

Draft 1/10/94

Portland Development Commission

Support Services

Comparative Cost Analysis

***Prepared by the Office of Finance and Administration
January, 1994***

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**PORTLAND DEVELOPMENT COMMISSION
SUPPORT SERVICES COMPARATIVE COST ANALYSIS**

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I. ANALYSIS DESCRIPTION

The purpose of this analysis is two-fold:

- Review Portland Development Commission (PDC) support services, compare to similar City Bureaus and outside agencies and identify alternative options for providing support services.
- Review of the general efficiency of PDC in the delivery of services through analysis of Portland Development Commission organizational structure.

The Office of Finance and Administration (OF&A) compiled data and prepared analysis using the following sources of information:

- PDC provided detailed descriptions of support services, including output and workload measures, cost and staffing data.
- FY1993/94 Adopted Budget information including City bureau service objectives/workload measures, cost and staff data, service rates and overhead allocation model.
- Interviews with City Bureaus and additional data collection from bureaus.
- Information from outside agencies, organizations and vendors.

This report provides several levels of analysis, starting with general overall recommendations and findings and following up with detailed data and cost comparisons:

- Summary OF&A's recommendations,
- General organizational comparisons,
- Support service options, findings and observations,
- Detailed descriptions of PDC support services and cost comparison data for PDC and comparable City central administrative services.

II. SUMMARY OF OF&A RECOMMENDATIONS:

As the Portland Development Commission deals with the loss of tax increment funding with the development of a core organization and set of programs, review of support service areas will provide opportunities for finding cost savings and operational efficiencies. Utilizing City bureaus or outside agencies for services may help PDC maintain appropriate service levels in the face of reduced staffing. Drawing on its areas of expertise, PDC may also be able to maintain capacity and supplement funding for support services by contracting out its services to other City bureaus.

The Office of Finance and Administration has reviewed cost comparisons and operational data for PDC's support service areas. There are a number of areas where changes in how support services are provided may lead to cost savings and efficiencies while still supporting a core organization.

Highlights of OF&A recommendations include:

CORE ORGANIZATION AND STAFF ADJUSTMENTS

- ♦ For all support services, staffing needs to be adjusted to fit core organization and programs. Reductions in direct project funding will also require staff adjustments; staff are added only when project funding becomes available. Project funding can be supplemented by marketing services to other City bureaus and public agencies. Adjustments and changes to the core organization should be reflected in the FY1994/96 two year budget proposal.

INTEGRATION OF PDC'S FINANCIAL SYSTEM WITH THE CITY'S IBIS SYSTEM:

This is a major issue for City and PDC financial and computer support service areas. Integration of PDC into the City's financial management system (IBIS) and total connection onto the City's computer system would greatly improve coordination of the financial systems. However, depending on the options pursued, there could be significant conversion costs which must be measured against the efficiencies.

- ♦ City and PDC staffs should review and report back to Council by June 30, 1994 regarding the options of integrating computerized financial systems for possible efficiencies and cost savings. Options include:
 - complete transfer of PDC financial systems to the City's mainframe computer, eliminating the need for PDC's VAX;
 - like several other bureaus, PDC maintains its own central computer for independent management systems and implements a connection with the City's main computer for integration with IBIS system and use of Citywide systems (such as City E-Mail); or
 - PDC to continue maintain a separate system.

- ♦ PDC's long range information plan addresses upgrade needs. However, PDC should not make any major computer system upgrades until after the issue of integration has been analyzed.

Other Computer System Issues:

- ♦ If PDC maintains its own main computer, City Computer Services could provide system support for PDC's main computer system in place of PDC staffing.
- ♦ Review utilizing either City or outside vendor for personal computer (pc) user and network support. PDC may need to revise current support service standards such as response time for user assistance.

Other Financial Services Issues:

- ♦ In addition to the issue of integration of financial systems, analyze feasibility of City bureaus providing financial services to PDC:
 - Payroll. City Payroll could process PDC payroll (PDC currently uses outside contractor).
 - Audit and CAFR activities. City could coordinate directly.

HUMAN RESOURCES AND PERSONNEL/EMPLOYEE RELATIONS SERVICES

Personnel Service Issues: PDC can provide enhanced services to its employees by utilizing City services through the City's personnel system.

