

**BENSON & MCLAUGHLIN, P.S.**

**Centralization/Decentralization Study  
for the  
Metropolitan Service District**

**March 25, 1991**

*"Just tell us what the  
ground rules are, and then  
don't change them in the  
middle of the game!" A  
Metro Employee.*

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## **I. INTRODUCTION AND PROJECT ACTIVITIES**

### **METRO EVOLUTION**

The Metropolitan Service District (Metro) was conceived by the Oregon Legislature in 1977 and created by the voters of Multnomah, Clackamas, and Washington counties in 1978. Metro is the only directly elected regional government in the nation. Metro's responsibilities have grown over the years, currently including such regional activities as solid waste disposal, transportation planning, the Metro Washington Park Zoo and most of the region's public convention, trade and spectator facilities.

In May 1986, the City of Portland determined that Metro should be responsible for planning, developing, promoting, operating, and managing the region's convention, trade and spectator facilities. It further resolved that the City work with Metro to develop a plan for transfer of functions and responsibilities of the City's then existing Exhibition Recreation Commission (ERC) to a regional commission to be established by Metro.

In January 1990, Metro's Metropolitan Exposition Recreation Commission (MERC), which had been created by the Metro Council in 1987, became responsible for the management of the major entertainment and sports facilities previously managed by the City of Portland via the City's ERC. These facilities were in addition to the Oregon Convention Center, which was built and is owned by Metro. Under the terms of the consolidation agreement, the City did not transfer ownership of the facilities to Metro. This was evidently done to 1) establish the base condition of the facilities; 2) allow the City monitor how well Metro maintained the various facilities; and 3) to insure that Metro provided support and benefits to the former City ERC workers commensurate with what they had received from the City. The consolidation agreement does provides for a long term goal of asset transfer to Metro, hopefully by 1992.

### **PROJECT AUTHORIZATION**

Since the transfer of responsibility to MERC has taken place, questions have arisen regarding the support services arrangement which would provide the optimum support for MERC and other Metro Operating Departments. Via a budget note in the Adopted 1990-1991 Budget, the Metro Council directed that a study be undertaken to evaluate the value and impact of centralizing or decentralizing certain Metro Support Services. This report is the outcome of that study.

### **PROJECT FORMAT AND STRUCTURE**

As outlined in the Scope of Work, the study was to be conducted in four phases:

- 1) Examination of existing Metro support organization and procedures with particular emphasis on the special needs of the Metropolitan ER Commission and the Washington Park Zoo.
- 2) Recommendations of Metro support functions for intensive analysis.

- 3) Analysis of selected support functions.
- 4) Presentation of findings and recommendations of the most desirable support structure.

### Specific Analyses

The Scope of Work also identified specific required study elements and analyses. They included:

- Examine the scope of support arrangements previously in place between the City of Portland and the City ERC.
- Establish the level and scope of support functions performed previously by the ERC; identify the justification for the decentralized performance of each function, i.e. why it was not performed by the City.
- Determine the increase in support required by the Metro ERC under the present alignment with Metro; identify functions and scope of functions related to the added responsibility for the Oregon Convention Center and Northeast Portland outreach efforts.
- Evaluate the ability of Metro to provide support to MERC in those functions previously supported by the City as well as those added since consolidation; include both an evaluation of present staff capabilities, and a determination of additional required support infrastructure regardless of location.
- Evaluate those support functions which must be wholly or partially performed by the MERC management group in recognition of the unique activities in which it is involved. This key element of the study scope will define the basis for autonomous functions by MERC.
- Recommend an optimum support staffing structure for both Metro and MERC which recognizes the foregoing evaluations.
- Develop a general organizational model of centralized and decentralized support structures, identifying the characteristics of each to include advantages and disadvantages to both the supported and supporting organizational elements; identify those organizational situations where each form of support is best utilized.
- Review existing Metro support capabilities and relationships with particular emphasis on the interrelationship of accounting, data processing, personnel, and the procurement/contracting function; recommend areas for further detailed analysis.

## Approach

Early in the project, it became apparent that the study efforts would provide the most value if they were oriented in a proactive, forward thinking manner, rather than being overly concerned with the past. This grew out of numerous observations that, while frustration abounded throughout the organization, the general sentiment was "Let's deal with the situation as it is now, not how it used to be."

After consultation with the Metro Project Manager, it was agreed that the team would focus less on "Who used to do what for whom?" and concentrate on "What do they (the Operating Departments) need now to achieve their objectives?" As a result, this study adhered somewhat less than originally anticipated to the required study elements and analyses as identified in the Scope of Work. While Chapter III does provide a review of the level and scope of the ERC's usage of City of Portland services, the report does not go into depth regarding the scope of past City support or increases (personnel or dollars) in Support Services needs due to past events, such as MERC growth and other changes. It is a given that Metro as a whole is growing and changing, and that Support Services must evolve accordingly. As discussed above, it was deemed that this study would be of more benefit if the focus was directed toward current and future needs. In doing so, this report addresses the major Support Service areas of concern, and provides practical, implementable recommendations.

## Team Overview and Data Collection

The study team was made of six experienced professionals, each focused on one or two Metro Support Services. The team's major source of data collection was an extensive interview process combined with a limited document review. The goal was to understand the needs of the users of Metro Support Services and the capabilities and interests of those charged with providing them.

Interviews were initially pre-arranged until team members were able to identify additional Metro staff with whom they wanted to meet. The project team's more than 55 interviews included sessions with the Executive Officer, five members of the Metro Council, four Metro ER Commission members, every Metro Director, representatives from the City of Portland and comparative entities, past employees, and Metro staff at virtually every level. As appropriate, we also conducted follow-up interviews or telephone conversations. A list of interviewees can be found in Appendix 1.

In general, those interviewed were candid and informative about their respective area of expertise and the organization as a whole. We appreciate the time and support received by the study team.

Documents reviewed by the team included policies, codes, and procedures; budgets; contracts; correspondence; and previous consultant reports.

## DEFINITIONS

The following terms are defined as follows:

ERC or ER Commission	=	City of Portland Exhibition Recreation Commission
MERC	=	Metro Exhibition Recreation Commission
Accounting	=	Metro's central accounting function
Personnel	=	Metro's personnel function (including off-site staff)
Metro Center	=	Metro's main offices at 2000 SW 1st
City or The City	=	City of Portland
Operating Departments	=	Usually refers to Metro's line operating units: MERC, Solid Waste, Transportation Planning, Planning and Development, the Convention Center Project, and the Metropolitan Washington Park Zoo.
Support Services	=	Metro staff functions including Personnel, Data Processing, Procurement, Finance and Accounting, Regional Facilities, Legal Services, and Public Affairs.
Users	=	All customers of Metro's Support Services (not limited to the Operating Departments).

## CONSULTANT'S NOTES

The original Scope of Work requested analysis of Support Service functions in regard to Metro Departments in addition to MERC, specifically the Metro Washington Park Zoo. The Scope of Work received with the final project contract contained only a single reference to any Department other than MERC. In conversations with the Metro Project Manager, it was agreed that, while the Metro/MERC integration was driving the project, attention would still be given to the potential realignment of Support Services in context of all Metro Departments.

While MERC is referenced numerous times in this report, it is often due to its having internal functions comparable to certain of the Metro Support Services. In general, the other Operating Departments do not have the same level of quasi-independent policies and internal functions, and thus depend more on Support Services for provision of certain functions. The recommendations, however, will affect every Metro department, as they may be asked to take on or relinquish certain activities and responsibilities.

## REPORT STRUCTURE

In line with the discussion above regarding project focus, this report is organized to concentrate on the Support Services deemed to be of most concern to Metro. As a prelude, however, the next chapter introduces some general organizational design concepts utilized by the team. Following that, in Chapter III, is a discussion of the level and scope of services previously provided by the City to the ER Commission. Chapter IV is the heart of this report, as each of six Support Services areas are introduced and evaluated for certain factors:



- Activities that occur within the specific Support Service and/or Issues of concern.
- Observations of the study team.
- Conclusions as to what this situation means for Metro.
- Risks to the organization (which may take on financial, personnel, or other forms).
- Opportunities for improvement.
- Recommendations (which could take on organizational, operational, financial, or other characteristics).

Because of the variation in importance and information available, not every activity or issue will have all of these sub-factors. Although at first glance some activities examined may seem to be outside of the original project scope, it was decided that as long as the study team members were surveying and learning about the Metro, it was incumbent upon us to highlight those situations that could result in some level of risk for the organization. Correspondingly, the recommendations found at the end of each Activity or Issue discussion may or may not relate directly to organizational realignment (i.e. Centralization/Decentralization). This is due to our belief that many improvements can be made without potentially drastic organizational changes. In numerous cases, it appears that a relatively simple operational change could result in the desired improvement. This is not to imply that organizational changes as a rule are not suggested, however, as specific organizational improvements are clearly recommended when appropriate.

In order to share the study findings that did not necessarily fit into the Support Services functions discussed in Chapter IV, Chapter V introduces additional areas of concern that tend to cut across the entire organization. This report is concluded by Chapter VI, which provides some final thoughts and summarizes our recommendations.

## II. ORGANIZATIONAL DESIGN CONCEPTS AND FINDINGS

### INTRODUCTION TO ORGANIZATIONAL DESIGN

**Organization planning and analysis** is a process for determining the most effective overall system for achieving organizational objectives. The primary purpose of a formal organization is to establish an organizational structure which will make coherent and feasible work and work relationships that routinely:

- Encourages teamwork;
- Minimizes interpersonal conflict;
- Provides an opportunity for individual career development;
- Is long-lasting but flexible to necessary changes.

It is also described as a mechanism for focusing creative power in an organization; that is, the concentration of power exercised to accomplish organizational goals and objectives. *The delegation of authority and the direction and motivation of personnel are particularly significant issues in the (re)design of an existing organization.*

Organization design is a planning process that involves establishing the structure of work relationships, defining and assigning duties, fixing responsibilities, dividing work, maintaining proper relationships among different work units, and helping the entity adjust to the unexpected.

The organization design process ultimately requires that the organizer identify underlying building blocks that will comprise the entity. To do so requires answers to the following questions:

- What are the missions, goals and objectives to be accomplished?
- What should the units of organization be?
- What components should be joined together, and what components should be kept apart?
- What size and shape are appropriate for different components?
- What is the appropriate placement and relationship of different units?

### Formal Design Specifications

Most specialists in organization design agree that there is no one best way of designing an organization structure. We ascribe to the often recommended contingency approach, and recommend that the basic organization be firmly based

upon certain minimum requirements, such as those Peter Drucker<sup>1</sup> refers to as **formal specifications** (which are applicable to any structure):

**Clarity of Purpose** - Organizations have multiple rather than single goals, and these must be acknowledged and understood by its members. Each person in the organization needs to know where he or she belongs, where he or she stands, where he or she has to go for whatever is needed, and how to get there.

**Economy of Effort** - The minimum effort should be needed to control, to supervise, and to motivate people to perform; the number of people should required to "keep the machinery going" should be minimized.

**The Direction of Vision** - Organization structure should direct the vision of individuals and of managerial units toward performance and results rather than toward efforts.

**Understanding of Tasks** - An organization should enable each individual to understand his or her own task. Each member of the organization needs to understand how his or her task fits in with the task of the whole and, in turn, what the task of the whole implies for his or her own task, his or her own contribution, and his or her own direction.

**Decision-Making** - An organization design needs to be tested as to whether it impedes or strengthens the decision-making process.

**Stability and Adaptability** - Change is pervasive and affects all organizations; the question is one of the degree of adaptability required rather than whether it is needed. Stability, which represents a condition to be met through adaptability, means that the organization must be able to accomplish its work even when the world around it is in turmoil.

**Perpetuation and Self-Renewal** - An organization must be capable of producing tomorrow's leaders from within; it should help each person learn and develop in each job he or she holds - it should be designed for continuous learning.

As Mr. Drucker points out, these are clearly conflicting specifications. But if any one of them is totally unsatisfied, the enterprise will not perform. No organization design can satisfy all specifications, and it therefore ultimately becomes necessary to compromise, to balance, and to make trade-offs. It is this process of balancing and testing that demands knowledge, skill, and intuition. **Organization design requires thinking, analysis, and a systematic approach.** For an organization in a changing environment, it also requires adoption of the aforementioned **contingency approach**, which permits examination, assessment, and weighing of the large number of factors influencing the organization. It is only through this iterative process that one can develop suitable recommendations and alternative structures.

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<sup>1</sup>Peter F. Drucker, Management: Tasks, Responsibilities, Practices. (New York: Harper & Row, 1973).

## A Contingency Approach to Organization Design

The contingency or situational approach adopts the basic premise that a relatively modest number of key organization variables (of innumerable influencing variables) will be relevant to the decision process. The situational assessment of these key variables, which are an inherent part of the internal and external environments of the enterprise, permit one to design an organization structure satisfying the needs of both the organization and the individual.

The starting point for organization design must be the vision, values, and goals of the entity - what it is that the organization seeks to accomplish. In any formal organization there are certain key activities supporting the vision that must be accomplished well if the entity is to survive, because if these activities malfunction the organization can be seriously damaged. A rapidly growing organization such as Metro is particularly vulnerable.

It is essential for the organizer to identify these key activities to ensure that they are organizationally anchored, and that their placement in the organization structure reflects their importance to the well-being of the enterprise. This, in essence, gives organizational responsibility a "home."

The focus of contingency structuring is thus on management's primary tasks and the relationships between these tasks. The following is an overview of a step-by-step approach to contingency design:

- 1) Review organizational vision, goals, strategy, philosophy, and performance criteria;
- 2) Examine the entity's external environment, i.e. major forces, trends, effects, and occurrences;
- 3) Identify the key results desired by the organization and the means of achieving them;
- 4) Identify the key internal factors necessary for securing the organization's niche. For each of these internal factors, determine:
  - The pace of change, uncertainty, and complexity confronting it,
  - The quality and quantity of information and feedback vital to its functioning, and
  - The nature of communications;
- 5) Formulate and evaluate alternative systems or work flow models that integrate key organizational factors, activities, and relationships;
- 6) Identify alternative structural frameworks which satisfy organizational needs;
- 7) Examine job features, especially the motivational climate;
- 8) Modify the structural design as needed to satisfy formal design specifications and factors assigned high priority or urgency.

## CRITERIA FOR ORGANIZATIONAL DIAGNOSIS

Many models exist in the professional literature for diagnosing the health of an organization. The following is a list of illustrative but not exhaustive factors (most of which were evaluated as part of this study) for examination during any organizational assessment:

**Mission, goals, objectives.** What are the organizational goals, and how are goals and objectives set? Are the necessary skills there?

**Organizational environment** - What are the key environmental factors, properties, and demands? What linkages are present?

**Organizational and decision processes** - What is the hierarchy of decision, authority, and skills on the management side?

**Conflict management** - What mechanisms are used for resolving conflict? Does the reward system create conflict?

**Communication** - Do communication channels match missions, needs and responsibilities?

**Individual and group interfaces** - Are individual and group goals aligned? Is there a good career development system?

**Output** - What are the critical success factors? How is performance measured?

**Structure** - Does the organizational structure fit the organizational conditions and the above criteria?

The above criteria are assessed and interpreted based on their contribution to those conditions that are found in a healthy organization. Within a healthy organization:

- Managers and employees have relatively explicit goals and directions toward which they are working; the organization is purposeful and goal-directed.
- Form follows function. The organization chart, the organization of work, and decision points are determined by the work requirements and not by authority or power requirements.
- Decisions are based on locations of information rather than roles in the hierarchy.
- The reward systems (both intrinsic and extrinsic rewards) are related to the work to be done.
- Communication is relatively open; differences of opinion regarding ideas, solutions to problems, goals, etc. are valued.

- Inappropriate competition is minimized. Collaboration is rewarded where it is in the organization's best interests.
- Conflict is managed, not suppressed or avoided. The management of conflict is seen as an essential part of every job.
- The organization is seen as an open system, embedded in a complex environment which is constantly making demands on the organization. The administration of these demands is a major part of management's job.
- There is conscious effort by management to support each individual's identity, integrity, and freedom. Work and rewards are organized to maintain these.
- There is proactive management, relying on built in feedback mechanisms at all levels.

### CENTRALIZATION VERSUS DECENTRALIZATION

There are no compelling theoretical principles on which an organization should base a decision regarding where it should place itself on the continuum from total centralization to total decentralization, however those terms are defined; rather, the decision regarding where an organization should lie on this continuum must be based on the culture, conditions, and circumstances found within the organization itself. Work should be accomplished where the capabilities, systems, personnel and processes can be applied most effectively at the least total cost.

There are a number of Support Services (see Chapter IV of this report) within Metro that might be provided efficiently by a central service unit. The decision on how services are to be provided should be based on all relevant organizational costs (opportunity and monetary, direct and indirect, operating and capital, fixed and variable). This cost-benefit analysis should not be limited to examining centralized vs. decentralized processes alone - all potential providers of services should be identified.

We found during our interviews with Metro employees that there is general support for the concept of a central support unit that provides genuine assistance to line organizations. However, it also became clear to us that the Operating Departments consider the current activities of Support Services to be primarily regulatory and compliance-driven, with little capability for providing direct assistance. We generally agree with that assessment but would add that Metro currently lacks some of the systems and processes required to exercise even its minimum fiduciary responsibilities.

We believe that it would be unwise for Metro to proceed with any realignment on the premise that the Operating Departments would experience an increase in Support Services received. We are convinced, however, that the consolidation of some activities is warranted for efficiency reasons. There should be a recognition among the Council and Executive Officer, as there currently is among the Operating Departments, that efficiencies are possible with consolidation, but that consolidation may also result in the Operating Departments having less influence over the priorities of Support Services work relating to them. The initial thrust of

consolidation must be to satisfy Metro's minimum fiduciary responsibilities and to understand and mitigate organizational risk. Efficiency considerations and the improvement of Support Services are of next priority.

Within Metro there has historically been a practice of decentralizing both line operations and Support Services. For any organizational changes that may be proposed, the Executive Officer and staff must accept the premise that change is difficult for the members of any organization. But change is even more difficult in an organization such as Metro where many employees identify almost exclusively with their operating department or facility (line organization) and have little interest in or allegiance to other Operating Departments or Metro as a whole.

Many of the organizational entities comprising Metro have distinct cultures, which can in part be traced to: 1) the disparate range of activities falling under Metro; 2) the way in which the organization came together; and 3) an apparent lack of a concerted effort to overcome this distinctiveness.

Many of the problems still being experienced by Metro in integrating MERC (see Chapter V of this report) can be traced to a lack of sensitivity to these cultural, as well as other, differences.

### COMPLIANCE-->SERVICE CONTINUUM

Metro Support Services serve in a difficult role because of their conflicting responsibilities as enforcers of procedures and rules and as providers of information and other services. Some customers are aware of these conflicts and can sympathize with the dilemma of Support Services staff. Unfortunately, however much the users may understand these role conflicts, they nonetheless have their own missions to accomplish and experience a high level of frustration with what is too often perceived to be the lack of a "can do" attitude among some of the Support Services staff.

It will be helpful at this point to provide working definitions of two terms that will be used throughout this report to describe the manner in which specific Support Services are provided. By manner, we mean the orientation or style in which the services are delivered. They are *Compliance* and *Service*:

A *Compliance* orientation describes providing support in such a way that the user is left feeling that:

- All the Support Service cares about is adherence to rules, regulations, policies and procedures;
- The Support Service provides only enough guidance and tools to keep the user out of trouble;
- The Support Service doesn't have an interest in the user's success.

A *Service* orientation involves providing information, assistance or a product in such a way that the user feels that:

- Needs are appreciated and understood by the Support Service;

- There is an enhanced ability to complete the assigned function, task or activity;
- The Support Service is an integral part of the user's successful "team."

Unfortunately, some of Metro's Support Services don't or can't provide *Service*, and thus fall back to providing only *Compliance*. In some situations this is by necessity, due to a lack of funding or staffing, while in others it can be attributed to a lack of understanding or appreciation for what the users need. An example could be reports that, according to the source Support Service, provide "all the necessary status information an Operating Department should need," when in reality, are found by the recipients to be difficult to interpret and use.

This is not to imply that *Service* as a way of operating does not currently exist at Metro. Much to the contrary, there are solid illustrations within Metro of what a *Service* orientation should look like. Two examples, Legal Services and Public Affairs, have based much of their success on how well they meet the needs and expectations of the users asking for their services. For Legal Services, this is an especially pleasant finding, as assistance in this area is often provided with a highly formalized, *Compliance* orientation. The study team received few negative comments regarding either department in terms of cost or quality of services provided. In general, this can be attributed to the users having a good idea of what to expect from the Support Service, and confidence that requests for information or products will be addressed in a timely manner.

