collection Baseline and*

Initial Findings Report. Phase 2 consisted of an analysis of the specific span of control relationships identified in the Phase 1 Report (spans of control of 1:3 or less) and utilized interviews with bureaus to gather information about factors that influence the bureau's organizational structure and spans of control.

1.3 Project Risk Factors

The subcommittee identified several risks at the onset of the project, including an aggressive timeline, possibility of not achieving the savings target, lack of adequate stakeholder involvement, and resource constraints.

These factors continued to play a role throughout the project and eventually led to the extension of the project timeline. Because the subcommittee's work was still underway in Fall 2013, the \$1.1 million previously assumed in ongoing savings was not included in the FY 2014-15 General Fund forecast.

The Quality Assurance vendor also alerted the subcommittee to other risk factors, including:

1. Limitations to addressing organizational efficiency solely through span of control
2. Lack of agreement with recommendations by bureaus
3. The quality assurance vendor's participation beginning after the project had begun
4. Limitations of using a City Bureau of Human Resources employee as the project's subject matter expert

The majority of the risk factors identified by QA were either addressed shortly after being identified or are satisfied by recommendations included in this report.

2 Recap of Phase 1 –Data Collection, Baseline, and Initial Findings

2.1 Data Collection

The first phase of the project focused on defining the actual span of control in all areas of the City in order to establish a baseline for the analysis and inform future recommendations. This work included collecting and analyzing human resource data as of July 1, 2013. Specifically, bureaus were responsible for reviewing and verifying SAP-Human Capital Management (HCM) position data, which is the City's official source of record for personnel data. Bureaus were also invited to provide further explanation of unique business practices or other legal restrictions that would influence bureau spans of control.

2.2 Baseline

Project staff, with assistance from analysts in the City Budget Office, developed span of control calculations at the program level using the data provided by bureaus.

In order to ensure consistency in calculating span of control, the SOC project defined span of control as the number of employees or subordinates who report directly to a supervisor or manager. The Oregon Public Employee Collective Bargaining Act defines a supervisory employee as:

“any individual having authority in the interest of the employer to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action, if in connection therewith, the exercise of the authority is not routine or clerical in nature but requires the use of independent judgment...”
(ORS 243.650, Section 23).

The verification process consisted of documenting and comparing the SAP-HCM reported span of control against current bureau-provided spans of control using the definitions above.

2.3 Initial Findings

Project staff then summarized bureau data and grouped supervisors into the following span of control categories:

- 1:0-1:3 – Low
- 1:4-1:7 – Medium
- 1:8-1:20 – High
- 1:20 – Very high

A span of control of 1:3 or less is considered too “low” and a minimum benchmark for review. Various studies and reports by other jurisdictions indicate that it is a best practice to examine these low spans of control. Examples include the 2005 City of Tacoma Span of Control/Layers study, 2002 City of Kansas City Span of Control Audit, 2005 City of Seattle Span of Control in City Government report, 1994 King County Span of Control report, Pennsylvania state’s management recommendations, and Multnomah County’s span of control initiative 2009-2012.

Given the compressed timeframe for completing the preliminary citywide span of control analysis, the subcommittee pursued a methodology - a widely-used best practice - that limits the review and analysis to bureaus with reported spans of control of 1:3 or less. By limiting the analysis to only spans of control of 1:3 or less, the subcommittee acknowledged

that other low spans of control that currently exist within the City (1:4 and greater) would not be evaluated for this study.

Preliminary findings indicated that the analysis should include most City bureaus for further analysis in Phase 2. The findings did not detail a systemic problem with low spans of control (1:3 or less) in specific bureaus, but rather pockets of low spans of control in most bureaus. The analysis found 134 supervisory positions with a span of control of 1:3 or less. Based on current organizational structure, all bureaus except the Office of Equity and Human Rights had at least one span of control of 1:3 or lower.

Some positions were eliminated for further consideration because their classifications were compensated for a technical body of work and expertise and not supervisory responsibilities, even though they may have a small number of direct reports. Reassigning those subordinates would not result in efficiencies or cost savings so they were removed from Phase 2.

In reviewing the initial findings, the subcommittee discussed the many factors that contribute to an organization's optimal span of control, as shown in Table 1 below. This table was also included in the City Auditor's 1994 Span of Control Audit.