- ♦ City to provide services that PDC currently contracts out:
 - The City can provide an Affirmative Action Officer and process for handling complaints.
 - Employee training
 - Include PDC in the City's compensation/classification and market analyses
- ♦ PDC needs to follow Charter requirements for position classification. This will give PDC positions status within the City's classification system and increase opportunities for positions throughout the City.
- ♦ After position status has been established, City can assist PDC with recruitment. PDC to continue to handle recruitment of classifications unique to its operations.

- ♦ Implementation of PDC's Compensation/Performance Management System should be continued.

Employee Compensation Issues: Review of salary ranges between PDC, the City and other local public organizations showed that PDC's salary ranges are broader than the City with the maximum salary ranges consistently higher than the City's.

- ♦ PDC needs to be fully integrated into the City's Compensation/Classification system to ensure internal equity between PDC and the City.

Employee Benefits Issues: The City's Risk Management Division recent reviewed the Portland Development Commission's employee benefits program.

- ♦ PDC should provide employee benefits through the City's Risk Management services.
 - Medical and Dental Costs: The City's rates for medical and dental costs are lower than PDC's rate, relative to the level of benefits offered.
 - COBRA and Retiree Administration: The City has the systems and processes in place to administer these benefits and meet the legal obligations required.
 - Deferred Compensation: The City can provide more options for deferred compensation plans, including the three PDC currently offers. There appears to be a question as to whether PDC has formally established the deferred compensation program as required by Internal Revenue Code Section 457. This places both PDC and the City's deferred compensation programs at risk; PDC and City staff are looking into this issue.

LEGAL SERVICES

- ♦ With the loss of tax increment financing and the changing role of urban renewal agencies throughout the state, the need for functions separate from the City Attorney's Office and Government Relations Office should be reviewed.
- ♦ If project funding is decreased or as core organization is defined, legal services may need to be adjusted. City Attorney services could be contracted as needed.

LOAN SERVICING

- ♦ If the City expands partnerships with community-based organizations, PDC may be able to market loan servicing support to those organizations.
- ♦ Feasibility of transferring PDC's loan servicing module to City computers should be included in the financial systems analysis.

CONSTRUCTION MANAGEMENT

- ♦ Market Construction Management services to other City bureaus. In the past City bureaus have contracted with PDC to provide lead construction management.
- ♦ Develop a Project Management Team whose services could be offered to other City bureaus or public agencies utilizing expertise of PDC Project Managers and Construction Management.
- ♦ Review Rental Housing Program (RHP) construction management services for overlap or duplication of services.

PROPERTY MANAGEMENT / TRANSACTION SERVICES

Acquisition and Relocation Services

- ♦ PDC should market Property Acquisition and Relocation services to City bureaus and other public agencies. City bureaus may want to have PDC and BGS bid for projects in order to get services at the best cost.

Property & Facility Management

- ♦ This is a service that could be marketed to other City bureaus. City bureaus may want to have PDC and BGS bid for projects in order to get services at the best cost.
- ♦ PDC should explore contracting with BGS for additional facility maintenance assistance at two office sites and storage warehouse space as an alternate to maintaining internal staff.

PUBLIC AFFAIRS

- ♦ In order to maximize PDC's Public Affairs capacity, PDC and the City should explore establishing this service as a centralized citywide function. Currently there is no central organization that provides public information and graphics services citywide. Several bureaus have internal public information and graphics staff; many contract out when these services are needed.

RECORDS MANAGEMENT

- ♦ Utilize City's archive system to store PDC records. This will also reduce the amount of warehouse space needed to be leased.
- ♦ Coordinate with the City archivist to develop an appropriate retention schedule for PDC records.

GENERAL OPERATING SERVICES

Purchasing, Contract process, EEO Compliance

- ♦ City to assist or provide coordination of compliance with federal and City contracting requirements, with special emphasis on EEO programs.
- ♦ Review PDC's office supply costs against City's centralized purchasing for cost savings.
- ♦ PDC project and construction management staff, with legal staff, to continue to provide bid and contract development functions. City could provide services if PDC staff is reduced in these areas.

Fleet Services:

- ♦ Based on updated vehicle requirements and detailed cost analysis, BGS Fleet services should be used.