This brings about the important question of what to do about those Support Services that are currently, for whatever reason, perceived by users as providing *Compliance* only as their standard mode of operation. Should this cause them to be viewed negatively, or should they be looked upon sympathetically, because the underlying reasons may be out of their control. Unfortunately, there is no single answer.

A *Service* orientation cannot be installed overnight. It is the result of management deciding that users deserve more than *Compliance* as a standard level of service, and demonstrating this commitment by providing staff with the skills and resources to offer users the desired level of support. As a result, this new "Corporate Attitude" will be instilled in the Support Services staff, stimulating their interest and desire to do whatever it takes to meet the users' needs.

This last point highlights what is most clearly missing from some of Metro's Support Services; the realization of the Support Services staff that their role is to provide *Service* rather than simply require *Compliance*. Such examples as user documents being rejected or lost and requests for information being ignored may be indicators of understaffing, poor organization, incomplete procedures, or a host of other reasons within the Support Service. While there will clearly be situations that are the fault of the user (late submittal, etc.), as a general policy the users should not be made to think that they are always the reason for problems. Even an understaffed Support Services function should be able to meet users half-way; and instead of simply requiring blind *Compliance*, make an effort to occasionally meet with users and explain why certain data is needed in a specific format or simply ask what the users need to operate more effectively.



Clearly, Metro's Support Services can only do so much with the resources provided. A common request heard from the Operating Departments was "Just tell us what the ground rules are, and then don't change them in the middle of the game!" This is very telling, in that the users are saying that, if necessary, they can accept a *Compliance* mode of operation, if they can be assured that there will be consistency in what is required. This in itself is a form of *Service*, as the Support Services can build the users' trust by being forthcoming, consistent and conscientious in their requests and feedback.

In summary, since most of Metro's Support Services tend to be under relatively stringent budget constraints, we recommend that the management of each Support Service work with the Executive Director to determine the acceptable level of support to be provided and where on the continuum from *Compliance*-->*Service* the service orientation should be.

### III. HISTORICAL REVIEW (MERC/CITY OF PORTLAND)

#### SERVICES PREVIOUSLY PROVIDED TO THE EXHIBITION RECREATION COMMISSION BY THE CITY OF PORTLAND AND SERVICES PREVIOUSLY PERFORMED IN HOUSE BY THE EXHIBITION RECREATION COMMISSION

Two of the identified study elements for this project were "Examine the scope of support arrangements previously in place between the City of Portland and the City ERC..." and "Establish the level and scope of support functions performed previously by the ER Commission..." Research in this area included interviews with MERC staff and with City staff who were involved in providing support to the City ERC.

For consistency with later sections of this report, we will identify the specific support services provided by the City of Portland and the level of service received by the ERC, as reported by MERC and the City. When the City provided little or no services in an area we will describe our understanding of the compensating ERC activities. As to the rationale for why a function was performed by the ERC or the City, we can only speculate. In many instances, it appears that if the ER Commission didn't ask the City to provide a service, the City let the Commission provide the service internally.

#### Accounting

Accounting functions were split between the City and the ERC. As it continues to do today, the ERC (MERC) staff performs event settlement and other internal accounting as described in Chapter IV of this report. Revenue transfers from the ER Commission to the City took place on a regular basis, while the City provided the ER Commission with monthly financial reports. The City handled Accounts Payable for the ER Commission, requiring submittal of an invoice and a payment authorization.

#### Data Processing

Data processing services were provided on a limited scale, predominantly as part of Payroll or other financial services.

#### Financial Planning (Budget Office)

The ER Commission did not receive special treatment within the City budget process, and thus was responsible for a full allocation of overhead charges. There was no less information required from ERC than of other city departments, and in general the City was satisfied with what was received. According to the City's budget office, the ER Commission could have declared itself even more independent (along the lines of the Portland Development Commission) and had even fewer reporting requirements.

## Legal Services

With the general exception of Risk Management issues, the City's legal staff was not used extensively by the ER Commission. The Commission chose instead to utilize outside counsel for the majority of its legal matters, the bulk of which were related to labor negotiations.

## Payroll

The City provided payroll services for the ER Commission wherein the ERC submitted filled out time cards and time sheets as appropriate. The ERC had responsibility for distribution of the payroll checks. This process appears to have operated with few problems.

## Personnel

The City's Personnel department provided limited services to the ER Commission. The ERC conducted its own recruiting and other personnel functions, and kept its own personnel files. Benefit administration was handled through the City's Risk Management and Claims Department. Although the City also assisted the ER Commission in disputes over unemployment claims, the ER Commission carried out its own labor relations and negotiations as discussed above.

## Procurement

The ER Commission followed its own purchasing policies and performed most contracting and purchasing functions with little city involvement. The City apparently provided no tracking or encumbrance functions. Additionally, the Portland City Council granted the ERC exemptions from requirements which had to be met by other departments. In essence, if a purchase order had the appropriate ERC approvals, the City staff had little, if any, review authority or ability to take action.

This is one area where the City staff would have liked to have had more involvement, as there apparently were situations of the ER Commission entering into contracts that set precedents that were contrary and inconsistent with practices of the rest of the City. These occurrences were infrequent, but still put the City at some risk.

## Summary

In general, it appears that the City took a "hands off" approach to dealing with the City ERC. As long as the ERC did not ask the City for funding, the City seemed content to allow it to operate in a relatively autonomous fashion. This is not to imply that the City staff were not interested or concerned about ERC activities, but that close oversight was simply not performed. There were, however, some stated concerns of the City being put at risk for ERC actions that differed from standard city practice.

## IV. SUPPORT SERVICE REVIEW

### OVERVIEW

Support Services at Metro are generally provided by an appropriately named department or division. The only major Support Service not fully evaluated was Public Affairs, for which issues of potential concern are identified below. The Support Services evaluated in this study included: Accounting and Financial Planning; Procurement; Personnel; Data Processing; Legal Services, and Regional Facilities. They constitute the majority of the Support Services provided by Metro and entail the functions most often suggested as potential opportunities for realignment. Unless otherwise identified, the functions discussed below are predominantly performed by Metro Center staff.

The team evaluated each of the Support Services for:

- Services provided,
- Services not provided (which could mean not at all, or simply provided by some other entity),
- Areas of concern (i.e. risks to Metro) resulting from current practices, and
- Opportunities for increased efficiency and/or effectiveness, which could include centralization or decentralization of certain functions.

For each of the Support Services to be evaluated, selected functions and activities/issues will be introduced and discussed, followed by an overall evaluation and recommended organizational, operational and other improvements. Complementary exhibits will be presented for each Support Service that highlight: 1) An "As-Is" picture of which organizations are currently performing certain activities, and 2) A "Recommended" picture of which organizations we feel should be performing certain roles within selected activities.

### SUPPORT SERVICES NOT INCLUDED

As stated above, this study focused upon those Support Services that were agreed with the Metro Project Manager to be of greatest concern to Metro. An important Support Service that was only touched upon and that merits further evaluation is Public Affairs.

From our limited review, Public Affairs appears to be a good example of a Support Service being provided with a *Service* mentality. As defined earlier, this implies that the service providers understand that they are being asked for and attempt to provide it in a supportive, involved manner.

Although the overhead allocations for Public Affairs total a significant amount each year, there appears to be little, if any, vocal criticism from the Operating Departments (as opposed to what is said about most of the other Support Services). This can be attributed to at least three reasons: 1) For the most part, Public Affairs

does not provide "hard support," and thus tends to have little effect on daily activities of the Operating Departments, 2) Public Affairs is seen as providing a service, and doesn't focus on compliance monitoring, and 3) The departments see a tangible output from Public Affairs, usually a product or service that they requested and received in the desired format. This could have a number of explanations, such as:

- Public Affairs may generally have more resources available than the other Support Services.
- Some of the Operating Departments may not have as clear of an understanding of what they could be doing for themselves or contracting for outside the organization.

Although Public Affairs is well thought of throughout Metro, there are a few issues that merit further investigation. The first is the possibility of functional overlap between Public Affairs and the corresponding functions (marketing, etc.) within the Operating Departments, especially the Zoo and MERC. Although this topic has been discussed in the past within Metro, the growth and variety of Public Affairs' activities, along with the amount of similar activities being undertaken directly by the Operating Departments, provide sufficient rationale for an updated review. A related issue that also merits investigation is a general lack of clarity within the organization regarding Public Affairs' role. This situation manifests itself in the aforementioned potential overlap and other situations where it is unclear as to which organization should take the lead role.

Last among the issues related to Public Affairs are support and self-examination. The first stems from the mixed amounts of support received by Public Affairs from the other Support Services, predominantly Data Processing, while the second asks whether Public Affairs has questioned its own performance of certain tasks and whether they might be performed at a more cost-effective or higher quality level if contracted out. This last issue is not exclusive to Public Affairs, and is discussed in further in Chapter V.

No specific conclusions have been reached regarding Public Affairs and the issues discussed above. We do, however, recommend that an in-depth evaluation of this important Support Service be performed in a timely manner and on a consistent level with this study.

## SUPPORT SERVICE: ACCOUNTING/FINANCIAL PLANNING

Metro's Finance and Administration department provides financial management and administrative service functions to the Metro organization. These functions include accounting, financial planning, procurement, investments, credit management, data processing, budget, construction management and passport business licenses. This department also manages the insurance and building management funds and is responsible for investing excess cash in accordance with adopted policies.

This report section will be presented by function, with specific activities identified and discussed. Tables 1 and 3 (located after the exhibits at the end of this report) introduces the activities performed in this area, while tables 2 and 4 (located after the exhibits at the end of this report) introduces our recommended distribution of responsibility.

### **FUNCTION: FINANCE AND RISK**

The Finance and Administration Department coordinates preparation of Metro's annual budget, monitors progress and prepares necessary amendments. It also manages Metro's programs for insurance and risk, long-range financial planning, and credit including collection and debt.

### ACTIVITY/ISSUE: BUDGETING

Metro's Finance and Administration Department annually drafts a budget preparation manual for distribution to all department employees with budget responsibilities. It also prepares the annual budgets and prepares necessary budget amendments.

### Observations:

The responsibility for monitoring the comparison of actual versus budget has not been clearly defined by Metro Executive Management, which has resulted in overspent Operating Department budgets. Additionally, the Operating Departments profess to having difficulty reading and understanding the information presented in the summarized monthly accounting reports, which contain comparisons of actual to budget.

### Risks/Conclusions:

Responsibility for budget monitoring needs to be clearly established and documented in a written policy. If definite responsibility is not established it can be overlooked as the other department's responsibility. If the budget is not constantly monitored against actual, overspent budgets may result and amended budgets cannot be properly prepared in accordance with the applicable statutes. Also, appropriate cutbacks cannot be made in a timely and effective manner.

Appropriate levels of information need to be provided to the department assigned the monitoring responsibility. Too much detail can result in hours of consolidating and re-creating to match budget line items. Too little information is just as detrimental. A current summary by budget line item should be made available to the Operating Departments to allow them to quickly and easily monitor the status of the accounts.

#### Recommendations:

- The Executive Officer should direct that policies be documented establishing responsibility for budget monitoring and compliance.
- Finance and Administration needs to provide to the departments sufficient information through timely monthly reports that quickly and easily identify and compare the budget line items to the corresponding up to date actuals.

### **FUNCTION: ACCOUNTING**

Accounting is responsible for such duties as: recording and processing of all cash receipts and accounts receivable, processing all cash disbursements and accounts payable, processing all payroll items and preparing payroll reports, preparing financial reports, maintaining accurate financial records and assisting in the year-end audit report preparation, and safeguarding the district's existing assets through effective accounting controls.

#### ACTIVITIES/ISSUES: ACCOUNTS RECEIVABLE AND CASH RECEIPTS

##### Observations:

##### **Zoo Procedures:**

The Zoo submits to Accounting a daily cash packet report summarizing data on revenues and receipts. Accounting enters the data into the system from these summary sheets and reconciles these to the deposits.

For accounts receivable, the Zoo submits an Invoice Request Form containing the applicable information and from which Accounting processes the billing statements. Accounting also collects the cash and posts the receipts. These accounts receivable procedures are used by all the Metro departments except MERC and Solid Waste.

##### **Solid Waste Procedures:**

At the Solid Waste depositories, both cash and charge transactions take place. Cash receipts are deposited by personnel from the sites and summarized on daily activity reports. These reports go to Accounting and are reconciled to the bank deposits. The charge information is entered into on-site personal computers. This information is downloaded to Accounting where it is edited and verified to the control sheets. The information is then uploaded to the Unisys system, from which Accounting sends the statements and posts receipts/collections.

### MERC Procedures:

At present, MERC handles its own accounts receivable without assistance from Accounting. MERC has few accounts receivable billings since most of the events involve MERC handling the ticket sales with resulting revenues being held for payout (See the discussion of event settlement below). The accounts receivable arise in events where another organization (such as the Shakespearean Festival) sells their own tickets and MERC sells only a few tickets for the particular event. Thus, MERC accumulates event expenses such as stagehand labor, etc. without having an adequate offset of revenues, thereby arriving at a receivable balance due to MERC from the event promoters. There are designated individuals within MERC assigned to specific facilities, and these individuals are responsible for their particular facilities' accounts receivable, which are processed manually.

### Risks/Conclusions:

Accounting handles the computerized billing, cash collection and recording of accounts receivable for all of its departments except MERC. MERC continues to process its billings and collections through a manual system. The apparent lack of information exchange between MERC and Metro could cause Metro's general ledger to be incomplete at interim periods since it may not reflect receivables owed to MERC. While there may be nothing wrong with a manual system, it could be cost efficient to computerize the accounts receivable of MERC and allow for easier tracking and aging. This could also increase quality of recordkeeping and timeliness of entries to Metro's general ledger.

### Recommendations:

- The accounts receivable system for Metro appears to be adequate and should remain a centralized function. There appears to be no particular reason why MERC could not implement these same accounts receivable invoicing procedures. This would thereby standardize the accounts receivable system within Metro as much as possible and would facilitate the computerization of MERC's accounts receivable system.

### ACTIVITY/ISSUE: EVENT SETTLEMENT

Event settlement procedures and transactions are unique to MERC's operations and the entertainment industry represented within MERC's facilities. It includes collecting monies for ticket sales and payments of certain event specific expenses, often within the same day. Event settlement procedures involve working with promoters to analyze and summarize event specific revenues and expenses and arriving at such items as payments due promoters or performers and net event proceeds.



### Observations:

MERC management personnel are directly involved with event settlement procedures. Schedules detailing event specific revenues and expenses are documented and maintained by MERC. As part of some event settlements, rather large cash payments are made without going through the Metro accounts payable/vendor payment system. When net proceeds are deposited into MERC's agency fund, MERC provides to Accounting a summary breakdown of revenues that ties to the net proceeds deposited. There is some disagreement as to whether the event specific schedules showing gross numbers versus net numbers (which MERC prepares for each event) should be made available to Accounting.

### Risks/Conclusions:

Since cash is such a liquid asset and by its nature is somewhat risky, it is necessary to maintain adequate accounting controls over its receipt and payment in order to safeguard the assets of the District. Therefore, it is important that there be adequate documentation of all cash transactions. If these controls are not adequate there is an increased risk of errors, irregularities and, at worst, illegal acts.

### Recommendations:

- It's clear that event settlement is unique to MERC's operations and that MERC management has developed expertise in this area over the years. Since by their nature governmental vouching systems cannot respond adequately within a day's turnaround time, we recommend that Event Settlement operations stay within MERC. We also recommend that only those expenses absolutely necessary be paid by "cash," with all others being paid through checks or money orders or preferably processed when possible through the Metro accounts payable system. The goal should be to facilitate better audit trails and supporting documentation.
- Accounting and MERC should develop more extensive internal accounting controls that create a viable and defensible audit trail for event settlements. This will provide an increased oversight function to assure the safeguarding of Metro's assets and proper accountability. Accounting must be confident that the incoming data is acceptable for ledger entry.

### ACTIVITY/ISSUE: REPORTING

Accounting currently provides monthly reports to all departments. These reports present on a budget basis (modified-accrual) such items as: account number and title, prior year expenditures, current year budget numbers, current monthly expenditures, year to date encumbrances (outstanding purchase orders), current year to date expenditures, amount of budget remaining and percentage of budget remaining. Cutoff for preparation of the monthly accrual entries is the 10th of the following month.

### Observations:

The Operating Departments are not receiving the monthly information packets on a timely enough basis to use the information for management purposes. As a result, they are creating their own records and accounting systems for use within their departments in day to day operations. The departments are also having trouble interpreting the often voluminous information presented to them monthly and identifying the information they actually need. Therefore, they are not using the monthly packets of information provided to them or the on-line computer information as expected and intended. Due to a lack of trust in the timeliness of the centralized general ledger system, many Operating Departments utilize supplemental ledgers kept either by hand or on personal computers.

### Risks/Conclusions:

The centralized general ledger system, which is maintained by Accounting, needs to be seen as the only complete ledger within Metro. These records should show the district's complete financial position at any given point in time for balance sheet items, and should present the most current, accurate year to date information possible with regard to income statement items. When this does not happen for various reasons, there's a risk that Metro's financial statements, as a whole, could be misleading and possibly in the worst case scenario, materially misstated due to an oversight or omission from the centralized general ledger. Additionally, erroneous business decisions could be made based on inaccurate or untimely information received by the departments or management of the organization as a whole.

### Recommendations:

- Communication and sharing of accounting information needs to be improved between the users and Accounting. Accounting needs to be supportive and responsive to the individual reporting needs of the departments as much as possible within the existing staff limitations and computer capabilities. Reports need to be delivered to the departments as quickly as possible after the 10th of the month cutoff date to provide departments with timely information. In return, the departments must be consistent in providing all accounting data to Accounting to facilitate the accuracy of the general ledger. A team environment needs to be created to facilitate the end product of a complete set of accounting records for the whole organization of Metro.
- Education and training of the departments should continue so that all departments will be able to use the information provided them in a cost-effective manner rather than focusing their energy and time on the re-creation of individual department accounting records. If reports to the various departments cannot be customized due to system limitations, perhaps Metro should consider making data processing changes to allow departments to access and import certain information to their department personal computers. This would allow local manipulation of data for management purposes and planning and hopefully eliminate some of the current duplication of effort.

## ACTIVITY/ISSUE: ACCOUNTS PAYABLE

All Metro departments other than MERC issue purchase orders (except for payments under a valid contract, which use payment authorizations) by sending one copy to Accounting and one copy to the vendor. The purchase order forms used are prenumbered with the departments sometimes given a specific batch of numbers to use. Accounting then verifies the authorization of the purchase order. The department later confirms the receipt of the goods or services and sends a "receiving" copy of the original purchase order to Accounting. Accounting is supposed to receive the invoices directly from the vendors, but if instead the invoice is received by the issuing department, it must be forwarded to Accounting. Accounting matches the original purchase order with the receiving copy and the invoice to determine that the items received and invoiced are consistent with those originally ordered and approved. At each step of this process, Accounting enters relevant data onto the Unisys/Moore system. As a final step, Accounting generates a check and mails it to the vendor. Payment authorizations are similar, but need not be received by Accounting before the invoice is received (no encumbrance is generated - for more discussion regarding encumbrances see the section on procurement).

MERC uses similar methods for generating purchase orders, but uses payment authorizations more widely. Instead of using a separate "receiving" copy, MERC management signs the invoice once it is received, indicating that the goods or services have been received. MERC staff then prepares a payment authorization which must be approved by the MERC Controller or MERC Assistant General Manager for Finance and Administration. The signed payment authorization is then sent to Accounting along with the original invoice and a copy of the original purchase order for the generation of payment to the vendor. MERC does not participate with the encumbrance part of the disbursement system at Metro.

### Observations:

Prior to generation of payment, Accounting performs a review of the MERC accounts payable packets which is similar to the review performed for all of the other departments. The present system appears to have a weakness in the notification of the departments when a particular invoice has been "red flagged" (i.e. delayed) with a problem or discrepancy. There have been cases of invoices not getting paid and even getting mislaid or misplaced.

Another concern is the lack of consistent policy defining which procedural problems will result in return of invoices to a department for problem resolution prior to payment. For example, although the accounting system is supposed to allow variances of less than \$20 or 5% without rejecting a payment (and thus requiring return of a whole packet of information to the respective department), comments have been made noting holdup of payment for variances of less than the stated materiality levels.