Table 1

Figure 1 Factors to help determine appropriate spans of control

← Narrow Spans		Wide Spans →	
Complex	Nature of the work	Not complex	
Different	Similarity of activities performed	Similar	
Not clear	Clarity of organizational objectives	Clear	
Fuzzy	Degree of task certainty	Definite rules	
High	Degree of risk in the work for the organization	Low	
High	Degree of public scrutiny	Low	
Weak	Supervisor's qualifications and experience	Strong	
Heavy	Burden of non-supervisory duties	Light	
High	Degree of coordination required	Low	
None	Availability of staff assistance	Abundant	
Weak	Qualifications and experience of subordinates	Strong	
Dispersed	Geographic location of subordinates	Together	
← More Supervisors		Fewer Supervisors →	

Source: 1994 City of Portland Span of Control study

Data Issues

Although the SAP-HCM application is considered the system of record for City personnel data, it presents challenges for bureaus that maintain 24x7 shift scheduling operations. Specifically, SAP-HCM lacks the flexibility needed to accommodate the frequency of staffing and supervisory changes that are required to manage a large, complex bureau with shift scheduling needs. Due to these system limitations, the base SAP – HCM data was imprecise for the Portland Police Bureau, Portland Fire and Rescue (PF&R), and, to some extent, the Bureau of Emergency Communications. The data lacked the level of organizational detail required to accurately calculate bureau spans of control. Because of this, the information returned from these bureaus had many caveats and was difficult to evaluate. These bureaus were moved into Phase 2 of the analysis and were asked to provide additional personnel data. Additionally, because the initial human resource data lacked the necessary level of accurate detail, preliminary findings for Portland Fire and Rescue and the Portland Police

Bureau did not accurately identify specific positions, but rather potential organizational units for further review.

3 Phase 2- Conclusions and Development of Bureau Position Recommendations

3.1 Methodology

Eighteen City bureaus were included in the Phase 2 review process, which was designed to result in recommendations that alter specific spans of control for positions identified in Phase 1. The subject matter expert met with City bureaus, including, in most cases, directors and appropriate program staff, to discuss specific span of control relationships and other factors that may influence organizational structure. Specifically, the subject matter expert asked bureaus to answer the following questions for each position identified as having a span of control of 1:3 or less:

1. What is the business reason for this specific position's span of control?
2. Do you have any ideas or plans to address this? If so, what is the timing?
3. What would be the impact on your organization if this position were eliminated?
4. What would be the impact on your organization if supervisory responsibilities were reassigned to a different position?
5. OPTIONAL – (Only when applicable) Here is a suggestion for a reorganization (describe). What are your thoughts on this?

The subject matter expert documented these conversations, which served as the primary resource for the recommendations included in this report. All formal recommendations are based on multiple elements of information, including, but not limited to, benchmarking, span of control industry best practice, unique bureau business processes, and human resource classification specifications.

Since span of control data from the City's information system of record, SAP (HCM module), was not usable for the Portland Police Bureau or Portland Fire & Rescue, a different process was developed to obtain accurate span of control data. The subject matter expert met with leadership or bureau program staff in each of these bureaus and followed a step-by-step process to diagram the entire organization and discuss the aforementioned questions. This process resulted in extremely detailed reporting about the span of control relationships that was used to craft recommendations for these two bureaus.

3.2 Themes

The bureau interviews yielded a significant amount of information and were crucial in helping to identify the primary reasons for low spans of control. Several themes emerged, including:

- Bureaus have reclassified employees to provide pay increases to highly skilled employees at top of range. Bureaus said that in these cases, using the existing pay scales for non-supervisory classifications could jeopardize their ability to retain employees with skills that are more highly valued in the private sector.
- Some positions supervise or manage contractors, consultants, interns, or contracts, leaving little time to supervise a large number of employees.
- Classification specifications in general do not require or identify any specific number of subordinate staff necessary to qualify a position as “supervisory/management,” and program management classification specifications specifically allow for, but do not require any supervisory role.
- The City does not currently have a “technical” career track for individual contributors with pay comparable to “supervisory” levels. One result of this is an abundance of Senior Engineers with very low spans of control. The only practical difference in the job classification between a Senior Engineer and a base level Engineer is the requirement to supervise. Bureaus report that in their experience, they must pay Engineers more in order to attract and retain the skill level needed. By assigning at least one subordinate to an Engineer, a bureau can reclassify a position and give a pay increase, thus keeping a valuable employee.
- As evidenced by Table 2 below, the last several budget cycles included position reductions, resulting in changes to bureau organizational structures, and, in some cases, low spans of control.