Other General Services

- ♦ Distribution: Continue to use City mail distribution system. Monitor use of special delivery services.
- ♦ Copy Services: PDC to complete a cost study to determine their copiers' actual full cost per copy. Leasing copiers from BGS Duplication service should be considered for cost efficiencies.
- ♦ Telephone Systems and Services: Continue use of City system. If City gets a good cellular phone service agreement, PDC should also use this arrangement.
- ♦ Office Rental Costs: If PDC staffing changes drastically, they should continue to reduce office space leased from City in the Portland Building. Also if relocation to a new location is considered, moving and start-up costs should be fully costed.
- ♦ Printing Services: City printing standards should be applied to PDC print jobs to ensure cost efficiencies. Also PDC should have City Printing services regularly bid on print jobs.

INDIRECT OVERHEAD ISSUES:

- ♦ PDC currently determines the level of support services funding using two indirect rates. In FY 1993/94, the rate for federal funds is 27.2%. For most other funds, the rate was 58.8%. These rates are based on historic actual indirect and direct expenses; the rates are different because the federal rate excludes some indirect expenses.

These rates generate a pool of funds that defines the level of funding for support services based on the past experience. But since the organization is undergoing significant changes, PDC needs to define the level of support services based on the actual needs of the core organization (in addition to support services that are funded by direct project activities).

In **SECTION V: COMPARATIVE COST ANALYSIS: SUPPORT SERVICES COSTS AND ISSUES**, there are worksheets which outline the service options, findings and recommendations in more detail.

III. ORGANIZATIONAL COMPARISONS

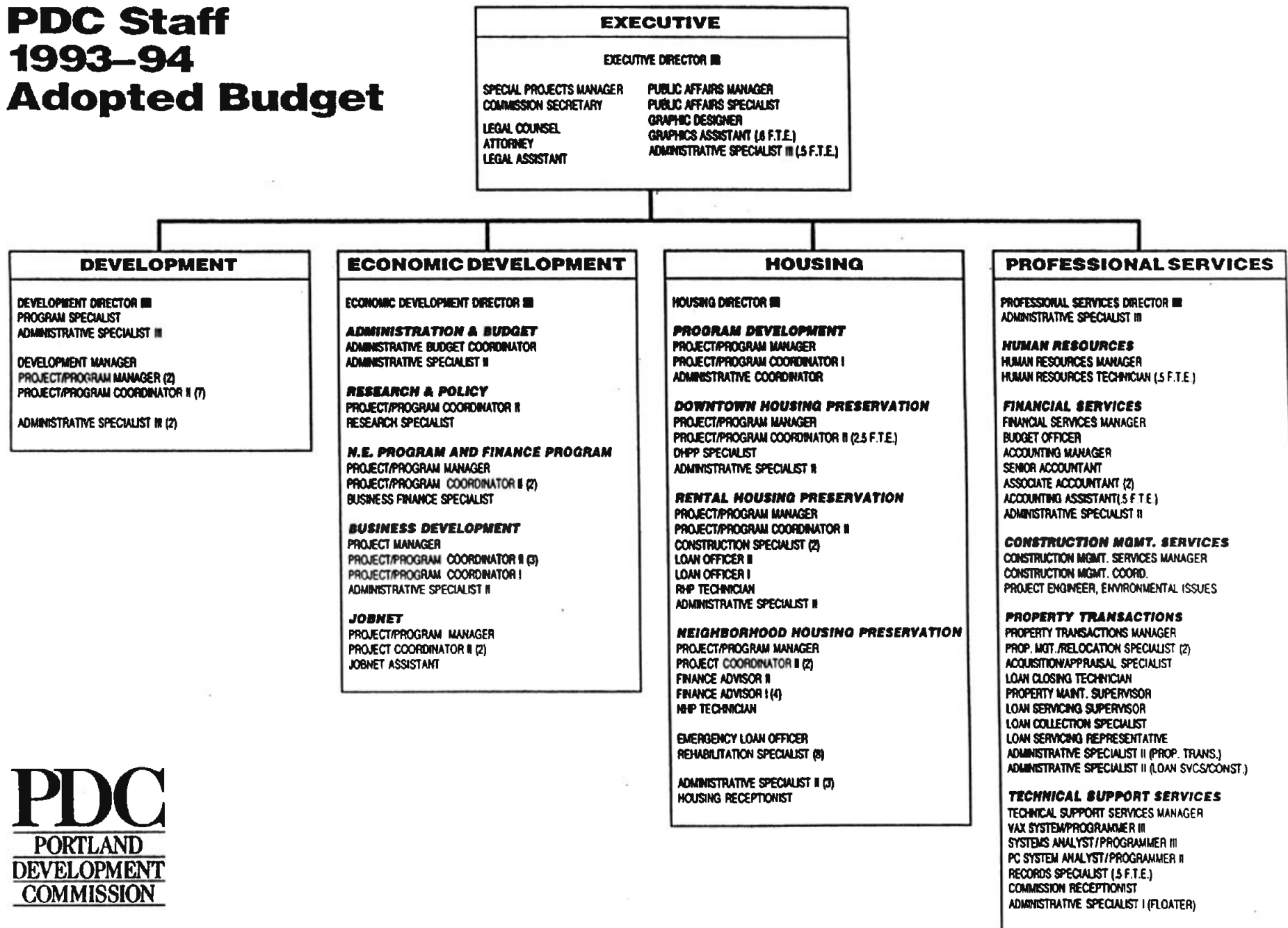
A. Portland Development Commission and City Budget Comparison