### Risks/Conclusions:

There seems to be some duplication of effort in the invoice reviewing stage within MERC that is being again performed within Accounting. Also, by not sending the

purchase orders to Accounting at time of placement of the order, it is possible that MERC could go over budget by not using the encumbrance system.

A second problem seems to exist with the procedural policies related to the invoice processing and review steps. Clear cut procedures need to be established by Accounting and communicated to all of the users. Steps should be taken by Accounting to track invoices refused for payment and encourage quick resolution of problems. This will help avoid unhappy vendors and signify Accounting's desire to provide *Service* to the departments.

#### Recommendations:

- Policies and procedures need to be clarified and communicated to all departments with regard to what will result in a refusal of payment for accounts payable and how the departments will be notified of the problem in a timely manner. A specified liaison should be identified in each department for contact purposes when an invoice packet is delayed within Accounting. Additionally, a more robust tracking program should be created, possibly at the department level if adequate staff is not available within the Accounting staff.
- MERC should modify its current accounts payable procedures to comply as much as is possible with those used by all of the other departments within Metro. MERC should also provide Accounting with a list of authorized signatures recognized by MERC management as adequate for invoice approvals. In addition, expenditures made by MERC through its other department exclusive checking accounts should be re-evaluated as to which expenses would be more efficiently and appropriately processed through Metro centralized accounting. There doesn't appear to be the need for the duplication of effort presently being applied in this area by MERC. This further inclusion of MERC accounts payable into the Metro system would allow Accounting to enter purchases and accounting codes into the general ledger, thereby reducing the risk of omitted items in the centralized general ledger.

#### ACTIVITY/ISSUE: PAYROLL

Metro pays on a semi-monthly basis. At present, time reports are keyed into the system by Accounting staff except for time accumulated by the automatic time clocks, which is downloaded directly into the main system. Metro payroll procedures require employees to sign their own time card/report as well as requiring direct line supervisor approval of each time report. Time Sheet Control forms are used to facilitate accumulation of time records and as a control to make sure all time is appropriately accounted for. Accounting processes the payment of payroll and is responsible for payroll reporting. Accounting keeps track of any unclaimed paychecks mailed to employees for all departments other than MERC, and requires employees to sign for their paychecks.

### Observations:

MERC has payroll procedures and policies which differ somewhat from the other Metro departments. Due to contract agreements, MERC's payroll periods are biweekly rather than semi-monthly. In addition, because of the large number of part-time, temporary employees used at the MERC facilities, MERC requires employees for specific events to sign in on a settlement sheet in order to get paid. These event specific temporary employees are not required to fill out and sign their own individual time cards.

There are also cases where certain event payrolls include "call times" for part-time employees, which guarantee that the employee will be paid for a minimum number of hours regardless of the actual time worked. MERC's vacation and sick leave policies and accruals also differ from Metro at this time as a result of the consolidation. As part of the oversight procedure within MERC of payroll accuracy, a review of each time sheet and time card is performed by MERC management prior to submittal to Accounting. A final difference is that MERC wants to mail out their own payroll checks and also does not make the employee sign for their paycheck.

### Risks/Conclusions:

Discrepancies in payroll and personnel policies and procedures (such as differences in pay periods and compensated absence accruals) will need to be worked out between MERC and Metro. Since these issues may be affected by labor agreements, Accounting must be accommodating and sensitive to the differences, and accept the fact that it will take time for some of the changes to occur. If these differences are not mitigated and processing difficulties reduced, payroll will continue to be a constant source of irritation for the organization, thus hindering full integration of MERC.

### Recommendations:

- MERC should implement to its fullest ability the payroll procedures of Metro since it must rely on Accounting for the processing of its payroll checks and records. Time sheet control summaries should be used as a control as much as possible each payroll period to avoid payroll reruns due to a missed employee or a correction after the original submission of the payroll packets to Accounting. Metro should allow acceptable variations within MERC time records due to industry characteristics such as having multiple part-time employees. The signature of the employee on the settlement sheet should be sufficient for Accounting records, as long as copies are kept and attached to payment batches, if it is considered appropriate and adequate under MERC industry standards.
- MERC should let Accounting handle the mailing of the unclaimed payroll checks since Accounting already has a system in place to track address and date mailed.

## Summary of Accounting/Financial Planning Recommendations

A request heard consistently from the Operating Departments is for clear, understandable, useful, and most of all, accurate information regarding their financial position. In too many cases, duplicate systems have been developed to give the Operating Departments the information they feel is lacking. All this does is lessen usage and reliance on the centralized accounting system, thus further reducing its benefit as a central Support Service. This also holds true regarding Accounting staff. If they cannot provide timely, accurate information, they too will be utilized less and less as a resource and seen more and more as an impediment to accomplishment of the user's goals (i.e. simply imposing *Compliance*). Our recommendations in this area include:

### Metro-wide

- Written policies need to be developed establishing responsibility for budget monitoring and compliance.
- On a timely basis, Finance and Administration needs to provide the Operating Departments with sufficient information (either via report or on-line access) that allows for quick and easy identification and comparison of budget line items to corresponding up to date actuals.
- Communication and sharing of accounting information needs to be improved between Accounting and the Operating Departments.
- A team environment needs to be created to facilitate the end product of a complete set of accounting records for the whole organization of Metro.
- Education and training of the departments should continue so that all departments will be able to use the information provided them in a cost-effective manner rather than focusing their energy and time on the re-creation of individual department accounting records.
- A specified liaison should be identified in each department for contact purposes when an invoice packet is delayed within Accounting.
- Accounting needs to be supportive and responsive to the individual reporting needs of the Operating Departments. Reports or system access needs to be available to the departments as soon as possible after the 10th of the month cutoff date in order to provide users with timely information.
- Accounting should consider making data processing changes to allow departments to access and import certain information to their department personal computers.
- Finance and Administration should continue working towards improving the *Service* orientation of staff. This could come about from increased staffing, additional training, or redistribution of responsibilities.

### MERC Specific

- Event settlement operations should stay within MERC. Accounting and MERC, however, should work to provide expanded internal accounting controls for the event settlement process along with more detailed transaction information.
- MERC should implement the same accounts receivable invoicing procedures as the rest of Metro.
- MERC should utilize the Metro accounts payable system whenever possible with only those expenses absolutely necessary to be paid by "cash."
- MERC should modify its current accounts payable procedures (and forms, as appropriate) to comply as much as is possible with those used by all of the other departments within Metro.
- MERC should provide Accounting with a list of authorized signatures recognized by MERC management as acceptable for invoice approvals.
- Expenditures made by MERC through its department checking accounts should be re-evaluated as to which expenses would be more efficiently and appropriately processed through the centralized Metro accounting system. This evaluation should be part of an overall review of the necessity for departmental checking accounts.
- MERC should implement to its fullest ability the payroll procedures of Metro.
- MERC should allow Accounting to handle the mailing of the unclaimed payroll checks since Metro already has a tracking system in place that maintains address and date mailed.

## SUPPORT SERVICE: PROCUREMENT

The purchasing and contracting functions within Metro are distributed activities conducted within a general policy framework. These activities have little or no oversight within Metro; the purchasing and contracting workload is primarily borne by each Operating Department. There is a central contracts administration function with one full time employee and secretarial assistance that provides limited before-the-fact service while acting primarily as an after-the-fact filing location. The contracts administrator has some capability to provide guidance and assistance upon request, but the function is understaffed for that role.

The May 3, 1990 KPMG Peat Marwick performance audit report recommended that Metro consider establishing a centralized procurement function and conduct a cost-benefit analysis to determine the potential impacts of this step. This function would provide certain purchasing and contracting services and oversight centrally; three new positions are identified for this purpose in the currently proposed budget. Metro is currently utilizing a consultant to prepare draft policies and procedures for purchasing and contracting (procurement) activities.

Table 5 (located after the exhibits at the end of this report) introduces the activities performed in this area, while table 6 (located after the exhibits at the end of this report) introduces our recommended distribution of responsibility.

### ACTIVITY/ISSUE: PURCHASING

#### Observations:

Metro has no mechanism in place for the comprehensive review of existing or proposed purchasing and contracting policies, rules, and procedures. Departmental employees have an expectation that they will be consulted on the potential impact of proposed changes and, depending on the extent of the impact, to influence the decision. Thus, there is an immediate need for a process which solicits departmental suggestions, comments, and potential impacts of proposed changes before change is initiated.

During our interviews of employees and managers, we received few complaints about the purchasing process; it is perceived to work rather smoothly. However, we received numerous appeals to raise the dollar approval threshold currently delegated to managers so that they have more purchasing flexibility. The timeliness of routine purchasing activities is the major concern and the reason why managers seek more approval authority. In light of the significant responsibility for capital assets, personnel, and decision-making borne by most managers, we agree that a further delegation of purchasing authority is warranted. It makes little sense to narrowly restrict the purchasing authority of managers who have daily responsibilities for multi-million dollar capital and personnel assets.



## ACTIVITY/ISSUE: CONTRACTING

### Observations:

In contrast to the purchasing process, the Metro contracting process was universally criticized as complex, cumbersome, nonresponsive to user needs, and politicized. For time-sensitive contracts, the time required to process contracts is perceived by the initiators to be unsatisfactory. We agree that the current process does not meet Metro needs for timeliness, and we concur with the May 3, 1990 KPMG Peat Marwick performance audit conclusion that opportunities exist for shortening the contracting process.

The major sources of criticism of the contracting process within Metro were: 1) Redundant reviews of contracting documents by the Metro Council, requiring 35 days lead time, and 2) The complexity of the process, requiring multiple reviews and approvals. The average time required for the Council to review contracts during the 12 months ending February 28, 1990 was 26.3 days. This time can undoubtedly be reduced.

### Risks/Conclusions:

One significant change in the contracting process would be to solicit Council agreement permitting Metro staff to proceed with the solicitation process concurrently with Council review. The solicitation documents could indicate that Metro Council hearings may ensue. The solicitation could subsequently be amended without difficulty if that were necessary. For those very few that might encounter major difficulties during the hearing process, the solicitation could be either withdrawn or modified. This concurrent review process may increase the workload for specific solicitations, but it would most likely reduce the average lead time required by 50 to 75 percent.

Another potential method of shortening the review time within the Council would be for the Council to delegate preliminary review to a procurement committee. This committee could screen the contracts to determine which ones raise issues that are of concern to the full Council. In the absence of these issues, the contract could be immediately voted out of committee for release by the full Council.

The steps in the contracting process that precede Council review will depend entirely on the policies adopted by Metro upon completion of the ongoing study to develop draft procurement policies and procedures, as impacted by decisions resulting from the study recommendations. It is essential that these policies address the balance between compliance and timeliness requirements, and that affected Metro managers and employees have the opportunity to provide significant input to the decision-making process. This input can be facilitated by establishing a purchasing and contracting working group consisting of employees who work daily in those activities. It will also be necessary to designate a policy group for addressing issues that cannot be resolved within the framework of the working group. Because the Executive Officer has the ultimate responsibility for ensuring that purchasing and contracting policies and procedures meet the needs of the Metro enterprises, we believe that the policy group should be chaired by a representative of the Executive Officer's office. These groups should be standing committees that meet upon call. Their agenda, work plans, and conclusions should be briefed to the Executive Officer on a quarterly basis.

The goal that Metro management should adopt in setting the dollar thresholds for purchasing and contracting is one of providing managers the maximum possible flexibility consistent with managing the economic, regulatory, and other risks associated with the process. Any controls that are established should be few and simple. Central oversight should be exercised only for those purchases and contracts that fall within the defined risk categories or are determined to be necessary for achieving socially desirable goals. The risks or goals must be clearly and rationally defined. Furthermore, in the process of setting the dollar thresholds, management should examine the historical purchasing and contracting patterns by dollar amounts for the most recent 12-month period. The purpose of this analysis should be to identify the frequency distribution of the purchasing and contracting workloads so that management will understand how the workloads are currently distributed. We suggest the following categories for analysis:

<u>Dollar Range</u>	<u>Number of Purchases/Contracts</u>
< \$250.00	
250-499.99	
500-749.99	
750-999.99	
(Continue in \$250 increments)	

The above analysis should be provided to the proposed purchasing and contracting working group with the intent that the group will recommend policies and procedures resulting in:

- Centrally managing that part of the Metro purchasing and contracting volume that merits such attention.
- Delegating to departments purchasing and contracting authority consistent with management responsibilities and operational necessities.
- Determining management and Procurement Office information needs for purchases made directly by departments under delegation.
- Limiting Procurement Office routine workloads.

Although we did not independently collect or verify purchasing and contracting dollar amounts, we did derive figures from the May 3, 1990 KPMG Peat Marwick performance audit report that are informative. The figures for the 12 months ending February 28, 1990 indicate that most purchases are small (\$89.81 average per purchase order). There were 6,713 purchase orders processed at a total dollar amount of \$602,906 (exhibit I-12, KPMG Peat Marwick). This suggests that, for many purchases, the cost of processing the paperwork may easily exceed the value of the order. The figures for contracts are less conclusive (exhibit I-11, KPMG Peat Marwick); as one might expect, the contract amounts vary widely by type of product or service. For the 243 contracts, the average contract amount was \$101,699. This average is heavily weighted by high value contracts for the Convention Center, MERC, and Solid Waste. To gain further detail, an analysis similar to that

suggested above should be done for Metro's contracts. This should provide an informative view of contracting activity and provide guidance as to dollar limits and where attention should be focused.

There is a need for a comprehensive assessment of Metro purchasing and contracting management information requirements, the computer systems, and the telecommunication networks needed to satisfy interdepartmental information requirements. This assessment should result in an integrated purchasing/contracting activities data automation plan. The current systems do not begin to satisfy the needs of departments for current status information on purchases and contracts, nor will they adequately support the needs of a central procurement office. It is essential that Metro identify information needs now so that no decisions are made in acquiring equipment that are inconsistent with known informational needs or proposed policy. This systems analysis of the purchasing and contracting activity work stream should address:

- Departmental needs;
- Financial management and accounting system needs;
- Vendor information and payment needs;
- Procurement Office needs.

It is neither feasible nor desirable to exercise central oversight for all or even a majority of purchases and contracts. Most purchases and many contracts are routine, low-risk endeavors that require no such oversight. This suggests that managers are to be trusted to adhere to established policy for the majority of purchases and contracts that are within their approval threshold. It further suggests that Metro should limit its direct review of purchases and contracts to the relatively few that fall within established review criteria. The 80/20 rule is often used by managers as a rule of thumb for exercising this view. In the purchasing and contracting context, this might be phrased, "20 percent of the purchases (or contracts) entail 80 percent of the risk and problems." It is management's responsibility to identify the relevant risks and to focus on those that merit such attention.

#### Recommendations:

- The most recent 12-month history of Metro purchasing and contracting transactions should be analyzed to determine the frequency distribution of this workload by discrete dollar ranges. The objective of this analysis should be to recommend appropriate levels of purchasing and contracting dollar approval thresholds.
- Operating Department assistance should be sought in tracking and reducing the elapsed time required for each review and approval phase of the contracting process.
- The Executive Officer should establish policy requiring a standing procurement policy group and a procurement working group charged with the responsibility of developing or reviewing all Metro

procurement policy and procedures and for gaining consensus. If informed consent cannot be reached within the working group, then the policy group should be so advised. The policy group should be chaired by a representative of the Executive Officer's office.

- The recommended procurement working group should develop a work plan for the next 12 months that addresses the following minimum needs:
  - Delegating purchasing and contracting approval levels to line managers;
  - Identifying the information needed by line managers and by Metro staff offices under proposed purchasing and contracting levels of delegation;
  - Identifying the initial steps required for coordinating a comprehensive assessment of Metro purchasing and contracting management information system requirements, including the computer systems and the telecommunication networks needed to satisfy identified information needs;
  - Developing, reviewing, and submitting for approval relevant policies and procedures affecting Metro purchasing and contracting. All proposed policies and procedures must be consistent with near-term and long-term automation directions;
  - Reviewing the proposed Procurement Office roles, responsibilities, authority, and staffing levels.
- A comprehensive assessment should be undertaken of Metro's near-term to long-term management information needs for purchasing and contracting activities.
- Metro should develop an integrated data automation plan for near-term, mid-term, and long-term needs that supports interdepartmental purchasing and contracting activities information requirements.
- The Executive Officer should ensure that the purchasing and contracting working group and the policy group are involved in all phases of the recommended information systems analysis and data automation plan development.
- The Metro Council should consider the recommendations of this report and of the May 3, 1990 KPMG Peat Marwick performance audit report relating to streamlining the review of contracts and reducing the elapsed time for their processing.

#### ACTIVITY/ISSUE: PROCUREMENT OFFICE CONCEPT

The Metro Finance and Administration Department is currently exploring the advisability and feasibility of providing for purchasing and contracting support

using the state procurement office model, which in turn is patterned after the federal model. In this section of the report we will provide our assessment of the services that would be required of this office and the impact of this service delivery requirement on procurement timeliness and staffing.

It was noted above that the May 3, 1990 KPMG Peat Marwick performance audit report recommended that Metro perform a cost-benefit analysis to assess the relative costs and benefits of a centralized procurement function. Although such a comprehensive analysis is outside the scope of this study, we will offer some benchmark comparisons with the operations of the Purchasing Section of the Multnomah County Department of General Services. A member of the study team has been assisting this department with procurement and other service delivery issues over the last year. We will also offer workload benchmark comparisons with data compiled in 1990 by the National Institute of Governmental Purchasing.

Exhibits 1 and 2 depict the work flow for the purchasing and contracting activities of Multnomah County government, an organization having many support service needs in common with Metro. The following list of activities is extracted from those exhibits; it represents those actions that occur for a contract or large purchase after the user has identified the need:

- 1) Prepare purchase documents.
- 2) Obtain internal approvals.
- 3) Prepare solicitation specifications.
- 4) Identify potential vendors.
- 5) Solicit.
- 6) Receive quotes, bids, or proposals.
- 7) Evaluate quotes, bids, or proposals.
- 8) Select vendor.
- 9) Notify vendor of award.
- 10) Prepare contract.
- 11) Obtain contract signatures.
- 12) Distribute contract copies.
- 13) Notify vendor to proceed.
- 14) Maintain official contract file.
- 15) Monitor vendor performance.
- 16) Mediate contract disputes.
- 17) Authorize vendor payment.

## The Federal Procurement Model - Advantages and Disadvantages

Under the federal procurement model most of the above activities are the responsibility of the Procurement Office. Under this model, the user may have significant responsibilities for identifying the desired performance characteristics of the materials or services, and normally evaluates vendor performance as the technical representative of the contracting officer. The remaining activities are generally the responsibility of the Procurement Office. One advantage of this model is its one-stop nature; its major disadvantage is often lack of timely response to users' needs. This model has one major advantage within the federal and state systems - it places full responsibility for procurement with one person, the procurement officer. This is important within any government having a complex system of procurement laws, standards, policies, rules, and substantial penalties for noncompliance.

The purchasing and contracting process within the federal government is not limited to activities of the Procurement Office. Most agencies are further supported by numerous local and central supply organizations that consolidate user requirements for materials and serve as a buffer between the user and the Procurement Office. The supply organization's stocking of standard high use items allows the procurement process for those items to operate in a more routine fashion than would otherwise be possible. Metro does not currently use this form of supply support.

This system also depends upon a rigorous set of priorities and identified criticalities for determining which items receive the highest procurement priority and which ones receive no priority handling. In times of constrained supply and procurement staffing, the result is too often a serious deterioration of user support. High priority needs generally receive adequate support, but those activities which provide service for routine needs (administrative functions, housekeeping, routine maintenance, and general support activities) often experience serious operating difficulties.

The federal procurement process thus depends upon a hierarchical, highly visible system of supply and procurement organizations. It is frequently resource-constrained, often making it necessary to resort to serving higher priority needs adequately while slowing the response for lower priority (but essential) activities. The procurement officer, as the sole representative of an organization permitted under law to obligate the government, can effectively administer the laws, standards, policies, and rules which he or she is obliged to follow. It is an extremely effective *Compliance* and control mechanism, with priority for routine user *Service* necessarily taking a secondary role.