Table 2

	FY 2009-10 Adopted Budget	FY 2010-11 Adopted Budget	FY 2011-12 Adopted Budget	FY 2012-13 Adopted Budget	FY 2013-14 Adopted Budget
Citywide FTE Totals*	5,835	5,757	5,786	5,653	5,522
Year-Over-Year Net Change	-	(78)	29	(133)	(131)
Total Net Change Over Five Years					(313)
Total % Change in FTEs Over Five Years					-5%

*This includes all authorized positions in the City.

3.3 Recommendations by City Bureau

A total of 134 positions with spans of control of 1:3 or fewer were reviewed. (As discussed earlier, both Portland Fire and Rescue and the Portland Police Bureau faced limitations in how their organizational charts are outlined in SAP, so that data was unusable for this part

of the analysis.) The subject matter expert sought to analyze and, when appropriate, discuss the individual position relationships with bureaus. Based on the information collected from the interviews, the subject matter expert sorted bureaus into one of the three following categories:

1. No Changes Recommended
2. Organizational Restructuring Recommended to Increase SOC – No Position Eliminations or Savings
3. Organizational Restructuring Recommended to Increase SOC – Potential Position Eliminations/Reclassifications and Savings

For bureaus that fell into the third category, the subject matter expert conducted a second examination to determine which positions were in classifications that would be impacted by a classification and compensation study. Because the proposed classification and compensation study will only apply to non-represented positions, this phase of analysis was not done for the Police Bureau or PF&R positions since the majority of their managers are represented by unions. **In order to prevent disruption to employees by reclassifying the position multiple times, once through this span of control process and again through a classification and compensation study, these positions were removed from consideration for immediate changes.** Appendix A – Bureau Span of Control Data includes the number by bureau of positions reviewed.

After removing the positions likely affected by a classification and compensation study, 20 positions were left in Category 3. Of the 20 positions, some did not require any further discussion or recommended changes, either because the bureau was already in the process of making changes or because the original data was no longer accurate due to retirements, job eliminations, or other changes. This left 11 positions for additional discussion. The subject matter expert presented bureaus with information about identified positions within their bureau and offered the bureau an opportunity to respond. The outcome of these discussions is position-specific recommendations for organizational restructure or reclassification in the following bureaus:

- **Office of the City Attorney**
- **Office of Government Relations**
- **Office of Management and Finance**
- **Portland Bureau of Transportation**
- **Portland Water Bureau**

Since the schedule of Police Bureau meetings was different than with other bureaus, this report does not include position-specific recommendations for organizational restructure or reclassification within Police. The section below summarizes Police Bureau recommendations.

Portland Police Bureau

Data provided by the Portland Police Bureau through initial interviews in September 2013 indicated there were 33 supervisors (most of whom were command staff) in the Bureau who have a span of control of 1:3 or less. This included eight supervisory staff with spans of control of 1:3, 14 of 1:2, seven of 1:1, and four of 1:0. The City's existing class specifications for Police command positions require all of them to supervise subordinate staff as a core responsibility. These findings show that there is redundancy at the lieutenant and captain levels.

In meetings with the project's subject matter expert, representatives of Police Bureau stated that they did not perceive low spans of control as problematic, and did not suggest changes to remedy them.

The snapshot of the organization developed by the subject matter expert in September suggests that in order to increase all spans of control to at least 1:4, the Bureau should consider eliminating 22 command positions, one non-sworn manager position, and reclassifying six command positions. The subcommittee recommends the Police Bureau review the recommended position-specific eliminations and reclassifications that will resolve spans of control that are 1:3 or lower. The subcommittee requests that the bureau provide a written report to Council detailing a position-by-position response to recommended changes and the projected General Fund savings from these changes by April 1, 2014.

3.4 Savings

Based on the analysis of bureaus' organizational structures by the project's subject matter expert, and assuming all of the recommended personnel changes were implemented, the estimated General Fund savings would range between \$500,000 and \$2.5 million. The lower estimate assumes a reduction of 22 FTE of Police Bureau command level positions, and adding back an equal number of sworn officer positions. The upper estimate assumes 23 Police Bureau supervisory FTE would be eliminated and not replaced. The five bureaus with position-specific recommendations who completed their second round of interviews with the subject matter expert on schedule were directed to provide projected savings in their requested budgets by February 3rd. Because scheduling of meetings for the collection and analysis of the Police Bureau's data was repeatedly delayed, the subcommittee felt it appropriate to allow the Bureau more time to prepare its response and projected savings.

With this in mind, the Police Bureau is directed to provide their projected savings information to the City Council no later than April 1, 2014.