In FY1993/1994, the Portland Development Commission has an adopted budget of \$50,000,526 and 115 positions (FTE). Figure 1 is Portland Development Commission's current organizational chart.

To provide a starting point for this analysis, Table 1 shows how Portland Development Commission ranks with other operating City Bureaus by comparing FY1993/94 budgets:

- PDC ranks 11th out of 26 bureaus in total number of employees (FTE).
- PDC has the 11th largest operating budget, with Bureau of Buildings ranked 10th and Emergency Communications at 12th.
- PDC is a distant second largest capital budget at \$39 million. BES ranks 1st with \$94 million. Transportation is 3rd at \$23 million.
- PDC ranks 6th for overall budget at \$50 million, close to Water at \$51 million. General Services is 7th at \$6 million.

PDC Staff 1993-94 Adopted Budget



PDC
PORTLAND
DEVELOPMENT
COMMISSION

■ Management Team Member

TABLE 1
CITY OF PORTLAND AND PORTLAND DEVELOPMENT COMMISSION
Comparison of Operating Budgets and Total Budgets

FY1993/94 Adopted Budget	
Bureau	Bureau Staff (FTE)
RANKING BY ORDER OF BUREAU FTE	
1 Police	1,189
2 Fire	771
3 Office of Transportation	716
4 Water	509
5 Environmental Services	396
6 Parks	279
7 Office of Finance & Admin.	166
8 Buildings	163
9 General Services	161
10 Emergency Communications	128
11 Portland Development Com.	115
12 Planning	59
13 City Auditor	52
14 Mayor/Commissioners Offices	43
15 City Attorney	36
16 Licenses	29
17 Purchases & Stores	17
18 Office of Neighborhood Assoc.	16
19 Housing & Community Dev.	13
20 Refuse Disposal	10
21 Metro Arts Commission	9
22 Energy	6
23 Cable	5
24 Metro Human Rights Com.	5
25 Governmental Relations	4
26 Hydroelectric Power	3

* Includes Personal Services and Materials & Services Costs.
 Also includes General Fund Overhead as an operating cost.

FY1993/94 Adopted Budget		Ratio:
Bureau	Operating* Budget	OPERATING to Bureau FTE
RANKING BY ORDER OF OPERATING BUDGETS		
1 Police	\$83,036,021	\$69,837
2 Office of Transportation	\$61,697,278	\$86,169
3 Fire	\$53,580,981	\$89,495
4 Environmental Services	\$48,655,679	\$122,868
5 Water	\$39,147,649	\$76,911
6 General Services	\$34,160,308	\$212,176
7 Parks	\$25,892,056	\$92,803
8 Housing & Community Dev.	\$22,634,032	\$1,741,079
9 Office of Finance & Admin.	\$14,241,058	\$85,790
10 Buildings	\$11,805,352	\$72,425
11 Portland Development Com.	\$10,779,359	\$93,734
12 Emergency Communications	\$8,737,459	\$69,345
13 Planning	\$4,444,182	\$75,325
14 City Auditor	\$3,578,349	\$68,814
15 Refuse Disposal	\$3,316,001	\$331,600
16 Mayor/Commissioners Offices	\$3,167,456	\$73,662
17 City Attorney	\$3,006,844	\$83,523
18 Office of Neighborhood Assoc.	\$2,480,482	\$155,030
19 Licenses	\$1,981,973	\$68,344
20 Cable	\$1,311,108	\$262,222
21 Metro Arts Commission	\$1,175,126	\$130,570
22 Purchases & Stores	\$1,107,815	\$65,166
23 Hydroelectric Power	\$484,573	\$161,524
24 Governmental Relations	\$479,354	\$119,839
25 Energy	\$434,601	\$72,434
26 Metro Human Rights Com.	\$294,855	\$58,971

* Includes Personal Services and Materials & Services Costs.
 Also includes General Fund Overhead as an operating cost.