## Resource Requirements for Staffing the Procurement Function

During 1990 the National Institute of Governmental Purchasing (NIGP) compiled a comprehensive set of statistics regarding the 1989 procurement activities of 620 federal, state, and municipal governments. In Figure A, we have extracted the following summary of annual procurement workloads by type of jurisdiction from the survey:

Figure A

Annual Procurement Workloads by Jurisdiction

<u>Type of Jurisdiction</u>	<u>Average number of Transactions Per Buyer</u>	<u>Average \$ Per Buyer (x 10<sup>6</sup>)</u>	<u>Average \$ per Transaction</u>
Federal/State	1,366	11.96	8,750
City/Town/Village	2,420	7.67	3,170
County/Region/Parish	2,245	8.73	3,888
School, College	3,716	6.04	1,625
Special Authority	1,439	8.70	6,045
Average	2,356	8.36	3,548
Median	1,500	5.00	3,333
Mode	2,000	10.00	
Range	20-12,500	.002-40.0	

The May 3, 1990 KPMG Peat Marwick performance audit indicates that during the same general time period covered by the above survey data, Metro processed 6,713 purchase orders valued at \$602,906 and 243 contracts valued at \$247,128,375, a total of 6,956 transactions valued at \$247,731,281. This equates to \$3,561 per transaction, a figure reasonably close to the average provided above.

Drawing a parallel from the 1990 survey, the above figures suggest that the cost in staffing for processing 6,956 transactions under a central procurement concept would be 3.0 full time equivalent buyers using the average from the table. Using another benchmark from Multnomah County staffing-level standards developed by one of the study team members, the total procurement office staffing would be 6.8 FTE's. Using only these benchmarks, the comparable Metro staffing requirement would be six to seven total staff. This does not suggest, however, that a Metro procurement office of that size can satisfy Metro needs.

Responsiveness of Procurement Office Service Delivery

The 1990 NIGP study also contained conclusions regarding the timeliness of response for central procurement offices. In general, they concluded that higher average dollar transactions are directly correlated with larger procurement staffs, which in turn are correlated with longer processing times. This is not an unexpected conclusion, because less formal procurement practices are often used for smaller purchases of goods and services. In Figure B, we summarize NIGP survey statistics on the average time required to complete a single procurement work stream transaction:

Figure B

Average Time in Calendar Days to Complete Purchase

<u>Type of Jurisdiction</u>	<u>-----Average Number of Days-----</u>			
	<u>&lt;20</u>	<u>20-25</u>	<u>26-30</u>	<u>31+</u>
Federal/State	23.4%	15.6%	20.3%	40.6%
City/Town/Village	50.6%	19.0%	17.8%	12.6%
County/Region/Parish	52.1%	14.3%	14.3%	19.3%
School, College	50.6%	21.0%	19.8%	8.6%
Special Authority	49.1%	16.4%	10.9%	23.6%
TOTAL	47.6%	17.5%	17.6%	17.3%

The major conclusion that one might draw from this table is that the federal/state system of procurement is not as responsive to user needs, probably because this type of system has more numerous and more stringent rules, regulations, policies, and controls. Our interviews with Metro operating managers indicate that the timeliness of procurement transactions is of particular concern to them. Another influencing factor is the size of each procurement transaction. As indicated in the previous table, the average federal/state procurement transaction in 1989 was more than double the size of a transaction within other jurisdictions.

This timeliness of service delivery issue is a recurring theme within the procurement community. A basic conflict of interest exists within virtually every procurement organization. Procurement offices have two major goals: To ensure *Compliance* with established procurement policy and provide *Service* to the user. If sufficient personnel resources were consistently allocated these would not be conflicting goals, but resources sufficient to satisfy both goals seldom are made available. The result often is dissatisfied users.

We have commented briefly on the professional services provided to Multnomah County government by one of the study team members. A major part of that effort involved examining the capabilities and the user expectations of their purchasing and contracting function. At the time of the study the Multnomah County Purchasing Section had a total of 13 employees. Of these 13, three were dedicated to the Central Stores operation (warehousing and distribution of administrative and housekeeping supplies). The remaining ten employees were responsible for purchasing and contracting activities:

Figure C

Multnomah County Purchasing Section (Purchasing & Contracting)

<u>Job Title</u>	<u>Number</u>
Purchasing Manager	1
Buyer	5
Clerical Supervisor	1
Office Assistant	2
Receptionist	1



We are unable to comment further on the specific issues involved in the Multnomah County project. However, we urge Metro to explore the Multnomah County service delivery "lessons learned" with them. The responsible managers are Hank Miggins, Executive Assistant, Board of County Commissioners Chair (503-248-3308); Linda Alexander, Director, Department of General Services (503-248-3300), and Kathy Busse, Manager, Administrative Services Division (503-248-5111). The policies and procedures of the Multnomah County Purchasing Office have been undergoing extensive review, and these managers can provide invaluable insight to Metro on procurement practices as well as user perceptions and expectations.

Recommendations:

- Based upon our knowledge of the experiences of other organizations having centralized procurement offices, we believe that Metro will find the function generally unresponsive to the fast turnaround business needs of the Operating Departments. This suggests that procurement instructions must be designed so that priority needs can be satisfied either as part of the system of policies and procedures or as exceptions to standard policies, procedures, and practices. Failure to adequately address this issue can result in an undesirable impact on operating revenues.
- There should be an increase in Metro's capability to provide minimal levels of oversight for purchasing and contracting activities. There is currently little internal capability for developing procurement strategy, for coordinating procurement practices, or for providing user support.
- The Executive Officer and Council should seriously weigh the needs of operating managers for timely response to business purchasing and contracting requirements as procurement policies and procedures are developed. See above for additional recommendations regarding establishing a procurement policy group and a procurement working group.
- Metro should explore the full range of options within the Portland metropolitan area for providing purchasing and contracting services to the Operating Departments. This could include entering into intergovernmental agreements for purchasing selected commodities or services at little increase in cost to Metro.

## **Summary of Procurement Recommendations**

- The most recent 12-month history of Metro purchasing and contracting transactions should be analyzed to determine the frequency distribution of this workload by discrete dollar ranges. The objective of this analysis should be to recommend appropriate levels of purchasing and contracting dollar approval thresholds.
- Operating Department assistance should be sought in tracking and reducing the elapsed time required for each review and approval phase of the contracting process.
- The Executive Officer should establish policy requiring a standing procurement policy group and a procurement working group charged with the responsibility of developing or reviewing all Metro procurement policy and procedures and for gaining consensus. The recommended procurement working group should develop a work plan for the next 12 months that addresses the following minimum needs:
  - Delegating purchasing and contracting approval levels to line managers;
  - Identifying the information needed by line managers and by Metro staff offices under proposed purchasing and contracting levels of delegation;
  - Identifying the initial steps required for coordinating a comprehensive assessment of Metro purchasing and contracting management information system requirements, including the computer systems and the telecommunication networks needed to satisfy identified information needs;
  - Developing, reviewing, and submitting for approval relevant policies and procedures affecting Metro purchasing and contracting.
  - Reviewing the proposed Procurement Office roles, responsibilities, authority, and staffing levels.
- A comprehensive assessment should be undertaken of Metro's near-term to long-term management information needs for purchasing and contracting activities.
- Metro should develop an integrated data automation plan for near-term, mid-term, and long-term needs that supports interdepartmental purchasing and contracting activities information requirements.
- The Metro Council should consider the recommendations of this report and of the May 3, 1990 KPMG Peat Marwick performance audit report relating to streamlining the review of contracts and reducing the elapsed time for their processing.

- Metro's capability to provide minimal levels of oversight for purchasing and contracting activities should be increased.
- Metro should seriously weigh the needs of the Operating Departments for timely response to business purchasing and contracting requirements as procurement policies and procedures are developed.
- Metro should explore the full range of options within the Portland metropolitan area for providing purchasing and contracting services to the Operating Departments.
- While recognizing that Procurement is generally a *Compliance* function, any personnel related changes to this process should be made with an eye towards increasing the level of *Service* provided. This should increase the level of Operating Department acceptance.

## SUPPORT SERVICE: PERSONNEL

### Overview of Personnel and Human Resources

Currently, Metro contains two units referred to as "Personnel," one at Metro Center and one at MERC. In discussions with staff these units were occasionally referred to as Human Resources. There was a sense that "Human Resources" was a more complex and progressive version of "Personnel" with some indication that "Personnel" was out of date terminology. Within the Personnel professional staff at both organizations, there was a strong sense that the organization needed to move toward a Human Resources perspective but was unable to do so (primarily due to resource constraints). Table 7 (located after the exhibits at the end of this report) introduces the activities performed in this area, while table 8 (located after the exhibits at the end of this report) introduces our recommended distribution of responsibility.

**Personnel Administration (PA)** refers to the traditional function of personnel that provides administrative enforcement of local, state and federal law and organization policy, i.e. *Compliance*. Organization policy includes such adopted systems as compensation plans, classification systems and personnel rules. It is a regulatory or control function. While necessary and related to protecting the organization from legal exposure, personnel administration is rarely seen as a service by line management. It is often viewed even less as a service when charges are allocated to Operating Department budgets.

The type of questions and analysis posed by a "Personnel Administration" perspective include:

- Are there rules and procedures that can withstand challenge in court? Are they consistent and compliant with law? Do all parties know and understand these rules and procedures?
- How many personnel actions, pieces of paper, new hires, training seminars, hours of negotiations, grievances, public inquiries, applications received, files filed, etc.? How does the volume of activity indicate staffing requirements?
- How can personnel professionals persuade/convince others within the organization to follow the spirit and letter of existing requirements and to eliminate non-compliant behaviors while performing a purely administrative role?
- How can all personnel activities be separated from "politicized" decision making and systems impact?

**Human Resources Management (HR)** is a group of activities that expand upon the traditional PA functions to link the strategic mission of the organization with the purpose of ensuring that the organization has the human resources needed to accomplish that mission. Analysis of activities is geared not only to whether an activity might violate a rule of process and jeopardize the organization's legal position, but whether the activity or action fundamentally relates to the mission of the organization.

The questions asked within a Human Resource Management context include:

- Given an understanding of the whole organization and where it is going, what kinds of people and skills are needed now and in the future? Which are no longer needed? What skills will need to be updated in the future? In what way?
- What systems are implied by the organization's direction and how do they evolve from current activities?
- What internal and external factors impact the human resource picture for Metro? Who needs to know about them? What decisions are involved and what information is needed to support those decisions?
- How is effectiveness measured? What skills are needed for effectiveness today and how do those needs compare with what exists? If there is a gap, how should it be bridged? What problems exist because of a skills deficit? How serious are these problems?
- How does the internal and external political environment and decision making process relate to current and future Human Resource activities?
- Do the systems in place protect the organization from loss or destructive challenge?
- Do the systems and rules in place contribute effectively to the organization's strategic objectives?

An initial and key decision for the organization is to determine whether it needs a Human Resource function or if a Personnel Administration function would be sufficient. In order to do so, two self evaluations are helpful and can be extremely informative:

- 1) Look at where the organization is going and what pressures it will encounter that relate to either a Personnel Administration perspective or a Human Resource perspective.

In general, rapid change for an organization indicates a need for a Human Resource perspective. Stability, well-established systems and a well-understood mission indicate that a Personnel Administration perspective is adequate, provided that strategic planning takes place somewhere in the organization and that strategic planning relates itself to the personnel needs of the organization.

Metro is just embarking upon a strategic planning process and is limited in its ability to apply these criteria in a firm or systematic manner.

- 2) Compile and analyze the organizational factors that are unlikely to change and relate them to their Personnel/Human Resource implications.

Although Metro cannot yet undertake the first self-evaluation, the second can be done now. The following are some of the factors observed during the study. Each organizational factor is accompanied by implications for Personnel/Human Resources.

Organizational Factor

Implication for HR/Personnel

Multiple Sites.

Barrier to observing and understanding job requirements. (Handicapped workers, strength requirements, etc.).

Need for workforce skilled in using whatever systems are in-place for intra-site communication.

Need for outreach to develop relationships with hiring authorities.

Clusters of employees with little in common.

Need for training in communication.

Barriers to free movement within all parts of the organization in promotions and cross training.

Difficulties in developing a sense of the entire organization within employees.

Possible need for flex benefits or varied benefit plans.

Entry level workers concentrated in one area with few links or career paths to technical professional positions elsewhere in the organization.

Pressure to substitute higher pay for lack of career mobility in collective bargaining.

Disparate impact on women and minorities.

High training costs to address above issues.

Gaps between workers in education and literacy.

High training costs.

Problems stemming from poor communication.

Negative impact on public perception and effectiveness.

A collection of functions/services that cross traditional, local government boundaries.

Difficulty in finding rationale to turn down further unrelated functions and services.

Public confusion about what Metro does and whether or not it does it very well.

Internal confusion about what Metro does and whether it does it very well.

Difficulty in finding the best employees for multiple, poorly understood purposes.

"Products" for taxpayer/consumers that range from invisible necessities to expensive luxuries. (Such as garbage collection to opera).

Complexity in designing performance criteria.

Complexity in developing meaningful compensation and classification systems.

Disparate views in the workforce on the relative "value" of the different types of work.

A mix of tax-subsidized ("unprofitable") and self-sustaining ("profitable") activities.

Class hierarchy between two organizational cultures.

Need for different types of evaluation and performance criteria.

Separate organizational cultures based on either profit or public service.

Differing perceptions of appropriate costs and levels of accountability for internal Support Services such as HR/Personnel.

Divergent management philosophies.

Elected policy makers as well as an elected executive.

Varied priorities and philosophies driving HR functions.

Changes in direction during a short time-frame due to election processes.

Diverse backgrounds in management knowledge and organizational systems, requiring better communication and more thorough justification of internal actions, activities and decisions.

Pressure from within and without to accommodate functions that other governments are unwilling or unable to do.

Need for expertise in evaluating outside organizations for their ability to become part of Metro culture.

Need for expertise in operating Human Resource services for multi-mission, diverse cultured organization.

Analytical skills suitable for entire organizations, not just positions or jobs.

Capacity to develop information in response to evolving pressures to merge and combine operations.

Ability to work with interdisciplinary teams to define needed support systems for additional operations.

A need that follows from many of the above implications is the ability to perceive very broad organizational requirements; to anticipate and analyze information to a degree that goes beyond traditional Personnel functions. Although Metro Personnel staff recognize this need and attempt to incorporate this broad perspective into their activities, the organizational planning and development aspect is not currently recognized as either a need within this Support Service nor as part of its range of duties and responsibilities. There has only recently been an allocation of additional staff and a recognition of increased workload beyond the traditional PA activities.

Recognition of this need and its relationship to Human Resources creates a functional area that may be called Human Resource Planning and Development.

#### ACTIVITY/ISSUE: HUMAN RESOURCE PLANNING AND DEVELOPMENT

This activity is not assigned to any particular Metro unit at present. It is the group of activities that matches present and future human resources activities and decisions to the strategic direction of the organization. It is also described in the HR discussion earlier in this section.



The activities within this function should include:

- Analysis of human resource impacts of proposed decisions and actions of political and managerial leaders.
- Research and analysis of external factors and the presentation of that information to decision makers as needed.
- Establishment of systems and training tools throughout the organization that inform employees about their relationship to the strategic objectives of the organization and assisting managers to do the same.

Risks/Conclusions:

Level of Importance/Risk of not doing adequately:

- Higher costs,
- Inability to respond to most complex facets of taking on additional functions or services,
- Decline in credibility, and
- Basic functions will not work as well as they should.

ACTIVITY/ISSUE: EMPLOYMENT RECRUITMENT AND SELECTION

This activity refers to the entire process of selecting employees from inside and outside the organization and is an area of both legal and strategic significance. Selection of appropriate employees is important to Metro's success. Performing this function in a legal manner is of equal importance.

Observations:

Recruitment and selection is currently performed by Personnel and some of the Operating Departments. The most active department doing its own recruitment and selection is MERC. The justification for having a separate unit at MERC is the state requirement to have a system that offers priority to disadvantaged people in the area surrounding the Convention Center for positions at the Coliseum and Convention Center.

There is a definite public purpose value to ensuring that the in-take point for information about openings be accessible and friendly to the community targeted for jobs. A sincere effort to recruit from this population must include accessibility. Coming to Metro Center would likely pose too great a burden on many applicants.

### Risks/Conclusions:

For government agencies, legal action arising from the hiring and selection process is among the larger risks that exist; especially since it is not limited by the cap on liability enjoyed by many other governmental activities. This bias, which exists within a legal and moral framework, is reflected in the goals for recruitment in the new budget for Metro Personnel, where three of the six goals address the hiring of protected classes, one involves accuracy in job announcements and none involve language that refers to excellent employees to perform a complex and difficult organizational mission.

Although this is an area where consistent control is necessary, it need not reduce hiring autonomy or the ability to recruit for a distinctive and separate environment. In addition, a public employer has an added obligation to be visible and accessible to the public. The public purpose of Metro and MERC is served by making employment access as simple, cost-effective, and efficient as possible. The existence of two personnel departments is inconsistent with these goals. Where two locations may very well serve the public, two separate organizations do not.

There is no reason that the state requirement to encourage hiring in the area around the Convention Center cannot be met by one recruitment and selection function.

The cultural differences in the organizations can be accommodated within a consolidation. Despite the personnel function being one of some political and organizational sensitivity, there is already much respect and positive feeling and effort between the two departments.

### Recommendations:

The volume of recruitment and the need to develop close relationships with managers along with knowledge of the positions and working conditions requires strong generalist professionals. While the professional staff may need to be increased to provide additional expanded services, it is possible that clerical and office support for this function could be reduced following centralization of records and certain functions.

Combining the duplicated functions could be done with approximately one clerical position eliminated with no loss of quality. Discussion of having this function located in Metro's proposed new headquarters (the former Sears building) would appear to meet this need to be visible in the target hiring area. Among the desirable and recommended features to add or maintain are:

- Knowledgeable personnel and accessible location for potential applicants to pick up applications, ask questions, come for interviews, etc.
- Written materials that are more "user friendly".
- Rotation and cross-training with other professionals who provide human resource skills and knowledge.

- On site visits to interview hiring authorities and to build relationships with managers and supervisors.

### ACTIVITY/ISSUE: BENEFITS ADMINISTRATION

Benefits Administration interprets benefits to employees, works closely with service providers to deliver benefits, coordinates the procurement of benefits, and serves as a conduit for emerging employee needs for alternative benefits and benefits systems.

The number of employees in almost all Metro departments continues to increase at a dramatic rate. It is important to ensure that there is always someone available to quickly and accurately answer employee questions about benefits. While interviews surfaced a few concerns about employee interactions regarding benefits, most of these concerns had to do with MERC employees' perceived or actual loss of benefits in the transition. This issue is being addressed through the grievance process.

Obtaining information about benefits is of crucial importance to employees. Inaccurate information can be damaging to Metro's credibility and expensive to the employee. At the same time, the source of information must be available and accessible.

The interview process did not reveal notable problems with the Benefits Administration function.

### Risks/Conclusions:

As Metro's Personnel department is currently structured, there is only one expert attempting to satisfy the Benefits Administration needs and questions of many employees. This person has a long tenure with the organization, is supported by Personnel's in-house Labor Relations Analyst through the grievance process, and has conducted outreach benefit information sessions off-site. This experience and outreach is critical, but information should be available from more than one person.

Discontent with either the actual benefit program or with the information flow could serve as a barrier to building a cohesive organization and reinforcing the distant image of Support Services being located "downtown."

### Recommendations:

- Personnel should cross train at least one additional individual to be a knowledgeable source person on all benefit issues. Ensure that this individual knows how to follow-up with providers.
- Link benefit planning with the information developed as part of the strategic planning process and develop relevant information for future employee needs.

## ACTIVITY/ISSUE: LABOR RELATIONS

Labor Relations is the function that has primary responsibility for the development and administration of the legal and organizational relationship with contracted or potentially contracted employees. In the past, Metro handled this function through a combination of the General Counsel, the affected Manager and a Senior Analyst, while MERC predominantly contracted with outside counsel.

### Observations:

The interview process revealed consistent reports of lack of adherence to contract language at MERC. From the point of view of Metro professional staff this has raised concerns about the Metro's exposure in the event of a complaint. From MERC's standpoint, the reliance on informal relationships rather than "nitpicking" contract and legal requirements indicated strong morale and good relationships between supervisors and employees.

A major concern revealed by professionals in both organizations is the unclear responsibility within both organizations to investigate and resolve concerns about contract interpretation and labor practices that are first revealed by technical, rather than legal staff.

### Risks/Conclusions:

- Expensive confusion.
- Lack of management control in a critical area.
- Potential for undesirable management practices becoming permanent part of operating environment.
- Dilution of the importance of legal contracts and consequences.
- Perpetuation of an environment where no one has responsibility for addressing potential risk.
- Loss of management rights through lack of contract enforcement.