3.5 Detailed Recommendations and Next Steps

In addition to implementing the position specific recommendations identified above, the subcommittee recommends the City consider the next steps outlined below. These recommendations provide strategies for addressing the core issues that have contributed to the low span of control relationships within City bureaus and seek to improve organizational efficiencies wherever possible.

1. Recommend that City bureaus, including the Portland Police Bureau, implement the recommended span of control modifications.

As detailed in Section 4.3, the SOC analysis resulted in position specific recommendations affecting five City bureaus, not including the Portland Police Bureau. The analysis identified the need to reclassify specific positions in those bureaus in order to remedy low spans of control.

The subcommittee recommends that the affected bureaus work with the OMF-Bureau of Human Resources to implement the position reclassifications as requested. Additionally, the subcommittee has directed these bureaus to provide narrative in their FY 2014-15 Requested Budget submissions, specifically explaining their plan for addressing the position recommendations, timeline for completing the changes, and projected savings.

Additionally, the subcommittee recommends that the Portland Police Bureau review the recommended position-specific eliminations and reclassifications and move forward with those personnel actions. We request that the bureau provide a written report to Council no later than April 1, 2014, detailing a position-by-position summary of changes and anticipated General Fund savings from these changes.

2. Conduct a non-represented classification and compensation study.

It has been 13 years since the City conducted a comprehensive, non-represented classification and compensation study. This has resulted in an out-of-date classification and compensation structure that does not properly describe or compensate non-represented employees' work. Moreover, class specifications do not provide specific span of control requirements for supervisors. Without documented requirements, the City will continue to create and allow for low spans of control.

In order to keep up with the ever-changing workforce, best practice warrants conducting a classification and compensation study every three to five years. Specifically, a classification and compensation study addresses two very different but related human resource management tools. Classification is a system that in broad terms describes the body of work assigned to a group of employees, including examples of essential duties and characteristics that distinguish one classification from another. A compensation system, in general, provides a structure that reflects the organization's values as well as market demands. It ensures that the organization distributes pay appropriately and in a manner that allows it to attract and retain its most valuable asset, the people who do the work. Since the compensation structure is based on the classifications, classifications must be reviewed first.

The City currently uses approximately 935 total classifications, of which about 450 are non-represented classifications for 1,262 non-represented employees. To be the most useful, class specifications should be broad and somewhat generic. A study of the City's classifications would result in a reduction in the number of classifications (and specifications) and create consistent, up-to-date generic descriptions of the actual work employees are now doing. A study would detail supervisory requirements and a minimum number of direct reports to classifications.

Although the subcommittee recognizes that the City will incur costs to conduct and implement a classification and compensation study, the benefits of this study will include increased organizational efficiencies, a more appropriate City pay structure, and improvements to the City's ability to recruit and retain qualified staff. The OMF-Bureau of Human Resources has requested \$300,000 in the FY 2014-15 budget to fund such an effort.

3. Develop individual position descriptions for every non-represented employee in a consistent format.

In coordination with a non-represented classification and compensation study, the subcommittee recommends that the OMF-Bureau of Human Resources works with bureaus to develop consistent individual position descriptions for non-represented employees.

All City employees are assigned to classifications, which have titles and specifications (or descriptions). The City assigns pay ranges to those classifications. Currently, the City lacks consistent position descriptions for all of its non-represented employees. A position description is different from a class specification, in that it provides a unique description of each employee's individual work, including qualifications and specific attributes of assignments. These position descriptions will help ensure that individuals are appropriately

allocated to their respective classifications. Without accurate, consistent position descriptions, it is extremely difficult to design appropriate classification specifications or assign individual employees correctly.

4. Perform broader reviews that examine other aspects of organizational efficiency.

The analysis presented in this report utilized a single factor to assess organizational efficiency. Span of control, while significant, is one of many factors an organization should consider when assessing organizational efficiency. Thus, a span of control analysis is, by definition, narrowly focused with limited scope. The subcommittee recommends that the City perform a more comprehensive analysis that looks at other factors assessing organizational efficiency. These factors include:

- reviewing layers of management that exist within bureaus,
- examining hierarchy, roles and responsibilities, staffing levels and skill sets, policies, processes, and procedures,
- reviewing the use of technology,
- considering in-sourcing versus outsourcing, and
- reviewing other opportunities for coordination and collaboration.