FY1993/94 Adopted Budget		Ratio:
Bureau	TOTAL CAPITAL**	CAPITAL to Bureau FTE
RANKING BY ORDER OF TOTAL CAPITAL BUDGETS		
1 Environmental Services	\$83,753,687	\$236,752
2 Portland Development Com.	\$39,221,167	\$341,054
3 Office of Transportation	\$23,151,892	\$32,335
4 General Services	\$12,648,427	\$78,562
5 Water	\$12,080,000	\$23,733
6 Refuse Disposal	\$5,321,500	\$532,150
7 Parks	\$3,907,961	\$14,007
8 Fire	\$3,874,070	\$5,025
9 Police	\$356,179	\$300
10 City Auditor	\$65,900	\$1,267
11 Purchases & Stores	\$0	\$0
12 Metro Human Rights Com.	\$0	\$0
13 Hydroelectric Power	\$0	\$0
14 Governmental Relations	\$0	\$0
15 Energy	\$0	\$0
16 Cable	\$0	\$0
17 Metro Arts Commission	\$0	\$0
18 Planning	\$0	\$0
19 Licenses	\$0	\$0
20 Office of Neighborhood Assoc.	\$0	\$0
21 City Attorney	\$0	\$0
22 Mayor/Commissioners Offices	\$0	\$0
23 Emergency Communications	\$0	\$0
24 Buildings	\$0	\$0
25 Office of Finance & Admin.	\$0	\$0
26 Housing & Community Dev.	\$0	\$0

** Includes capital and loan budgets

FY1993/94 Adopted Budget		Ratio:
Bureau	TOTAL BUDGET***	TOTAL to Bureau FTE
RANKING BY ORDER OF TOTAL BUDGETS		
1 Environmental Services	\$142,409,366	\$359,620
2 Office of Transportation	\$84,849,170	\$118,504
3 Police	\$83,392,200	\$70,136
4 Fire	\$57,455,051	\$74,520
5 Water	\$51,227,649	\$100,644
6 Portland Development Com.	\$50,000,526	\$434,787
7 General Services	\$48,808,735	\$290,737
8 Parks	\$29,800,017	\$108,810
9 Housing & Community Dev.	\$22,634,032	\$1,741,079
10 Office of Finance & Admin.	\$14,241,058	\$85,790
11 Buildings	\$11,805,352	\$72,425
12 Emergency Communications	\$8,737,459	\$69,345
13 Refuse Disposal	\$8,637,501	\$863,750
14 Planning	\$4,444,182	\$75,325
15 City Auditor	\$3,644,249	\$70,082
16 Mayor/Commissioners Offices	\$3,167,456	\$73,662
17 City Attorney	\$3,006,844	\$83,523
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*** Includes Personal Services, Materials & Services, Capital & Loans Costs, and Overhead Allocations.

B. COMPENSATION COMPARISONS

TABLE 2: "Portland Development Commission Salary Comparison" provides a general overview of how PDC salary ranges (Minimum to Maximum) compare to other positions in the City and other public agencies. PDC, City of Portland, METRO, MERC, Portland Housing Authority and Port of Portland were used in this comparison.

Information from budget documents and compensation/salary plans have been compiled on this table. Position titles and salary ranges were used to group this information to show a very basic comparison. For example, Executive Director positions were grouped to show the range of salaries; then City Managers and others with comparable salary ranges were added to give a perspective on the relation to city salaries. Detailed job descriptions and position responsibilities were not reviewed for this comparison. This analysis also does not take into account the number of steps within each of salary range and the average tenure required to reach the top of the range.

Table 2 shows that PDC salary ranges are typically greater than the City ranges. PDC's minimum salary ranges tend to start a little lower than the City's. But PDC's maximum top of the salary range is consistently higher than the City's max. PDC's salary ranges have recently been updated based on market data collected to develop PDC's Compensation/Performance Management System.

In the event that this difference would need to be resolved, personnel and compensation specialists would make a more complete analysis based on job class, descriptions, responsibilities, etc.

C. STAFFING LEVELS AND SPAN OF CONTROL ISSUES

Review of PDC, BGS, Buildings and OFA management and staff levels show that PDC's span of control ratios currently fall in-line with OF&A. Table 8 shows the ratios between line staff, managers and administrators.