### Recommendations:

- A special working group of Metro Councilors, the Executive Officer's staff, Metro ER Commission members, and MERC management should develop a common labor relations policy that binds the entire organization. The components of that policy should include reference to all Human Resource functions.
- Designate that the binding resolution point within the District is the Labor Relations Analyst in consultation with the assigned in-house counsel.

- Make this process clear to all managers, supervisors, employees and agents.
- Identify and preserve the communication and relationships that allow early resolution of conflicts prior to becoming a legal or grievance issue.
- Continue to provide training to supervisory employees in this area.

#### **ISSUE/ACTIVITY: PERSONNEL RECORDS MAINTENANCE**

Personnel records include employee files and the records of recruitments and selection processes, training offered and other activities related to any of the HR functions. They should be complete, secure and organized to serve several purposes. How records are kept is guided by local, state, federal and case law as well as management of the organization. Records must be responsive to the following purposes:

##### **Legal Purposes:**

- Claims related to discrimination in selection and advancement.
- Discipline and termination.
- Job-related testing and evaluation processes.

##### **Management and Administration purposes:**

- Training and employee development.
- Promotion and advancement.
- Reference and documentation.
- Consistency, fairness leading to good morale and motivation.
- Records of processes that produce excellent results.
- Planning and workforce development for the entire organization.

Without proper records and procedures Metro could be impaired in its ability to defend itself against even an invalid claim.

##### **Observations:**

Personnel records are kept at MERC (MERC employees only) and at Metro Center. Although the practices pertaining to record maintenance are basically the same, a previous consultant study raised the issue of recruitment records not being kept adequately by MERC. This claim was not independently verified, as the issue became a moot point with our recommendation below.

### Risks/Conclusions:

The continuation of two locations for personnel records causes:

- Lack of control for legal defense purposes.
- Continued concern by credible, professional staff.
- Continued confusion over which aspects of PA are under the control and responsibility of which organization by Personnel staff as well as by line employees.

### Recommendations:

Although employees have a right to view their records within a reasonable time frame, this fact should not prevent consistent, centralized record keeping.

- Centralize and standardize records at Metro Center. If possible and within legal guideline, create summaries that may be viewed on-line.
- Create a process for employee viewing files during on site visits by professional staff and during performance reviews by supervisors.

### ACTIVITY/ISSUE: CLASSIFICATION

The interview process revealed no notable concerns about Metro's classification system. MERC staff stated that the MERC system needed to be improved and that a consultant had been hired to do so. It is beyond the scope of this study to offer an opinion on whether there should be consistency between all Metro departments or whether MERC (or any other department) merits its own separate, unrelated system. It should be noted, however, that multiple, independent classification systems could reduce the sense of common identity Metro is trying to develop for all employees.

### Recommendations:

- Conduct further study on advantages and cost savings to be obtained by a classification system that could serve the entire organization.
- Include development of a compensation and classification policy statement in strategic planning and the development of a Human Resource policy that covers the entire organization.
- If Human Resource Planning and Development is added as a function, develop data related to compensation and classification in future scenarios. (Changing workforce needs, local and national demographics, change in mission and skills requirements.)

Some for-profit organizations that must change and remain flexible adopt a pay for skill plan, for instance. Because Metro is unique and there is growing, general

dissatisfaction with traditional classification systems, it is prudent for Metro to review other alternatives.

#### ACTIVITY/ISSUE: TRAINING AND DEVELOPMENT

A comprehensive analysis of the training function performed and coordinated through the Metro Personnel Department was not completed within this study.

However, it was acknowledged by most individuals that line supervisor training was both highly desirable and was being conducted more extensively, now that there was an in-house specialist in Labor Relations with the skills and desire to offer that training.

#### ACTIVITY/ISSUE: PERFORMANCE APPRAISAL

Performance appraisal is very generally defined as the formal process of communication between a supervisor and employee regarding the quality and quantity of the work performed. Our investigation revealed that an analyst was in the process of updating the forms currently in use at Metro. The scope of this study did not allow for an evaluation of the systems in place. The questions that should be asked when looking at performance appraisal systems include:

- Do they provide an opportunity to educate employees about their part of the strategic mission of the organization?
- Are the criteria appropriate to any practical applications resulting from the performance appraisal? (If used for adverse action justification, are they truly job-related?)
- Are supervisors adequately trained to use the instrument assigned?
- Is it a requirement or standard practice to have informal as well as formal discussions of performance issues?
- Does it make sense to everyone?
- Are there job descriptions that are compatible with the performance criteria?

#### ACTIVITY/ISSUE: EMPLOYEE ASSISTANCE PROGRAM

Generally, an Employee Assistance Program (EAP) is a contracted service that allows employees to obtain confidential help outside the agency for personal problems that may affect job performance. The employees may self-refer or be referred by their supervisor. Most organizations have found such programs to be an excellent value.

The Employee Assistance Program at Metro does not exist but is currently budgeted for the next fiscal year. It was a high priority for most of the staff who deal with employment and management issues. Several mentioned drug and alcohol issues as a problem in the workplace that could be dealt with earlier if such a program

existed. For example, it was stated that many MERC employees who do not have benefits immediately after hire do have issues that could be addressed by an EAP.

In addition, because an alcohol problem may be considered an illness, waiting for poor performance or a cause for discipline to be documented in the workplace is a poor way to deal with such issues. Medical plans offer options but do not provide the general, diagnostic and crisis management of an EAP.

#### Recommendations:

- Implement the proposed Employee Assistance Program in a timely manner.
- Utilize the implementation of the EAP as a way to bring the entire organization together. Attempt to have employees identify it as a Metro benefit or program, not one that comes only from the department that they are assigned to.

#### ACTIVITY/ISSUE: AFFIRMATIVE ACTION/EEO

This activity includes:

- Plans, processes, goals and activities undertaken to ensure that an organization reflects the community in which it resides.
- Activities, processes and decisions that prevent and correct practices that could result in a claim of discrimination or violation of law related to protected classes.

The outwardly visible indicators of this function are the Affirmative Action Plan and the existence of a position to resolve issues arising from the plan and from related activities.

#### Observations:

In the past, MERC's Affirmative Action Plan was a subcategory within the City's Affirmative Action Plan. Now that there is a partial consolidation with Metro, Metro Personnel expects to include the AA goals of MERC within one Plan which is in the beginning of an update.

Many of the documented personnel activities in the budget for Metro and those mandated from MERC as a state requirement for state dollars for the convention center are focused on achieving better representation of protected classes.

At present, an unresolved complaint from a MERC employee who is also a member of a protected class may come to the Metro Personnel Manager for resolution (After all, the employee may at some time realize that he or she works for Metro). Currently the Manager would direct the employee to one of the Metro ER Commissioners, who then can choose who to review the situation with and how it will be documented.



### Risks/Conclusions:

This situation is clearly putting Metro at risk for actions and responses that the Metro Personnel Department may not even be aware of. The pieces missing include:

- A designated person who is the authority for issue resolution.
- A requirement for a paper trail.
- A way to track complaints originating within the same division or with the same supervisor.
- A requirement for an early legal opinion.
- Consistency in process and treatment of the employee.
- Process for follow-up.
- Participation in tracking all complaints for the entire organization.

Civil Rights violations are the remaining deep pocket of government liability in Oregon. The cost to Metro could be high in terms of ultimate legal costs, time wasted and in settlement and court awards.

### Recommendations:

- An organization-wide Affirmative Action Officer should be designated.
- Supervisors and management of all Metro Departments should be required to remain current on requirements and responsibilities.
- Personnel must develop and protect a "paper trail" that tracks complaints, resolutions, training, and other activities that fall within this area. Management must be kept aware of these processes.

## Summary of Personnel/Human Resources Recommendations

Without a compelling reason to maintain the current partial merger within the Personnel and Human Resource function, it makes sense to consolidate and strengthen the Human Resource function by establishing one executive department to provide a true Human Resource organization for Metro.

The commitment to autonomy for the MERC functions that require it does not preclude such a centralized function. For such a change to work, however, requires that the organization be defined in such a way to include MERC's true needs. As discussed earlier, the purpose of a Human Resource department is broader than "to make sure everyone follows the same rules in the bureaucracy" (i.e. *Compliance*), but to "make sure that all parts of the organization have the human resources to accomplish their mission" (i.e. *Service*). All users have a right to evaluate the degree of success that the Human Resources department achieves in any given year.

With such a consolidation, there should be some efficiencies to be realized in duplicated support functions, particularly if combined with more robust automated systems that better meet the organization's needs as a whole. Without such a consolidation, there are certain decision areas where a designate should be made responsible for speedy, decisive action. Where there is an organizational disagreement in an area with legal, affirmative action and labor relations implications, there should not be dual or unclear authority.

Our summary recommendations in this area include:

- Metro should create one Human Resource Department with the following features:
  - Restructured to match organizational mission.
  - Strengthened in ability to respond to diverse activities.
  - Addition of organizational development and planning capacity.
  - High level of outreach to operations by generalist, cross-trained professional staff.
  - Include the public as user and create accessible environment.
  - Collection of internal and external information related to short and long-term future needs of the organization.
- Cross-train at least one additional person to respond to employee benefits issues.
- Designate the Labor Relations Analyst, in consultation with the assigned in-house counsel, to be the internal arbiter of labor issues and contract disputes.
- Develop a general labor relations policy that is compatible with the entire Metro organization at the policy level.

- Expand commitment to provide labor relations training to all supervisors throughout Metro.
- Begin a process of rotating professional HR staff through Metro off-site locations (predominantly MERC and the Zoo).
- Centralize all personnel records and standardize format and procedures for accessing.
- Investigate the potential benefits of an organization-wide common classification system, along with what role a comprehensive job analysis might play in such a system and in the process of evaluating employee performance. Link all of these related activities to the strategic planning process currently in process.
- Implement the Employee Assistance Program and work with the eventual provider to develop a confidential system to identify concerns and issues in the workplace that merit early attention.
- Designate an organization-wide Affirmative Action Officer with specific powers and responsibilities.
- Begin development of performance standards, measures and guidelines for use within this Support Service.
- While recognizing the requirement to provide *Compliance* monitoring, encourage the continued development of the HR staff's existing *Service* orientation. As necessary, utilize the measures in the preceding recommendation to provide support for additional staff.

## SUPPORT SERVICE: DATA PROCESSING

Our review of the data processing function at Metro focused on two areas:

- 1) How well is data processing being performed, and
- 2) Where in the organization is the work being done?

Table 9 (located after the exhibits at the end of this report) introduces the activities performed in this area, while table 10 (located after the exhibits at the end of this report) introduces our recommended distribution of responsibility.

### ACTIVITY/ISSUE: COST OF DATA PROCESSING SERVICES

#### Observations:

The budget allocations and charges for departmental support do not clearly correspond with the actual support provided by Data Processing to each department. Departments with a large installed base of computers pay a much larger proportional share of the Data Processing budget whether or not they make full use of Data Processing services.

As an example, a department that has a small number of computer users, but that is planning a large automation project, will be undercharged for their usage of Data Processing personnel. Similarly, a large department with large numbers of users, but that has had its support issues settled, could be overcharged for DP support.

#### Risks/Conclusions:

Aside from the issue of fairness, it can be dangerous to an organization when the true costs of Data Processing support are not available to management. For one thing, it can provide misleading data for planning future automation projects. Also, it hides the true costs of maintaining existing systems.

Another problem that can arise is the inability of a department to determine whether or not Data Processing is providing support or other services in a cost-effective manner. In certain cases, it may be better for the department and Metro if support was contracted out, rather than being provided by Data Processing (thus requiring additional permanent staff or specialized training for existing personnel).

Over time, questions will begin to arise concerning the expense of the Data Processing and the return on each dollar spent for acquiring and maintaining systems. Currently, many departments are questioning the value to them of services received from Data Processing.

#### Recommendations:

- Data Processing needs to establish support criteria and promulgate formal guidelines to be used in determining appropriate service

charges. These should be developed with input from the Operating Departments and other users and then published so that the various department heads can more effectively budget their Data Processing resources.

- Data Processing should institute a chargeback system that bills users directly for services rendered by project.
- Individual departments should be allowed to seek outside sources for support and other assistance, with the limitation that all systems meet the strategic guidelines set by Data Processing (as approved by the Executive Officer and the Council). This will allow departments to make the best possible use of their budgeted funds, and will allow Metro management to determine which support activities Data Processing can provide in a cost-effective manner. This method will also allow Metro to handle temporary increases in the amount of support required without adding permanent staff.

#### ACTIVITY/ISSUE: CONTROL AND SUPPORT OF DATA PROCESSING ACTIVITY WITHIN METRO

##### Observations:

By direction of the Metro Council, Data Processing ensures that the departments comply with Executive Order 28 (Metro requirement that departments contemplating purchase of personal computers must consult with Data Processing before acquisition). Data Processing's involvement with individual departments, however, varies widely as to the actual guidance and support provided. Thus, Data Processing is not effectively dealing with support and control issues regarding the Operating Departments and other users.

Although Data Processing is tasked with making final purchasing decisions on the manufacturers and models of equipment that will be approved for acquisition, the situation is confused concerning larger systems. This has caused many individual departments to plan and install their own systems based solely on their departmental requirements, without taking into account any interoperability or information sharing requirements of other departments. As a result, this lack of control and direction has caused several departments who have installed their own systems to demand complete control over all data related to their department.

##### Risks/Conclusions:

There are numerous drawbacks to an ad hoc approach to distributing data processing control throughout Metro, and many organizational, technical, and security reasons for allowing Data Processing to enforce standards concerning the control of departmental data. With little authority to regulate standards (Executive Order 28 creates approval process, but does not require establishment of standards), Data Processing will be required to expend more and more resources just to keep current systems operational. This situation will become worse over time as Data Processing is able to exert less and less control.

### Recommendations:

- Data Processing must be given recognizable authority to control the minimum standards required of all new equipment purchased. Data Processing must also be given the authority and the responsibility for ensuring data access and interoperability between different Metro departments.

### ACTIVITY/ISSUE: DEVELOPMENT OF SYSTEMS EXPERTISE

#### Observations:

Many Departments are developing expertise, systems and applications independently of Data Processing. In general, Metro is not effectively involving knowledgeable employees in the process of determining how processes should be improved and management information systems substituted for labor and paper-intensive activities. This involvement can be facilitated by establishing user working groups for each key support system. These working groups should meet on a schedule satisfactory to the Executive Officer, determine their activities and tasks based on an approved work plan, and report on progress milestones no less than quarterly.

#### Risks/Conclusions:

Giving Data Processing the responsibility for supporting systems without the authority to enforce standards is a prime driver of many other departments' decision to install their own systems, since once the department has its own system installed they can completely control what is done with it within their own budget. This process needs to be managed by a central authority that understands the issues involved in distributed processing and distributed data.

### Recommendations:

- Data Processing should organize functionally defined user groups consisting of people with a common frame of reference, common interests and similar knowledge or expertise regarding certain software and hardware products in use at Metro. These user groups can provide two major benefits: 1) Assistance in planning, and 2) A pool of expertise for the entire organization to draw upon. An added bonus is that these groups have shown to be especially interested in finding practical, workable solutions. Also, since their operational success within Metro may depend upon the effective use of the software or hardware they are grouped around, they tend to be more accountable than an advisory or representative body. These groups should also help identify the management information needs of every Metro organizational level from remote-entry person to Executive Officer and Council chair.

## ACTIVITY/ISSUE: STRATEGIC PLANNING AND ORGANIZATION

### Observations:

Due to the rapid pace of technological advances in computer equipment, software, and data communications, organizations are realizing the need for technological understanding and leadership at the highest decision making levels. This support is especially crucial at Metro, where the structure of an elected Executive Officer brings about an inherent possibility of turnover and change of direction. Therefore, Metro must provide a way to ensure consistency and continuity in its Data Processing planning and execution.

The current organizational structure, which positions Data Processing as a division within Finance and Administration, is not meeting the core strategic purposes that a Data Processing function should provide. While skilled in general management and possessing extensive experience and understanding of the organization, those in the management structure above Data Processing do not have the background or training to understand the functions, purposes, technology and needs of the type of Data Processing functions needed by Metro. The current structure of the Data Processing division attempts to address the tasks that DP is expected to provide but does not provide the guidance that Metro needs from a Data Processing department. It is unclear where Metro management wants Data Processing to be on the *Compliance-->Service* continuum.

### Risks/Conclusions:

Data Processing planning should focus on functions needed to support Metro's strategic plan rather than short term budget concerns. Therefore, Data Processing should set basic rules concerning such topics as communications protocols, interoperability, and data integrity, and require individual users and departments to build their expertise on top of these guidelines. Data Processing should be viewed as a long term investment, not as a current expense. Data Processing can provide productivity enhancements only if it is supported by Metro management and provided with sufficient financial resources.

Every organization of the size of Metro should have a strategic plan outlining key technologies and directions the organization plans to adopt (i.e., decisions concerning open standards vs. proprietary technologies, data communications methods that allow the widest participation of individual departments, standardized operating system and user environments). At present, there is not an effective strategic plan for Metro.

As Metro continues to grow, increased pressure will be placed upon Data Processing to "lead the way" and define Metro's Information Strategy. Without this leadership, "information islands" will continue to be formed and Metro will be in a weakened position to absorb and interpret additional data. This would become painfully apparent if the proposed Tri-Met merger occurs. At present, Metro lacks a Data Processing professional with the overall vision and capability to undertake this role.

Structuring Data Processing as a division under Finance and Administration may have made sense at one time, but it is inappropriate now. There is a perception among some Operating Department personnel that Finance and Administration related projects tend to take a higher priority in the area of computer support.

Whether or not this is true, it is apparent that Data Processing has had difficulties in prioritizing projects and providing adequate support to all departments.

#### Recommendations:

- There are certain core information planning activities that are too important to be left to individual departments. To ensure that these functions are handled properly, Data Processing should be constituted as a separate department with it's own Director.
- Data processing should form a committee of technologically astute management from each of the Metro departments to meet and formulate a strategic outline defining key technologies and a blueprint for integrating the information processing capabilities of Metro over the next five years. At a minimum, this should address the integration of existing systems and an analysis of what this integration will mean to the information user.

#### ACTIVITY/ISSUE: INTEGRATION OF INDIVIDUAL DEPARTMENT SYSTEMS AND PLANS

##### Observations:

Data Processing has not formulated a formal plan for the integration of departmental computer systems, or a set of guidelines to follow that will allow this integration in the future. Individual departments are encouraged to use Data Processing personnel to assist in the planning and design of systems, but Data Processing has no power to enforce a set of basic standards that all departments must adhere to.

##### Risks/Conclusions:

The lack of planning, and the ceding of control for these systems to the individual departments, has been ultimately inefficient for the organization. There is a real chance that within several years there will be multiple systems that are incompatible with each other and will communicate only with great difficulty. The merger of Metro and MERC has already shown the difficulties that can be experienced when personnel must work around the existing Data Processing system, or when the system limits the abilities of individuals to do their work.

The information resources used by the various departments will have a greater need for communications and connectivity over time (e.g., the geographical information system). Despite this, there have been no decisions made or strategies planned to begin building the capabilities for this communication to take place. For example, adherence to a single communication protocol would allow for connectivity in the future as needed. Even if the decision is made to not adhere to a single protocol, it is important that management understand what the repercussions of such a decision could be in the future.



### Recommendations:

- In line with the recommendations outlined in our discussion of Data Processing Strategic Planning and Organization, a new independent Data Processing department should have as it's first mission the setting of strategic goals and the consolidation of existing departmental goals into that strategic framework.

### ACTIVITY/ISSUE: DATA BACKUP

#### Observations:

Several individual systems (for example, Solid Waste's LAN, Accounting's UNISYS A4, MERC's DEC VAX, and Transportation Planning's Sun Microsystem UNIX LAN) have adequate backup procedures. Individual PC's are backed up rarely, if at all.

#### Risks/Conclusions:

While there are data backup procedures in place for some systems, there is no overall enforcement to ensure high levels of data integrity. There are no organized backup procedures for individual PC users.

#### Recommendations:

- At least a full data backup should be performed nightly on all systems. We also recommend that all critical data on PC's within Metro be required to be backed up nightly.