Future study should identify specific bureaus that have opportunities for improved organizational efficiency. The study should also identify cross-bureau efficiencies as a source for improving organizational effectiveness, especially with regard to bureaus that are performing similar types of tasks. Currently, an outside consultant is performing an organizational review in the Office of Management and Finance, and plans are underway to begin a similar effort in the Portland Police Bureau. The subcommittee recommends that these reviews incorporate the results of the span of control analysis and seek to optimize these bureau's spans of control.

5. Add reporting requirements to the budget process and seek to implement recommendations from the Office of the City Auditor's 1994 Span of Control Audit.

As with most large organizations, City bureaus modify organizational structures throughout the year. These adjustments may seek to enhance performance or may respond to changes in the financial environment. The budget process provides an opportunity to increase the

visibility of these changes and explain the rationale for a low span of control in a particular program or department.

Currently, bureaus only report the total average span of control for the bureau. The subcommittee recommends that the City expand this reporting requirement to include a deeper review of low spans of control throughout each bureau, including a narrative justification for spans of control of 1:3 or less. Additionally, in an effort to encourage bureaus to continue looking for efficiencies, the subcommittee recommends that bureaus' requested budgets highlight business process and organizational changes made throughout the year to improve effectiveness or modernize service delivery. Bureaus may already report some of this information in the program narrative sections of the budget, but it is not readily identifiable.

Since the FY 2014-15 budget process is already underway, the subcommittee recommends that the City Budget Office add these new reporting requirements to future bureau Requested Budget submissions starting in FY 2015-16.

Moreover, the subcommittee supports the recommendation for bureaus to develop organizational structure goals as previously documented in the City Auditor's *August 2011-Span of Control Audit*. Specifically, the report stated:

"We found that many bureaus do not consistently use the span of control number as a management tool in order to evaluate the bureaus' organization structure. Some bureau staff we interviewed stated they report span of control during the budget process but they do not actually use it for management decisions. Other bureau staff stated they use span of control to determine whether their staffing levels are appropriate. However, when asked how they determine whether their span of control is effective, most did not have a span of control target number to evaluate their organizational structure.

Without a span of control target number, it is difficult to evaluate a bureau's organizational structure. Since bureaus vary widely in the services they provide, it is not feasible to compare span of control across bureaus. As best practices point out, an organization should determine an ideal span of control number in order to assess its actual span of control."

Since staffing needs vary by program, it is likely that bureaus will need to develop multiple spans of control or management-layer targets. The targets should represent the optimal

staffing relationship required for providing the respective service. Bureaus should use these targets when making organizational changes or adding new staff.

Appendix A – Bureau Span of Control Information

Category 1 - No changes recommended					
Bureau	Initial Assessment: # of Positions Found w/SOC of 1:3 or less	# of Positions in Classifications Impacted by a Classification and Compensation Study	# of Positions Resolved Without Formal Recommendation	Recommended Position Reclassifications or Eliminations - No Savings	# of Recommended Position Reclassifications or Eliminations - Possible Savings
Bureau of Development Services	2	2	1		
Bureau of Planning & Sustainability	6	6	1		
City Budget Office	1	0	0		
Office of Management & Finance - Accounting, Bureau of Internal Business Services, Bureau of Technology Services, Director's Office, Revenue Bureau, Treasury	14	12	2		
Office of Neighborhood Involvement	2	2	0		
Office of the City Auditor	2	0	1		
Portland Bureau of Emergency Management	3	2	1		
Portland Housing Bureau	3	3	0		
Portland Parks & Recreation	5	3	3		
Category 2 - Organizational restructuring recommended to increase span of control not involving associated position eliminations or savings					
Bureau of Emergency Communications	5	5	0	2	
Fire & Police Disability & Retirement	1	1	0	1	
Portland Fire & Rescue	NA*	NA*	2	3	
Category 3 - Organizational restructuring recommended to increase span of control involving potential position eliminations/reclassifications and savings					
Bureau of Environmental Services	29	22	5		0
Office of Management & Finance - Enterprise Business Solutions (EBS), Bureau of Human Resources, Business Operations Unit	14	7	7		3
Office of Government Relations	1	0	0		1
Office of the City Attorney	2	0	1		1
Portland Bureau of Transportation	11	10	2		3
Portland Water Bureau	33	29	8		3
Subtotal	134	104	34	6	11
Portland Police Bureau	NA*	NA*	0	0	23
Total	134	104	34	6	34

*Portland Police Bureau and Portland Fire & Rescue SAP (HCM module) personnel data did not reflect the actual structure of the organizations, thus the initial assessment of positions did not include an accurate number of positions with spans of control 1:3 or less.