TABLE 2
PORTLAND DEVELOPMENT COMMISSION
SALARY COMPARISON

POSITION	Salary/Month	PDC		City of Portland		METRO and MERC		Housing Authority of Portland		Port of Portland	
		Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Executive Director				OF&A Director Parks & Rec Dir Water Dir Transportation Dir Environ Services Dir		MERC General Mgr \$74,856 \$116,976 Exec. Office Administratr \$59,905 \$87,278				Executive Director \$84,187 \$134,709 Sr. Director/CFO \$76,833 \$122,216	
Department/Bureau Director				Planning Director		MERC Fin/Adm Mgr \$61,440 \$96,000		Development Director Economic Dev Dir Housing Mgt Director \$53,373 \$68,120		Program Dev Engineering Ser \$70,073 \$110,772	
				General Services Dir Emer Comm. Dir		Metro Fin/Mgt Info Sr Dir \$59,905 \$87,278 Financial Planning Dir Program Manager III					
Legal Counsel				City Attorney \$66,622 \$85,176 Ch Dep City Attorney \$60,174 \$76,856		Metro Gen Counsel Admin \$59,905 \$87,278				General Counsel \$70,073 \$110,772	
Attorney				Sr. Deputy Attorney \$57,158 \$73,029		Metro Sr. Asst. Counsel \$46,938 \$68,403		Housing Mgt Counsel \$37,020 \$47,231		Asst. Gen Counsel \$53,158 \$82,531	
Human Resources Manager				Personnel Director \$60,174 \$76,856		Metro Personnel Director \$51,762 \$75,398		Personnel Admin. \$37,020 \$47,231		Employee Rels Mgr \$48,535 \$74,463	

TABLE 2
PORTLAND DEVELOPMENT COMMISSION
SALARY COMPARISON

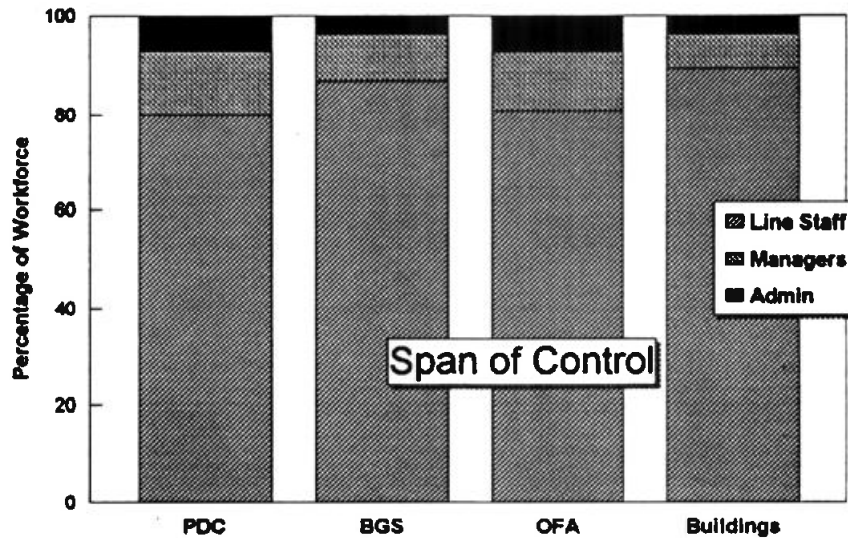
Salary/Month	PDC		City of Portland		METRO and MERC		Housing Authority of Portland		Port of Portland	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Public Information Manager	Public Information Mgr \$43,000	\$64,500	Public Info/Water \$42,016	\$53,685	Metro Sr. Public Affairs Spec. \$34,890	\$49,319	Public Affairs Coord. \$33,512	\$42,804	Marketing Mgr \$44,320	\$67,959
Construction Mgt Services Mgr	Construction Mgt Service \$43,000	\$64,500	Chief Engineer \$57,158	\$73,029					Construction Mgr \$48,535	\$74,463
Property Transaction Manager	Property Trans. Mgr \$43,000	\$64,500	Sr. Facilities Maint Mgr \$39,915	\$51,022			Maint Superintendent \$41,864	\$53,432	Facilities Maint Mgr \$44,320	\$67,959
Project Coordinator	Project Coordinator (Over 2 Ranges) \$33,100	\$55,700	Sr. Financial Analyst \$39,915	\$51,022	Program Mgr I Metro Prog Supervisor \$36,791	\$53,620	Housing Program Mgr \$39,839	\$50,864	Dev Project Mgr \$33,688	\$50,704
			Program Mgr II Human Resources Coord. \$42,016	\$53,685						
Senior Accountant	Sr. Accountant \$26,200	\$38,000	Sr. Accountant \$30,347	\$37,066	Metro Sr. Accountant \$31,654	\$44,537	Sr. Accountant \$31,090	\$39,672	Accountant III \$27,956	\$41,545
System Analyst/Programmer	Analyst Programmer III \$33,100	\$48,000	Programmer Analyst \$36,046	\$46,010	Metro DP System Analyst \$33,220	\$46,771	System Administrator \$37,020	\$47,231	Info Services Supvr \$25,591	\$37,765
Associate Accountant	Associate Accountant \$21,700	\$34,200	Associate Accountant \$23,234	\$32,386	Metro Accountant \$25,422	\$32,448	Accountant \$26,810	\$34,201	Accountant I \$23,286	\$34,156
Executive Secretary	Commission Secretary \$23,900	\$34,200	Admin Secretary \$26,478	\$33,842	Metro Admin Assistant \$23,615	\$33,220	Admin Assistant \$26,184	\$33,429		