## Summary of Data Processing Recommendations

### Organizational Effectiveness

- Redefine and restructure Data Processing to perform as a strategic guidance department. It can best perform this function as a separate department with it's own Director.
- Set high level strategic direction for Metro. Data Processing may cede direct control over certain functions to the individual departments. Data Processing should set the *strategy* that the departments *implement*.
- Institute a chargeback system that bills departments directly for services rendered. Individual departments should also be allowed to seek out outside sources for support and other assistance, with the qualification that all systems meet the strategic guidelines set by Data Processing. This will allow departments to make the best possible use of their budgeted funds, and will allow Metro management to decide in which areas Data Processing can provide support services in a cost-effective manner.
- Withhold making any decisions regarding centralization or decentralization of specific activities until organizational issues are addressed and tangible data is available from the proposed chargeback system.

### Management Effectiveness

- Set project management and charge hour guidelines to measure individual productivity and overall performance of Data Processing personnel.
- Increase job rotation within the Data Processing department, broadening the experience of individuals participating in rotation. Emphasize outside job exposure to the technologies & methodologies used in other departments and organizations, such as large public and private DP organizations. Assign Data Processing staff to support tasks in a variety of departments to broaden understanding of operational issues involved.
- While retaining recognition of *Compliance* responsibilities, and in context of available resources, Data Processing should be tasked with taking steps to insure that a *Service* orientation be instilled in all Data Processing personnel, across all the functions that they provide.

### Strategic Planning

- Metro must immediately develop disaster contingency plans. These plans should include a "hot site" agreement with another data processing facility.

- Planning and budgeting should focus on functions needed to support Metro's strategic plan rather than short term budget concerns. •
- Departmental plans must be integrated at least at the strategic level. Data Processing should set basic rules concerning computing environments, communications and data integrity, and encourage departments to build their expertise on top of these guidelines.
- Strategies should be viewed as a current best approximation to future development, not as ironclad guarantees.
- Data Processing should be viewed as a long term investment, not simply as a current expense. Data Processing can provide productivity enhancements only if it is sufficiently funded and supported.

### Technology Environment

- Defining a technology strategy will help Data Processing determine where in the product life cycle current equipment falls - therefore indicating what types of upgrades or replacements make sense in the overall plan.
- The communications infrastructure should be considered at least as important as the devices attached to it (including microcomputers, minicomputers and mainframes). Interoperability and the ability to exchange data across departments must be assured.
- A strategic plan will reduce the risks inherent in new technology, but will not increase incentives by departments to work with the new technology. The incentives must be addressed separately.
- Data Processing should organize functionally defined user groups consisting of people with a common frame of reference, common interests and similar knowledge or expertise regarding certain systems in use at Metro.

### Backup and Security

- All data files of all computer users must be required to be backed up on a regular basis.
- All larger systems should have a tape backup system that performs at least a full data backup nightly.
- Data Processing should dictate minimum security and backup procedures for all systems, and enforce these standards by random testing.

## SUPPORT SERVICE: OFFICE OF THE GENERAL COUNSEL

Metro's Office of the General Counsel provides legal services to all Metro Departments, including MERC. The General Counsel and two staff attorneys are each assigned primary responsibility for one or more Metro Departments and Support Services. This structure appears to be well liked, as the users of this Support Service get to know their provider, and the attorney in turn builds expertise and credibility with the "client."

Metro's General Counsel serves the same function for MERC and is a participant in all Metro ER Commission public meetings. He and his staff have worked with MERC and Personnel's in-house Labor Relations Analyst to reduce MERC's usage of outside counsel. Having an in-house labor specialist on staff has generally freed up the attorneys for work that requires their skills and experience.

Despite the fact that legal services tend to be of a *Compliance* nature, the majority of user comments received were positive reactions to the *Service* provided by Metro's in-house legal staff. In recognition of the increasing workload and with a desire to retain the established level of *Service*, the General Counsel will be requesting addition of a fourth attorney for the staff. The increased workload is attributed primarily to MERC and Solid Waste.

The only recommendation to be made regarding the Office of the General Counsel differs slightly from those made for the other Support Services. It is simply that this area is somewhat deficient in Data Processing assets, most notably a computer network. It appears that a relatively reasonable expenditure could result in increased productivity and data security.

## SUPPORT SERVICE: REGIONAL FACILITIES

Regional Facilities is not as clearly defined a Support Service as others in this report. The function is in somewhat of a state of flux due to staffing and organizational changes. With agreement of the Metro Project Manager, our discussion is limited to one issue that is of extreme importance across the entire organization.

Table 11 (located after the exhibits at the end of this report) introduces the activities performed in this area, while table 12 (located after the exhibits at the end of this report) introduces our recommended distribution of responsibility.

### ACTIVITY/ISSUE: MAINTENANCE MANAGEMENT

#### Observations:

Although Metro has capital assets (primarily facilities, motor vehicles, and other motorized equipment) valued in the millions of dollars, there appears to be no central function within the organization setting maintenance policy, establishing maintenance guidelines/standards, or coordinating maintenance projects and operations.

#### Risks/Conclusions:

There appears to be a fairly significant backlog of essential maintenance and repair work that impacts the capability of the various facilities to satisfy their intended uses. With the further aging of the facilities, this backlog could become a serious impediment to increasing or even maintaining business enterprise revenue. Because capital assets maintenance and repair requirements are recurring expenses that tend to be cyclical and increase in cost over time, the operation, maintenance, and repair of these assets are significant financial risks that must be well managed.

One example of the current need for focus in this area is the lack of policy and standards concerning a comprehensive preventive maintenance program that could slow the deterioration of facilities and equipment and reduce the unscheduled repair and replacement of failed or failing items. Although there are preventive maintenance programs in place within most of the facilities, there are no guidelines, standards, policies, or stated objectives for these programs. The organization lacks a focal point for coordinating and facilitating needs, and does not utilize a standardized computer maintenance management software package for facilities and equipment.

Well planned preventive maintenance practices can reduce the long-term cost of repairing and replacing both facilities and equipment. As we noted above, these are currently substantial costs for Metro and will very likely grow as the facilities and equipment age further.

It is important that the Executive Officer and the Council be able to draw upon the advice, knowledge, and expertise of maintenance management personnel. The focal

point or forum for this expertise can be either an organizational element within Metro or a standing committee that meets regularly and upon call of the Executive Officer to address identified issues.

#### Recommendation

- Facilities managers should be tasked to collectively recommend a mechanism for adequately coordinating facilities and equipment maintenance management practices, and for developing maintenance management policies, guidelines, standards, and objectives.
- The Council and Executive Officer should consider the creation of a function which will take on this responsibility. This could be in either a coordination-only role or assigned full responsibility for ensuring that the work is accomplished.

## V. ADDITIONAL ISSUES OF CONCERN

### ISSUE: DIFFICULTIES OF MERC INTEGRATION

Performance of the Metro corporate organization is being adversely affected by behavior of Metro and MERC staff stemming from consolidation related activities. This conduct is impacting the functioning of both MERC and Support Services and diverting Metro staff attention and priorities to such an extent that virtually the entire Support Services organization is becoming mired. The miscommunication and lack of trust has grown to such a level that some MERC staff are convinced that Metro intends to eliminate their jobs in the name of standardization and efficiency.

Several circumstances created this ineffective behavior. First, there is an underlying attitude among some MERC staff that there is little need to be responsive to the requests of Metro because Metro is perceived to have no direct authority over MERC. This attitude results in part from ambiguities of the agreement whereby Metro assumed responsibility for ERC facilities, but more directly from those within MERC who have had difficulty accepting Metro and its more stringent (than the City) policies and procedures.

Additionally, but of no less importance, Metro staff appears to have inadequately recognized the concerns and even fears of MERC staff regarding merger issues, focusing more on requiring *Compliance* than on offering *Service*. This situation, of course, could be attributed to Support Services' lack of resources to handle such a major additional Operating Department.

As a result, a lack of trust and communication developed, turning issues of concern into problems often only because Metro staff failed to respond to cautions and concerns expressed by MERC staff.

MERC Management has been left with the position that the only mechanisms available to Metro for influencing MERC policies and practices are: 1) The budgeting process, and 2) The specific rescission of a MERC resolution by the full Council. Thus, Metro Support Services staff have reached a high level of frustration with what they perceive as obstructionism to their directed efforts to bring MERC procedures in line with Metro's.

It is clear that Metro cannot fully accept the responsibility for MERC without the attendant authority to act in its best corporate interests; this is an inviolate rule of organization and leadership. There must be matching authority to act, through the Executive Officer, to satisfy Metro's fiduciary duties to protect public assets.

The members of the Metro ER Commission whom we interviewed understand this inseparability of authority and responsibility; the Commission members recognize that the Executive Officer and the Metro Council have their respective responsibilities and authority that will ultimately be exercised in administering the MERC merger and in the continuing management oversight of MERC. Although each commissioner expressed some form of concern regarding the propriety or the capability of Metro staff to intervene in (or even understand) MERC-unique issues, without exception they believe the merger essential to the future success of MERC.

Our observations relating to this authority issue suggest that MERC is capable of general autonomy in operating their enterprises in a successful manner. The MERC Management Staff, technically capable and dedicated to the organization, are convinced that they have an effective working relationship with their Commission. We agree; the Commission is an invaluable source of business acumen for Metro that could well be unachievable through other means. The current relationship between MERC and Metro seems unsustainable, however, because of the real or perceived lack of matching responsibility and authority for the Executive Officer to propose and enforce policy.

We believe that the Metro ER Commissioners and staff have legitimate concerns regarding the lack of understanding of their business enterprises among Metro staff and their consequent inability to make informed decisions regarding the level of support services needed by MERC. As is true of any well-functioning organization, those affected by decisions must have contributed significantly in the decision-making process. Both MERC and Metro need to assign staff to joint problem-solving teams capable of resolving the relevant issues under management leadership. Perhaps if Metro (predominantly Finance and Administration) tempered its *Compliance* focus with an offer of some *Service* (i.e. meeting them half-way), the situation might improve.

It is evident that MERC and Metro staff have become polarized to the extent that they are virtually unable to cooperatively solve problems, even those problems that are seriously impacting both. This condition requires that the Executive Officer, the Metro Council, the Metro ER Commissioners, and MERC Management immediately place a higher priority on addressing these underlying causes. Leadership is needed in all quarters to focus attention on solving problems, mending interpersonal breaches, and in preventing further nonprofessional behavior. We have not observed sufficient corporate commitment and attention to resolving these serious organizational issues in a timely manner.

The recommendations contained within this report are dependant upon the Executive Officer and the MERC Commissioners promptly resolving the serious authority issues raised above. Neither the Metro Council nor the Executive Officer should expect progress toward effectively integrating MERC Support Services with Metro systems until these issues are resolved.

#### Recommendations:

- The Executive Officer, the MERC Commissioners, and the MERC Management Team, with the support of the Metro Council, must immediately assume a proactive leadership role in helping resolve dysfunctional organizational behavior resulting from efforts to integrate MERC.
- The Executive Officer, the MERC Commissioners, and the MERC Management Team should immediately establish the joint MERC/Metro special interest working groups that are needed to start solving broad organizational and operational issues. Those that have existed in the past have been related to specific problems. These groups should brief executive management on a scheduled basis regarding group goals, objectives, schedules, milestones, and difficulties.



- The Executive Officer should establish clear written policy regarding the mechanism that will be used for advising all organizational entities of policy decisions or direction and the practices that must be followed when Metro staff implement or enforce policy at the direction of the Executive.

### ISSUE: REPETITIVE RULES AND PROCEDURES

As discussed earlier, Metro currently has two sets of Personnel and Procurement procedures, its own and those of MERC. This dual existence is continually frustrating for a number of groups, including Personnel, Legal Services, Accounting, and Procurement.

#### Observations:

According to Metro's in-house counsel, MERC's personnel codes are in many ways better than Metro's due in part to their being newer than Metro's codes. Although it has been stated that the personnel codes are being kept intact and separate due to the numerous labor contracts involved, it must be asked how long this situation will continue. Having two sets of Personnel procedures encourages separate identities and a continued sense of employees working for different organizations. The continued existence of differences in benefit packages could cost Metro in the long run.

As discussed earlier, the existence of two sets of procurement rules is also a continued source of consternation and frustration. At the direction of MERC management, MERC staff attempts to follow their adopted rules only to have documents rejected by Accounting.

Metro is currently developing a new set of procurement codes with apparently minimal involvement of MERC. At the same time, MERC is putting the finishing touches on administrative procedures to go with their existing procurement codes.

#### Risks/Conclusions:

As long as independent sets of personnel codes exist, MERC staff will have a hard time integrating into Metro. Commensurately, MERC's attempted usage of procurement practices different than Metro's will be a continue source of irritation on both sides.

#### Recommendations:

- Personnel should begin drafting a comprehensive set of personnel codes that will apply to Metro as a whole. As appropriate, special sections can be included which will deal with situations specific to one or more departments. These differences should be minimized, however, with timelines included whenever possible identifying when the "special circumstance" will go away.
- A complementary set of codes should be developed for Metro's procurement function after the decision is made to determine its

staffing structure and organizational charter. As in the proposed personnel code, the procurement document should have sections identifying the special needs and authorities granted to certain departments. This could include, for example, the Zoo's existing exemption for gift shop purchases. Users of the codes (i.e. the Operating Departments and others) must be consulted and involved in the drafting and approval process.

## ISSUE: ORGANIZATIONAL CULTURE

Allegiance and morale within the Metro organization are focused almost entirely at the Operating Department level. Personnel at all levels within Metro are highly motivated and are very committed to their specific direct area. Morale is, however, slipping badly within MERC and within certain Support Services for the reasons noted earlier in this report.

Our observations regarding organizational culture result from numerous interviews of Operating Department employees and management; however, the attitudes we are describing are evident throughout Metro. Some employees can be identified by a special patch representing their facility or department. The patch can be viewed as a symbol of their allegiance. Upon opening the Metro telephone book, one is immediately reminded that the phone number for many employees is tied to their facility or department; there is no alphabetical list of all Metro employees. If asked who their employer is, the answer invariably is the facility or department and not Metro. In fact, some employees become offended when they are reminded that their payroll check originates with Metro.

This focus of allegiance and morale toward each employee's operational unit has both positive and negative consequences. On the positive side, this focus creates a work force highly motivated to ensure the success of that unit. On the negative side, to ensure the success of their unit employees can engage in behavior that does not further the success of the organization as a whole.

There are numerous ways to develop a broader perspective among employees and to generate a sense of belonging that transcends the operational unit. Organizational symbols can play a large part in this process. For example, there could be a standard Metro uniform designed for entire job classifications (e.g., security, facilities operations and maintenance, etc.). Each uniform could then include the Metro patch in one location and the facility patch in another. Affected Metro employees should be directly involved in any process of designing or selecting a standard Metro uniform.

Another, more powerful, mechanism that can help create a Metro culture is continual reinforcement of a policy that no individual Metro activity will succeed at the expense of another. This is difficult in an organization such as Metro with its complex program funding. It is a mechanism that requires leadership and an executive commitment to the success of each organization, made visible in each policy decision.

Establishing a process of planned rotation of support staff and selected managers among Metro activities would be another effective means of developing a Metro culture. With virtually no investment, it would be feasible to rotate support staff among the Operating Departments, Support Services, and other staff functions

(including Executive Management) to provide a better appreciation of unique operational requirements and to create a more broadly focused workforce. Using the proper combination of career development and promotional incentives, there would be no difficulty finding volunteers for rotation.

A starting point for this rotational practice would be to establish a personnel policy that Support Services and other staff positions will be preferentially filled from among persons having the best cross-section of experience among the Operating Departments. All Support Services positions should be designed so that lateral moves and upward mobility are an inherent part of the career development path for each classification. Secondly, it would be desirable to establish a career executive position within the office of the Executive Officer suitable for rotating selected managers from Operating Departments through this position on a four to 12 month basis.

#### Recommendations:

- The Executive Officer should introduce practices intended to create employee identification with Metro. This should be a gradual but proactive process, taking advantage of opportunities that arise (Public Affairs' "corporate identity" project is one on-going example).
- The Executive Officer should solicit employee input, with appropriate employee recognition and nominal prizes, for designing or selecting required Metro uniforms.
- The Executive Officer should establish a career executive position within the office of the Executive with the express purpose of further developing promising managers through short-term assignments.
- The Executive Officer should establish a policy of rotating Support Service personnel and others in staff positions among the Operating Departments and Support Services using career development criteria. Personnel selection and promotion criteria should favor employees who have a broad base of Operating Department experience.

#### ISSUE: ESSENTIAL LEVELS OF OVERHEAD

The alternatives that Metro should be examining for providing support services are not limited to those services which can be provided centrally or those which can more suitably be provided within the Operating Departments. A broader issue is, who can provide the required services effectively at the least total cost to the organization as a whole?

In assessing alternatives, Metro should not be limiting the scope of its review to Metro resources. The relevant question, posed above, should be asked each time a support service is examined. Following the identification of needed services and performance expectations, the costs of providing these services through various alternative means should be examined.

There are many alternate sources of support services. These services can be obtained from other municipalities, from state and federal governments, and from a

myriad of private sector providers. For example, it may be feasible for Metro to obtain a wider variety of office supplies from a larger group of suppliers without the need for time-consuming competitive procurement or for warehousing large quantities of items. The Multnomah County Administrative Services Division, Department of General Services, operates a central stores warehouse that stocks those office supplies most often requested. Users are provided a catalog of stocked items. These materials are delivered either through the City of Portland interoffice mail system or by central stores drivers. We have approached the Administrative Services Division manager regarding Metro using the central stores warehouse; she is aware of no obstacles that would prevent this. Furthermore, it might also be feasible to use the Multnomah County Purchasing Section for the purchase of agreed upon goods and services.

Many Support Services can be provided at a lower cost and in a more timely manner by contract or through intergovernmental agreements instead of staffing internally for the requirement. The following is a sample of the services that are typically contracted:

Advertising and promotion	Courier/Mail delivery
Distribution	Equipment/facilities maintenance and repair
Vehicle fleet maintenance/leasing	Speech writing
Business and economic forecasting	Graphics
Strategic and business planning	Public relations
Employee benefits	Market research
Payroll administration	Labor negotiation
Construction management	Legal services
Specialized Data Processing support and services	Personnel recruitment
	Training and education

There are clearly issues beyond cost that must be considered when alternate sources of service delivery are being examined. These issues involve the impact of contracting on other organizational operations, confidentiality, timeliness, and required management effort. The questions that must be considered include:

- Will retaining this operation in-house result in a better functioning organization?
- Are there confidentiality or proprietary issues involved that would preclude an outside organization providing this service?
- Would moving this activity outside cause communication difficulties or time losses for other internal activities?

- How much time does this activity require of key management staff?  
What is the value of this activity in management time and energy?

For over 20 years the Executive Office of the President has required, through the Office of Management and Budget (OMB), that federal government agencies conduct studies comparing the costs of providing an extensive list of support services by contract versus in-house. These studies, referred to as A-76 studies (from OMB Circular A-76, the promulgating instructions) have consistently resulted in average savings of 20 percent when the activity is retained in-house (because of imposed process improvements) and 35 percent when contracted.

### Recommendation

- A policy should be established which requires periodic re-examination of the service delivery alternatives available to Metro and the relevant total cost of providing the service through each alternate source. The services should be transferred to those providers who meet Metro defined performance expectations at the least cost.

### ISSUE: SUPPORT SERVICES PERFORMANCE MEASURES, STAFFING STANDARDS AND FEEDBACK

#### Observations:

There is an urgent need for a comprehensive set of goals, objectives, group performance measures, and workload-driven staffing-level standards for each Support Service.

Additionally, Metro lacks a routine mechanism for soliciting informative feedback from users on the perceived level of the quality of Support Services provided. The users do have the recourse of contacting the head of the Support Service to express thanks or dissatisfaction with the services provided; however, the typical response to poor service is user irritation, frustration, and resignation that complaining will accomplish little. A response unfortunately seen within Metro is for users to end up backfilling an unmet Support Service need by performing a function internally.

#### Risks/Conclusions:

Several Support Services activities routinely track quantitative workload indicators. We are unaware that any have made the transition to relating the quantity of workload to the human level of effort required; this is an essential element of performance measurement. At present there are few criteria for assessing the performance of support service activities, and no objective method of determining staffing requirements. The service delivery of each activity would also benefit from a continuing quality management program within each division or function.

Group performance criteria, such as productivity ratios, unit costs, and quality/timeliness measures, can be established either as relative to the historical trends of an organizational element or as absolute measures. For a number of reasons, many organizations tend to use their own past performance as benchmarks

for improvement. These locally collected statistics are of known accuracy and reliability, and the environmental conditions are generally stable over a period of many months if not years.

Exhibits 3 and 4 depict unit cost standards and staffing-level standards that a team member developed for an activity of Multnomah County government using historical data. This is a relatively inexpensive process when compared to the development of so-called engineered standards, and it permits the rapid development of information essential to tracking group performance and determining staffing requirements based on identified workload. The methodology identifies the appropriate workload indicator or budget driver for an activity from among several statistics being tracked and determines how many employees are required for varying workloads. It also determines expected performance levels for the group and identifies, by exception, unusual group performance.

Organizational efficiency and effectiveness could also be improved by developing a comprehensive set of service goals, objectives, performance measures, and productivity benchmarks. These should be accompanied by a survey tool or other feedback mechanism.

Before implementing such a feedback mechanism, each Support Service must carefully assess who their users are. This is not a trivial exercise; organizations often fail to recognize that some users are totally external to the organizational environment.

#### Recommendations:

- The Executive Officer should establish a policy requiring group performance measures and staffing-level standards for each support service functional area. The performance standards should include criteria such as the timeliness of service delivery, quality of service, and the quantity of work accomplished. The staffing-level standards should be workload-driven. Once developed, the performance measures should be reviewed monthly by department directors and division managers and quarterly by the Executive Officer. This is consistent with making the decision of where each Support Service will fall on the *Compliance-->Service* continuum.
- The Executive Officer should ensure that a service delivery quality management program is in place within Metro and that users, whether internal or external to the organization, have a convenient and effective means of communicating their perceived level of service delivery quality to management of the Support Services. The results of this routine feedback from users should be an element of the performance measure information provided to the Executive on a quarterly basis.
- Metro should implement a continuing service delivery quality management program. As an element of this program, Support Services should obtain routine feedback from users to adequately determine the perceived level of service delivery quality.

- A comprehensive set of performance measures and productivity benchmarks should be developed for each Support Service; the performance of which should be compared each month to historical benchmarks.

### ISSUE: PROBLEM-SOLVING MECHANISMS

Recommendations are found throughout this report for addressing various organizational and operational problems being experienced by Metro. We consider the ability of an organization to solve these types of problems an indicator of both the collective maturity of the organization and of the leadership skills and management capabilities of its organizational hierarchy. Whatever the level of those skills and capabilities may be in an organization, they can be greatly reinforced through the adoption of relevant problem-solving mechanisms.

#### Observations:

Effective mechanisms for identifying and resolving Metro inter-organizational issues and needs are generally missing from the organization. Identified issues become mired in inter-organizational disputes which are left unresolved by management. Many of the managers and employees whom we interviewed throughout the organization (both line and staff) expressed a preference for managing their respective activities autonomously, meaning with little interaction with other activities.

#### Risks/Conclusions:

As we have commented elsewhere in this report, the allegiance of many Metro line employees is to their department or facility, and many have little interest in how their operation may impact others within Metro as a whole. This attitude:

- Is pervasive,
- Reinforces parochial views,
- Results in little mutual concern for others' responsibilities,
- Breeds disputes regarding legitimate needs of others,
- Reflects little mutual understanding of roles, and
- Is both a cause and an effect of poor organizational communication.

There is nothing intrinsically wrong with exercising organizational autonomy or independence; it is consistent with one of the major tenants of organization and management theory, i.e., Management By Exception. A high degree of organizational autonomy is undoubtedly essential in an organization such as Metro with such diverse business enterprises and cultures. Irrespective of this autonomy, however, there must be appropriate formal and informal linkages among the organizational elements to minimize unbridled advocacy.

Poor communication among the elements of an organization inhibits the understanding of mutual roles and responsibilities and creates islands of "we versus they" throughout the organization. This problem is not unique to employees of one unit who have no direct need to work with employees of another; these employees may be unaware of mutual roles, but they also have few reasons to be in conflict with one another. More frequently, poor communication impacts units that must work closely because of sequential work streams or other common work elements, yet management has not ensured that mechanisms are in place which develop good communication linkages and result in the resolution of problems.

## ISSUE: ENCUMBERING OF CONTRACTS

### Observations:

There is no mechanism in place for encumbering Metro contracts. The signing of a contract creates contingent liabilities which will become actual liabilities when the services or goods are provided in accordance with the contract. Encumbrances are an essential part of governmental financial management checks and balances. An encumbrance recognizes the commitment to pay a financial obligation when the expenditure occurs. Furthermore, it creates the mechanism for determining that a valid and sufficient budget appropriation exists to which the expenditure can be charged when the services or goods are delivered. Without this system of both encumbrance and expenditure accounting, a governmental entity has no effective means of preventing the overcommitment of future period expenditures, a problem recently experienced by Metro.

The team was advised by Metro support staff, in response to a direct inquiry, that purchase orders are routinely encumbered in the accounting system in anticipation of the expenditure. Apparently this practice is not followed for contracts because of the workload impact that would result and the lack of staffing to support that workload.

### Risks/Conclusions:

This failure to encumber contracts is inconsistent with generally accepted governmental accounting practice and could represent significant exposure for Metro.

### Recommendation

- Accounting should revise its systems and procedures so that contracts are encumbered. Any additional workload should be documented and used as support for staff increases in future budget processes.



## VI. CONCLUSION AND SUMMARY RECOMMENDATIONS

### CONCLUSION:

As discussed in Chapter II, there is no clear standard for determining the level of centralization or decentralization appropriate for each Support Service. Each must be considered individually, judged against such criteria as:

- Resources
  - Staff capabilities,
  - Data processing tools,
  - Time available;
- Willingness of a group to take on the responsibility;
- Cost-effectiveness;
- Appropriateness in context of other potential providers.

One should not, however, base a realignment decision on the results of this analysis alone. The overall organizational mission and intentions must also be considered. As part of the strategic planning process underway at Metro, each Support Service should be critically reviewed for consistency between its stated mission, goals, and objectives; and the resources and organizational placement it has to work with.

Metro has grown dramatically over the past few years and has had increasing trouble meeting the Support Services needs of its Operating Departments. This has been exacerbated by the addition of MERC and its different way of doing things. Although some of these differences have been mitigated and others eliminated, the Council and Executive Officer need to decide if there will be a singular "Metro way" of operating. This type of decision should be approached very carefully, as further disagreement and inaction could result. Our recommendation is that Metro should strive to retain individuality of its Departments, but with consistency and compatibility of each department's operations.

We have suggested elsewhere in this report that there is not widespread recognition among the Operating Departments of the substantial fiduciary responsibility borne by the Executive Officer and Council for business enterprise activities. This is most pronounced within MERC, but is pervasive throughout the organization. The not unexpected result is a sense among the Operating Departments that Metro Support Staff adds significant cost but little value, and thus is the responsible organization to accept the fiduciary responsibility.

Most Operating Department managers and employees are busy, and they often have little discretionary time. They therefore seek quick, simple solutions to problems, including those requiring support services. If they are convinced that those services will be responsive to their needs, they have little concern regarding who has control over the resources or where those resources are located. Experience, however, has often shown that operational unit needs are "out of sight, out of mind" when Support Services are centrally located and controlled. The operational unit has no control over the resources and little control over the priorities placed on work by Support Services staff. The result often is a

dissatisfied line manager. If the Operating Departments don't feel the fiduciary responsibility discussed above, they may not demand the requisite level of support.

The Operating Department managers seek a level of *Service* that is responsive to their needs. We are convinced, based on numerous interviews of both line managers and Support Services staff, that the Support Services capabilities minimally meet (and occasionally fail to meet) requirements for ensuring *Compliance* with statutes, rules, and policies. We therefore share many Operating Department perceptions that Support Services is in certain instances not providing adequate service to its users. As a consequence, over time, various Operating Departments have developed their own internal capabilities or methods of coping with this lack of responsiveness to their needs.

Where internal support service capabilities do exist within the Operating Departments, Support Services staff find Operating Departments understandably hesitant to give up those resources to a central service unit when Metro is unable to provide realistic assurances that the same levels of service can be provided centrally. We advise the Executive Officer and Council to seriously consider those concerns and to proceed with any centralization initiatives slowly, incrementally and carefully.

#### SUMMARY RECOMMENDATIONS:

Many of the recommendations in this report do not address reorganization, but do provide assistance in dealing with the operational issues bogging down the organization. Before the Executive Officer and the Council enact wide ranging organizational and responsibility changes, we strongly urge that our operational recommendations be given full consideration, as they may result in the desired improvements while minimizing potentially divisive organizational changes.

In regards to the broader issue of centralization or decentralization of specific Support Services, we are making the following recommendations:

- Major accounting and finance functions should remain in their current organizational settings (including MERC). Certain activities (as summarized at the end of the Accounting/Financial Planning section of Chapter IV), however, should be standardized.
- Metro should create one Human Resource Department with centralized record keeping and dual intake locations.
- Metro should not adopt a full-service centralized procurement function at this time. The immediate goal should be to minimize unacceptable risks related to purchasing and contracting, as weighed and evaluated by the proposed procurement policy and procurement working groups, with any further moves toward centralized procurement to be taken very gradually and cautiously.
- Data Processing should be moved out of Finance and Administration to stand as a separate department with it's own Director. Centralization or decentralization of specific activities should wait, however, until tangible data is available from the proposed detailed chargeback system.

These recommendations are in addition to numerous recommendations made regarding policies, procedures and day-to-day activities within Metro. They can be found in summaries at the end of each section in Chapter IV.

In general, our recommendations should be implemented in the following sequential manner:

- 1) Those that address a current risk or exposure faced by Metro.
- 2) Those that entail an operational change that will increase communication and information flow within and between departments.
- 3) Those that require an organizational change.

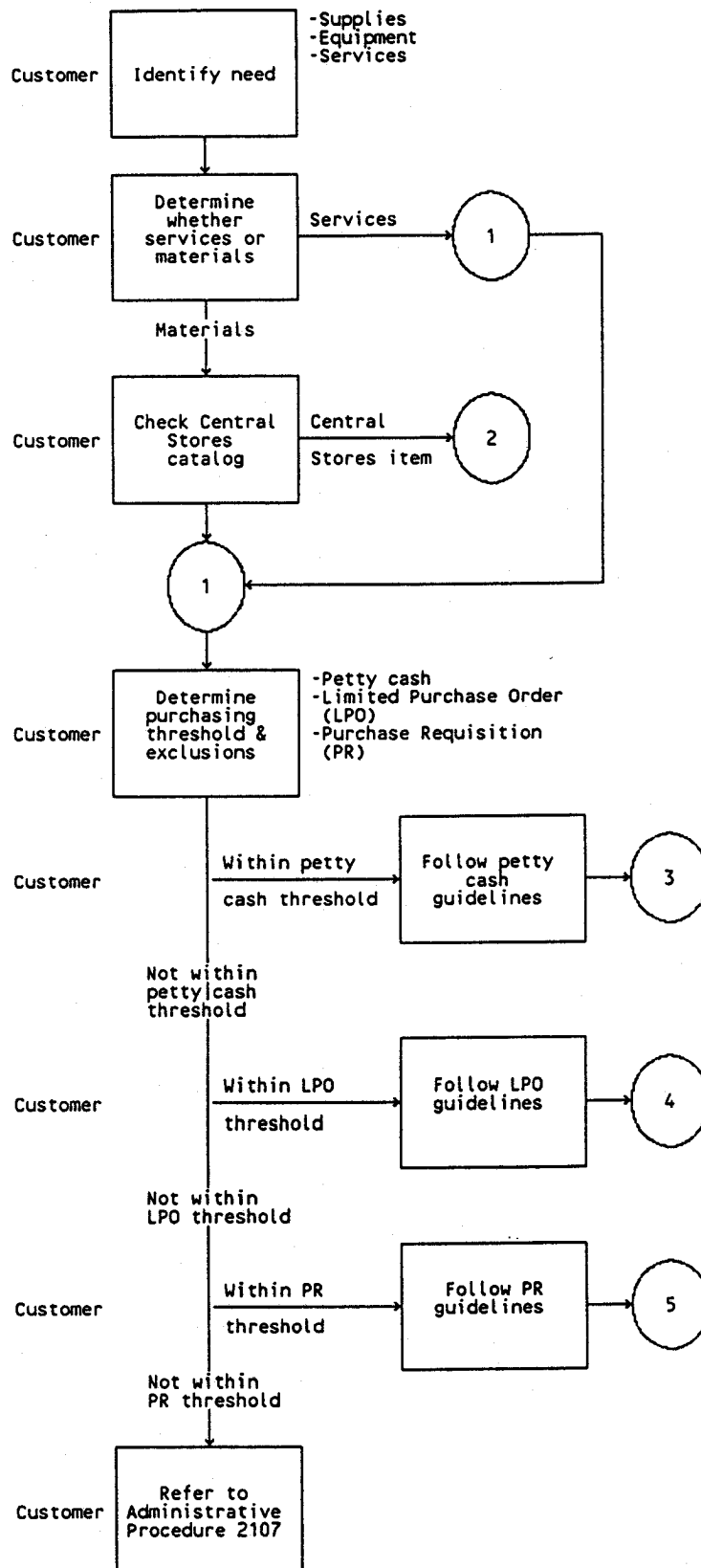
#### NEXT STEPS:

This report should provide a useful roadmap for the Metro Council and Executive Officer to identify where organizational and operational impediments exist. As stated above, a critical step will be tying together these findings and the Strategic Planning process.

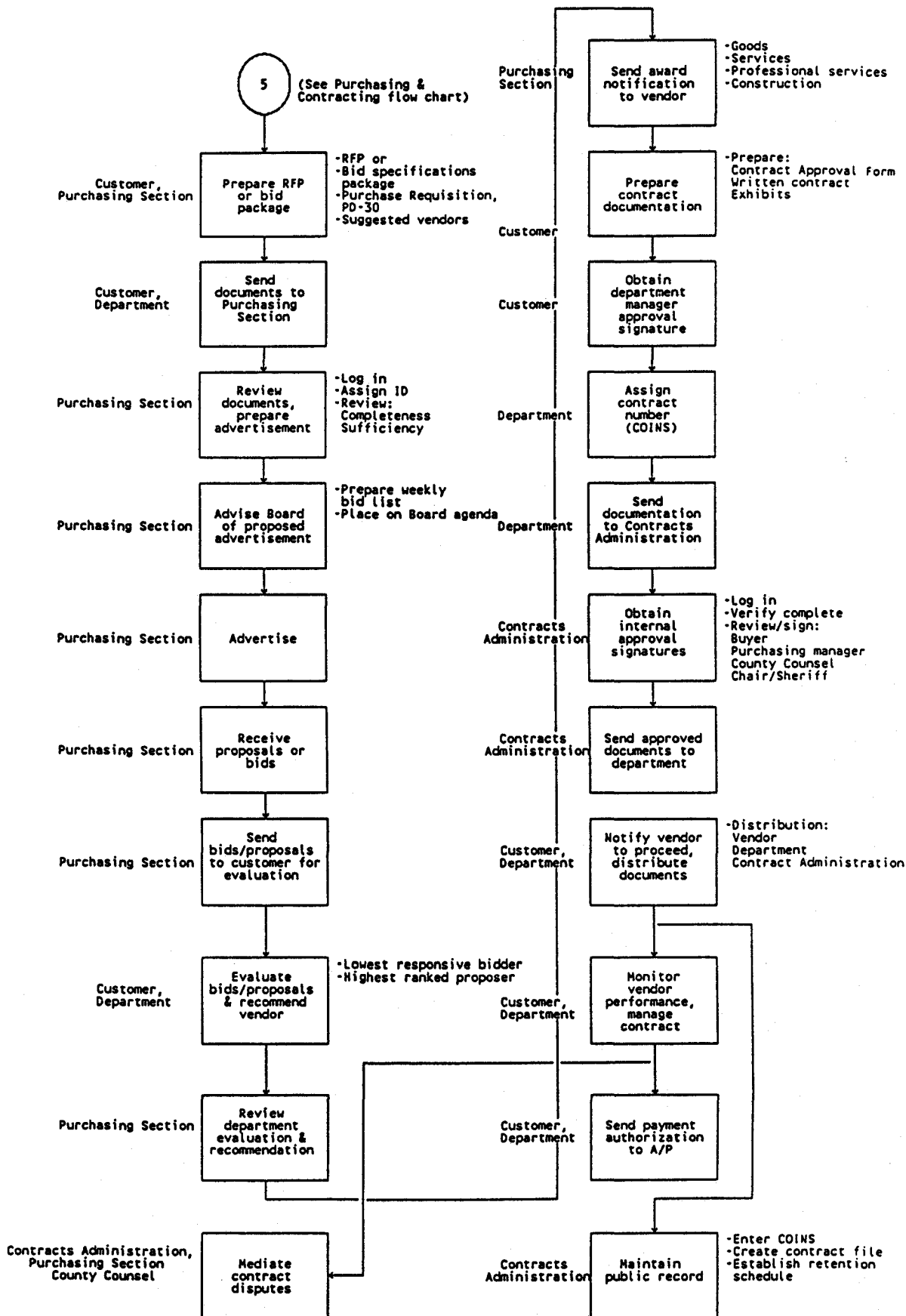
Clearly, however, the work in this area is not over. Of the recommendations made throughout the report and summarized above, we urge that Metro consider performing the following in an especially timely manner:

- Perform a study of Public Affairs commensurate in scope and structure with this study. Focus on potential overlaps, workload and role.
- Begin development of performance standards and guidelines for most, if not all, Support Services. Consider starting with Procurement and Personnel, as both are in somewhat of a state of flux. Also consider expanding use of these evaluation factors to look at the internal Support Services functions within most of the Operating Departments.
- Finalize the role and authority of Data Processing within the organization. The longer the current situation lasts, the greater the likelihood of incompatible systems and increased future costs.
- Develop, with user involvement, one set each of personnel and procurement codes. Recognize, without minimizing, the specific needs of certain users.
- Strengthen and broaden the on-going "corporate identity" effort, utilizing such Metro-wide benefits as the Employee Assistance Program.

# PURCHASING AND CONTRACTING FUNCTION ACTIVITIES & TASKS



# PURCHASING AND CONTRACTING FUNCTION FORMAL BIDDING PROCESS ACTIVITIES & TASKS



PURCHASING SECTION  
MULTNOMAH COUNTY DEPARTMENT OF GENERAL SERVICES

PURCHASING STAFFING-LEVEL STANDARDS

STAFFING REQUIREMENTS AS A FUNCTION OF THE AVERAGE ANNUAL NUMBER OF REQUISITIONS PROCESSED PER MONTH

<u>MONTHLY AVERAGE NUMBER OF REQUISITIONS PROCESSED</u>	<u>PREDICTED WORKING HOURS</u>	<u>PREDICTED FULL-TIME EQUIVALENTS</u>
100	495.79	3.4
125	619.73	4.3
150	743.68	5.1
175	867.63	6.0
200	991.57	6.8
225	1115.52	7.7
250	1239.47	8.5
275	1363.41	9.4
300	1487.36	10.2
325	1611.31	11.1
350	1735.25	11.9
375	1859.20	12.8
400	1983.15	11.9
425	2107.09	14.5
450	2231.04	15.3
475	2354.99	16.2
500	2478.93	17.0

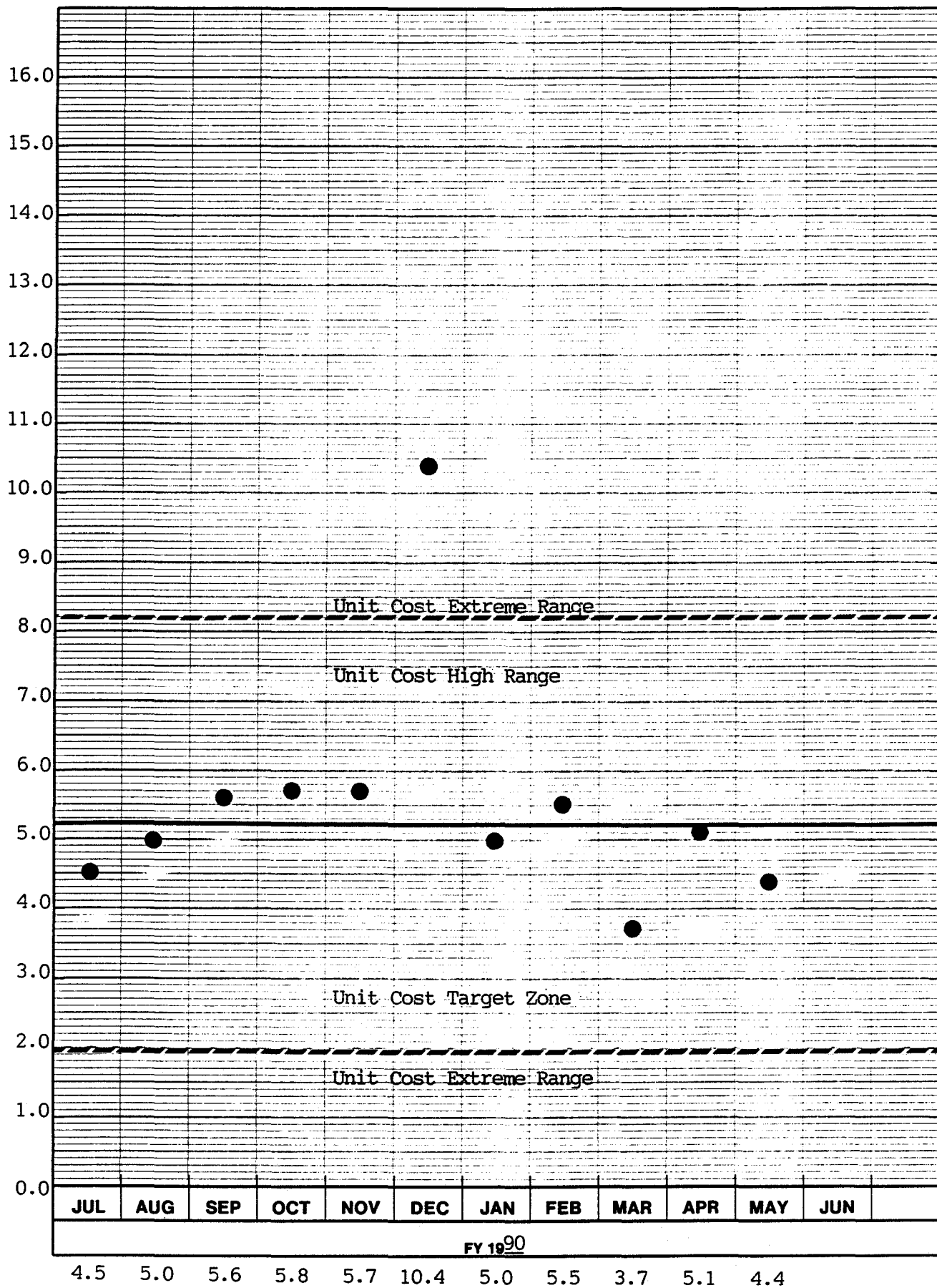
NOTE: These statistical standards are based on Purchasing Section operating practices resulting in unit costs (employee hours worked per requisition processed) within the range 3.3 to 7.0; these figures are 90 percent confidence limits about the mean, 5.2. These standards should be revised when the most recent 12-month average of unit costs no longer falls within these limits.