TABLE 8

**PORTLAND DEVELOPMENT COMMISSION
Span-of-Control Comparisons**

NUMBER OF EMPLOYEES	PDC	BGS	OFA	Bldgs
Line Staff	92	140	135	146
Managers	15	15	20	11
Administrators	8	6	12	6
TOTAL	115	161	167	163

Percent of Total Workforce	PDC	BGS	OFA	Bldgs
Line Staff	80%	87%	81%	90%
Managers	13%	9%	12%	7%
Administrators	7%	4%	7%	4%
TOTAL	100%	100%	100%	100%



IV. SUPPORT SERVICES

A. Organizational Structure of Support Services

Portland Development Commission's Executive and Central Services provide support services to the three program areas: Revitalization (Development), Economic Base and Jobs (Economic Development), and Affordable Housing Programs.

Central Support Services include:

Executive

- Executive Director's Office
- Legal Counsel
- Public Affairs

Professional Services

- Human Resources
- Financial Services
- Construction Management & Engineering
- Property Transaction
 - Property Management
 - Acquisition & Appraisal
 - Loan Servicing

Technical Support

- Info Systems/Computer Services
- Records Management

In addition to the Central Support Services, there are positions which provide support services. These positions provide financial and budgeting services, clerical and administrative functions, and personnel functions for their program areas. This analysis focuses on the "Central" support service groups and does not include program area support positions.

B. Central Support Services are funded in two ways:

- As a direct charge for specific project-related activities.
- Through the Indirect Pool Fund - via an administrative overhead charge which is allocated to all program areas through an indirect cost rate.

Table 3 and graph breakdowns Portland Development Commission's FY1993/94 Budget to compare Direct Project-Related funding versus Indirect/Overhead funding.

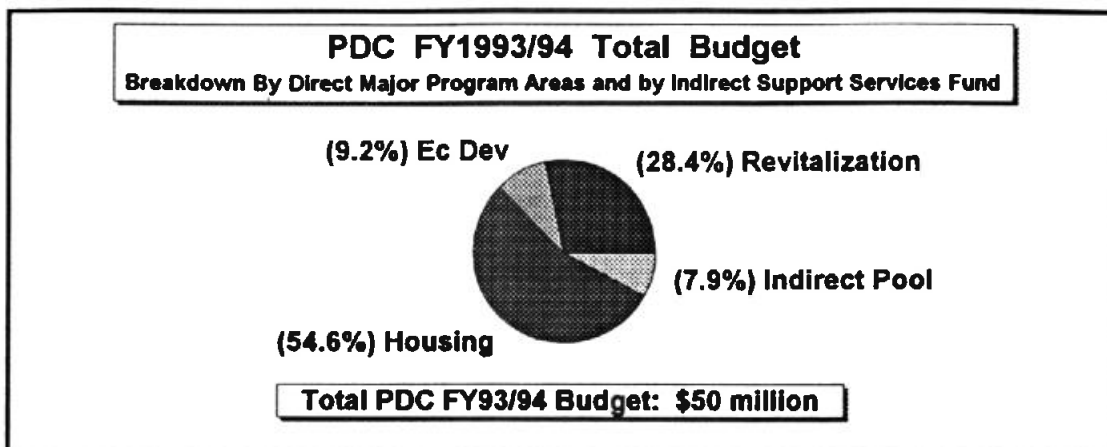


TABLE 3
PORTLAND DEVELOPMENT COMMISSION
Breakdown of FY 1993/94 Budget By Direct and Indirect Funding