The underlying data for this analysis were compiled for June 1988 through May 1990, a period during which Purchasing Section procedures were in flux, more stringent regulatory and control policies were being implemented, and qualitative service delivery issues had not been explored. This table of staffing requirements should therefore be considered an interim standard subject to revision when the criteria noted above are no longer met or when the Purchasing Section further modifies its operating practices.

8JUL90

PURCHASING SECTION  
MULTNOMAH COUNTY DEPARTMENT OF GENERAL SERVICES  
UNIT COSTS

PURCHASING SECTION HOURS WORKED PER REQUISITION PROCESSED



**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: FINANCE & RISK - AS-IS**

ACTIVITIES	FINANCE/ ADMIN	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	PROC	OTHER	
BUDGETING													
- DEVELOPMENT	●	•	•	•	•	•	•	•	•	•	•		
- MONITORING	•	?	?	?	•	?				?			
RISK MANAGEMENT													
- INS. RELATED	●												
GOV. COMPLIANCE	?	?						?					
GRANT COMPLIANCE	Ø		●										
BOND COMPLIANCE	Ø	•						•					
CONTRACT COMPLIANCE	?	●											

**LEGEND**

- Lead provider for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

→ AS-IS

RECOMMENDED

TABLE 1



**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: FINANCE & RISK - AS RECOMMENDED**

ACTIVITIES	FINANCE/ ADMIN	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	PROC	OTHER	
BUDGETING													
- DEVELOPMENT	●	•	•	•	•	•							
- MONITORING	●	•	•	•	•	•							
RISK MANAGEMENT													
- INS. RELATED	●												
GOV. COMPLIANCE	●	•	•	•	•	•		•	•				
GRANT COMPLIANCE	●	•	•	•	•	•		•					
BOND COMPLIANCE	●	•						•					
CONTRACT COMPLIANCE	●	•						•					

**LEGEND**

- Lead provider for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

AS-IS  
→ RECOMMENDED

TABLE 2

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: ACCOUNTING - AS-IS**

ACTIVITIES	FINANCE/ ADMIN	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	PROC	OTHER
ACCOUNTS RECEIVABLE												
- BILLING	●	•	•	•	•	I						
- COLLECTION	●	•	•	•	•	I						
- CASH COLLECTIONS	●	•	•	•	•	I						
ACCOUNTS PAYABLE												
- PURCHASE ORDER	•	●	●	●	●	●						
- RECEIVING DOCS.	•	●	●	●	●	●						
- INVOICE PROC.	●	•	•	•	•	●						
- VENDOR PAYMENT	●	•	•	•	•	•						
PAYROLL												
- TIME ACCUM.	•	●	●	●	●	●						
- VALIDATION	●	●	●	●	●	●						
- DATA ENTRY	●											
- PROCESSING	●											
- DISTRIBUTION	●	•	•	•	•	●						
EVENT SETTLEMENT						●						
REPORTING												
- ENTIRE DISTRICT	●					●						
- OPERATING DEPTS.	•	●	●	●	●	●						

**LEGEND**

- Lead provider for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

→ AS-IS

RECOMMENDED

TABLE 3

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**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: ACCOUNTING - AS RECOMMENDED**

ACTIVITIES	FINANCE/ ADMIN	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	PROC	OTHER
ACCOUNTS RECEIVABLE												
- BILLING	●	•	•	•	•	•						
- COLLECTION	●	•	•	•	•	•						
- CASH COLLECTIONS	●	•	•	•	•	•						
ACCOUNTS PAYABLE												
- PURCHASE ORDER	•	●	●	●	●	●						
- RECEIVING DOCS.		●	●	●	●	●						
- INVOICE PROC.	●	•	•	•	•	•						
- VENDOR PAYMENT	●	•	•	•	•	•						
PAYROLL												
- TIME ACCUM.	•	●	●	●	●	●						
- VALIDATION	●	●	●	●	●	●						
- DATA ENTRY	●											
- PROCESSING	●											
- DISTRIBUTION	●	•	•	•	•	•						
EVENT SETTLEMENT	•				●	●						
REPORTING												
- ENTIRE DISTRICT	●											
- OPERATING DEPTS.	●	•	•	•	•	•						

**LEGEND**

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- I Independent provider
- Performing activity in a support or secondary fashion
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AS-IS

→ RECOMMENDED

TABLE 4

**BENSON & MCLAUGHLIN, P.S.  
Centralization/Decentralization Study  
for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: PROCUREMENT - AS-IS**

ACTIVITIES	PROCUREMENT	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	FIN/ ADMIN	OTHER
PREPARE DOCUMENTS	Ø	●	●	●	●	●						
OBTAIN APPROVALS	Ø	●	●	●	●	●						
PREPARE SOLICITATION SPECIFICATIONS	•	●	●	●	●	●						
IDENTIFY VENDORS	Ø	●	●	●	●	●						
SOLICIT	Ø	●	●	●	●	●						
RECEIVE QUOTES/BIDS	Ø	●	●	●	●	●						
EVALUATE QUOTES/BIDS	Ø	●	●	●	●	●						
SELECT VENDOR	Ø	●	●	●	●	●						
NOTIFY VENDOR OF AWARD	Ø	●	●	●	●	●						
PREPARE CONTRACT	Ø	●	●	●	●	●		•				

**LEGEND**

(CONTINUED)

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

→ AS-IS

RECOMMENDED

TABLE 5

PAGE 1 of 2

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: PROCUREMENT - AS-IS**

ACTIVITIES	PROCUREMENT	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	FIN/ ADMIN	OTHER
OBTAIN SIGNATURES	Ø	●	●	●	●	●						
DISTRIBUTE CONTRACT COPIES	Ø	●	●	●	●	●						
NOTIFY VENDOR TO PROCEED	Ø	●	●	●	●	●						
MAINTAIN CONTRACT FILE	●	.	.	.	.	.						
MONITOR VENDOR PERF.	Ø	●	●	●	●	●						
MEDIATE CONTRACT DISPUTES	Ø	●	●	●	●	●		●				
AUTHORIZE PAYMENT	Ø	●	●	●	●	●						

**LEGEND**

(CONCLUDED)

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

→ AS-IS

RECOMMENDED

TABLE 5

PAGE 2 of 2

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: PROCUREMENT - AS RECOMMENDED**

ACTIVITIES	PROCUREMENT	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	FIN/ ADMIN	OTHER
PREPARE DOCUMENTS	Ø	●	●	●	●	●						
OBTAIN APPROVALS	Ø	●	●	●	●	●						
PREPARE SOLICITATION SPECIFICATIONS	●	•	•	•	•	•						
IDENTIFY VENDORS	●	•	•	•	•	•						
SOLICIT	●	Ø	Ø	Ø	Ø	Ø						
RECEIVE QUOTES/BIDS	●	Ø	Ø	Ø	Ø	Ø						
EVALUATE QUOTES/BIDS	•	●	●	●	●	●						
SELECT VENDOR	•	●	●	●	●	●						
NOTIFY VENDOR OF AWARD	●	Ø	Ø	Ø	Ø	Ø						
PREPARE CONTRACT	●	•	•	•	•	•		•				

**LEGEND**

(CONTINUED)

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
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AS-IS

→ RECOMMENDED

TABLE 6

PAGE 1 of 2

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: PROCUREMENT - AS RECOMMENDED**

ACTIVITIES	PROCUREMENT	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	PERS	REG FACIL	FIN/ ADMIN	OTHER
OBTAIN SIGNATURES	●	Ø	Ø	Ø	Ø	Ø						
DISTRIBUTE CONTRACT COPIES	●	Ø	Ø	Ø	Ø	Ø						
NOTIFY VENDOR TO PROCEED	•	●	●	●	●	●						
MAINTAIN CONTRACT FILE	●	•	•	•	•	•						
MONITOR VENDOR PERF.	•	●	●	●	●	●						
MEDIATE CONTRACT DISPUTES	●	•	•	•	•	•		●				
AUTHORIZE PAYMENT	•	●	●	●	●	●						

**LEGEND**

(CONCLUDED)

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

AS-IS

→ RECOMMENDED

TABLE 6

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**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: PERSONNEL/HUMAN RESOURCES - AS-IS**

ACTIVITIES	PERSONNEL	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	REG FACIL	FIN/ ADMIN	PROC.	OTHER
PLANNING AND ORGANIZATIONAL DEV.	•											
RECRUITMENT/SELECTION	●	•	•	•	•	●						
BENEFITS ADMIN.	●											
LABOR RELATIONS	●							•				
ADMINISTRATION AND RECORDS	●					●						
CLASSIFICATION	●					●						
PERFORMANCE APPRAISAL	●	?	?	?	?	?						
EMPLOYEE ASST. PROG.	Ø											
AFFIRMATIVE ACTION/EEO	●?					?						
TRAINING	•											
CONSULTATION	•											

**LEGEND**

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

→ AS-IS

RECOMMENDED

TABLE 7



**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: PERSONNEL/HUMAN RESOURCES - AS RECOMMENDED**

ACTIVITIES	PERSONNEL	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	REG FACIL	FIN/ ADMIN	PROC.	OTHER
PLANNING AND ORGANIZATIONAL DEV.	●											
RECRUITMENT/SELECTION	●	•	•	•	•	•						
BENEFITS ADMIN.	●									•		
LABOR RELATIONS	●							•				
ADMINISTRATION AND RECORDS	●									•		
CLASSIFICATION	●											
PERFORMANCE APPRAISAL	●	•	•	•	•	•						
EMPLOYEE ASST. PROG.	●											
AFFIRMATIVE ACTION/EEO	●											
TRAINING	●											
CONSULTATION	●							•				

**LEGEND**

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

AS-IS  
→ RECOMMENDED

TABLE 8

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: DATA PROCESSING - AS-IS**

ACTIVITIES	DATA PROCESSING	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	REG FACIL	FIN/ ADMIN	PROC.	OTHER
STRATEGIC PLANNING	I	I	I	?	?	I	I			?		
SHORT-TERM PLANNING	?	I	I	?	I	I	I					
REVIEW HARDWARE AND SOFTWARE REQUESTS	●											
SYSTEMS OPERATION	I	I	I		•		?			•		
PROGRAMMING SERVICES	●											
USER SUPPORT	●	•	•		•	•	•			•		
SYSTEM DESIGN	I	I	I	?	I	?	I			I		
SYSTEM ACQUISITION	•	•	•	?	•	•	•			●		
SYSTEM INSTALLATION	I	I	I	?	I	I	I			•		

**LEGEND**

- Lead provider (or Initiator) for Metro
- I Independently provided by user (without Data Processing Involvement)
- Performing activity in a support or secondary fashion → AS-IS
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

**RECOMMENDED**

**TABLE 9**

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: DATA PROCESSING - AS RECOMMENDED**

ACTIVITIES	DATA PROCESSING	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	REG FACIL	FIN/ ADMIN	PROC.	OTHER	
STRATEGIC PLANNING	●	•	•	•	•	•	•	•	•	•	•		
SHORT-TERM PLANNING	●	I	I	I	I	I	I	I	I	I	I		
REVIEW HARDWARE AND SOFTWARE REQUESTS	●												
SYSTEMS OPERATION	•	●	●	●	●	●	●	●	●	●	●		
PROGRAMMING SERVICES	•	I	I	I	I	I	I	I	I	I	I		
USER SUPPORT	•	I	I	I	I	I	I	I	I	I	I		
SYSTEM DESIGN	●												
SYSTEM ACQUISITION	●												
SYSTEM INSTALLATION	●	●	●	●	●	●	●	●	●	●	●		

**LEGEND**

- Lead provider (or Initiator) for Metro
- I Independently provided by (without Data Processing Involvement)
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

AS-IS

→ RECOMMENDED

TABLE 10

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: REGIONAL FACILITIES (MAINTENANCE MANAGEMENT)**  
**AS-IS**

ACTIVITIES	REGIONAL FACILITIES	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	FIN/ ADMIN	PERS.	PROC.	OTHER	
FACILITIES ACQUISITION	●							•					
- PLANNING													
- PROJECT DEV.													
- CONSTRUCTION													
- ACCEPTANCE													
- AUTHORIZE PMT.													
FACILITIES MAINTENANCE	Ø	●	•	•	●	●							
- PLANNING													
- BUDGETING													
- SCHEDULING													
- MAINTENANCE													
- RECORDS													

**LEGEND**

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- Ø Deliberately not involved
- ? Unclear involvement or incomplete data

→ AS-IS

RECOMMENDED

TABLE 11

**BENSON & MCLAUGHLIN, P.S.**  
**Centralization/Decentralization Study**  
**for the Metropolitan Service District**

**ACTIVITY/ORGANIZATION CROSS REFERENCE TABLE**

**FUNCTION: REGIONAL FACILITIES (MAINTENANCE MANAGEMENT)**  
**AS RECOMMENDED**

ACTIVITIES	REGIONAL FACILITIES	SOLID WASTE	TRANS PLNG	PLNG DVLP	ZOO	MERC	PUB AFFRS	LEGAL	FIN/ ADMIN	PERS.	PROC.	OTHER
FACILITIES ACQUISITION	●							•				
- PLANNING												
- PROJECT DEV.												
- CONSTRUCTION												
- ACCEPTANCE												
- AUTHORIZE PMT.												
FACILITIES MAINTENANCE	•	●	•	•	●	●						
- PLANNING												
- BUDGETING												
- SCHEDULING												
- MAINTENANCE												
- RECORDS												

**LEGEND**

- Lead provider (or Initiator) for Metro
- I Independent provider
- Performing activity in a support or secondary fashion
- ∅ Deliberately not involved
- ? Unclear involvement or incomplete data

AS-IS

→ RECOMMENDED

TABLE 12

INTERVIEWEES

<u>INTERVIEWEE</u>	<u>DEPARTMENT</u>	<u>DATE</u>	<u>INTERVIEWER(S)</u>
Ausbon, Terry	MERC	01/14	HWP
Bergman, Ron	City of Portland	02/12	KSO
Blosser, Jeff	MERC	01/10	BFA
Bonkowski, Andrea	MERC	01/15	KSO HWP LLM
		01/31	KSO
Brock, Mike	Personnel	01/08	SLW
Brooks, Sam	Metro ER Commission	01/15	SLW
Buchanan, Roger	Council	01/31	KSO
Buffetta, Dominic	MERC	01/04	KSO SLW
Burgstein, Betsy	Executive Management	01/31	KSO
Carlson, Don	Council	01/03	KSO BFA
Carson, Rich	Planning & Development	01/15	BFA
Carter, Roosevelt	Solid Waste - Budg/Finan	01/15	KSO LLM HWP
Chayer, Carlton	City of Portland	02/12	BFA
Clawson, Susan	Kingdome	01/23	KSO
Collier, Tanya	Council	01/04	KSO SLW
Conlee, Chuck	MERC	01/09	BFA
Cooper, Dan	Office of General Counsel	01/10	KSO SLW
Cotugno, Andy	Transportation Planning	01/22	HWP (Phone)
Cotugno, Andy	Transportation Planning	01/08	KSO
Cox, Don	Finance & Administration	01/14	HWP LLM
		01/03	RKL, SLW
Cusma, Rena	Executive Management	01/15	WHOLE TEAM
Devlin, Richard	Council	02/01	KSO
Engstrom, Dick	Executive Management	01/09	KSO BFA
Fehrenkamp, Lee	MERC	01/08	KSO BFA
Fennell, Tim	MERC	01/09	BFA
Furth, Chip	WA State Trade & Conv Ctr	01/17	KSO RKL LLM HWP
Gardner, Jim	Council	02/01	KSO
Grewe, Tim	City of Portland	02/12	KSO
Hazen, Amha	Construction/Contracts	01/08	BFA
Huey, Kim	Personnel	01/22	SLW
Hunter, Mark	MERC	01/10	BFA
Knowles, David	Council	02/01	KSO
Krager, Carol	Zoo	01/08	BFA
Lawton, Keith	Transportation Planning	01/22	HWP (Phone)
Leahy, John	Outside	01/15	SLW
Leathers, Brent	Solid Waste - Budg/Finan	01/10	BFA
Martin, Bob	Solid Waste	01/08	KSO
Matias, Flor	Support Services	01/08	BFA
McFarlane, Neil	Regional Facilities	01/15	BFA
McLaughlin, Terry	Seattle Center	01/25	KSO
Meyer, Nancy	Personnel	01/08	SLW
Middleton, Ben	Metro ER Commission	01/16	KSO
Mueggler, Patty	Zoo	01/15	HWP LLM
Munro, Judy	Zoo Facilities Management	01/08	BFA
Nelson, Marie	Public Affairs	01/15	KSO

Nollette, LeRoy	Data Processing	01/14	HWP
Peterson, Melinda	City of Portland	02/12	SLW
Redding, Earl	Procurement	01/03	BFA
Rich, Kay	Zoo	01/03	KSO
Rocker, Vickie	Public Affairs	02/01	KSO
		02/15	HWP (Phone)
Runstein, Ted	Metro ER Commission	01/15	KSO BFA
Rutkowski, Kathy	Finance & Administration	01/17	LLM SLW
		01/31	KSO
Saling Neil	Construction/Contracts	MANY	ALL
Scott, Linda	City of Portland	02/12	KSO
Shaw, Larry	Office of General Counsel	01/16	KSO
Sheng, Sherry	Zoo	01/16	KSO
Short, Casey	Council	01/03	KSO BFA
Sims, Jennifer	Finance & Administration	01/14	HWP LLM
		01/03	KSO,RKL,SLW,BFA
Spier Bob	MERC	01/09	BFA
St. Helen, Lisa	Personnel	01/08	SLW
Stone, Jeff	Solid Waste - Budg/Finan	01/15	HWP
Van Bergen, George	Council	01/22	KSO (Phone)
Waker, Richard	Metro ER Commission	01/15	BFA
Walker, Frieda	MERC	01/10	BFA
Williams, Cameron	Personnel	01/08	SLW