Department	TOTAL BUDGET FY93/94	FUNDING SOURCES:			
		Direct Project Funding From Major Program Areas			Funded Thru Overhead/ Indirect Allocation*
		Revitalization	Economic Base & Jobs	Affordable Housing	
PROGRAM DEPARTMENTS					
Development Dept.	\$12,868,256	\$12,769,934	\$73,703	\$20,965	\$3,654
Economic Develop. Dept.	\$4,373,648		\$4,373,648		
Housing Dept.	\$26,396,160			\$26,396,160	
Total Program Staff	\$43,638,064	\$12,769,934	\$4,447,351	\$26,417,125	\$3,654
CENTRAL SERVICES					
Executive Services					
Executive Office	\$280,480	\$20,971	\$11,331		\$248,178
Public Affairs	\$292,148	\$49,468	\$44,489	\$56,668	\$141,523
Legal	\$232,847	\$129,344	\$7,951	\$49,810	\$45,742
Professional Services					
Prof. Services Admin	\$122,852	\$1,069			\$121,783
Human Resources	\$143,947				\$143,947
Financial Services	\$1,796,316	\$48,026	\$3,196	\$251,168	\$1,493,926
(Accounting, Payroll, Budget and Debt Mgt)					
Construction Mgt/Eng	\$229,634	\$153,138	\$3,537	\$58,321	\$14,638
(Construction and Environ. Coordination)					
Property Transactions	\$2,458,805	\$1,005,449	\$42,426	\$415,118	\$995,812
(Real Estate Acquisition, Appraisal, Relocation, Property Mgt, Loan Servicing)					
Technical Services	\$805,433	\$7,825	\$16,839	\$54,432	\$726,337
(Info/Computer Services, Records Mgt, Purchasing, Receptionist)					
Total Central Services FTE	\$6,362,462	\$1,415,290	\$129,769	\$885,517	\$3,931,886
% of Central Services	100%	22%	2%	14%	62%
TOTAL FY1993/94 BUDGET -	\$50,000,526	\$14,185,224	\$4,577,120	\$27,302,642	\$3,935,540
Percent of Total	100.0%	28.4%	9.2%	54.6%	7.9%
Staff, Materials and Services, Capital, Loans, GF Overhead					

* Overhead/Indirect Allocation: These costs are allocated to various funds based on PDC's indirect rates:
for federal funds 27.2% and for other funds 58.8% (multiplied times direct staffing and materials and services).

Of the total \$50 million budget:

- 7.9% is funded through the Indirect Pool
- 54.6% is funded by Housing projects
- 28.4% is funded directly by Revitalization projects
- 9.2% is funded directly by Economic Development projects

Table 4 and graph shows the breakdown of current Portland Development Commission staffing (FTE) into Direct Project-Related staffing and Central Services staffing which is allocated as indirect overhead.

Out of 115 FTE positions:

- 22.7% is funded through the Indirect Pool
- 41.0% is funded by Housing projects
- 17.9% is funded directly by Revitalization projects
- 18.4% is funded directly by Economic Development projects

- 1) Direct Project-Related activities. These activities are included as part of the direct project workplan and budget.

To determine what will be budgeted as direct project costs, project work programs and timelines are presented to support service departments as the first step in the Portland Development Commission budget process. Project staff also present the level of support services they think will be required in FTE estimates over a specific project timeframe. Support services develop their estimates based on this information; if project and support staff have different estimates, they are required to negotiate and come to an agreement before budgets can be finalized.

During the year support services charge their actual time spent to project; they are not to simply charge the budgeted level. Support services that are being charged to a project are monitored by both the Project staff (to stay within project budget) and by Financial Services (to make sure there are adequate funds in the Support Service Fund).

- 2) Through an administrative overhead charge which is allocated to all program areas through an indirect cost rate. (Indirect Pool Fund)

Support Services which are not funded through direct projects are funded through a new Indirect Pool fund that was set up in FY1993/94. The Indirect Pool collects revenue from operating funds based on indirect rates and direct personnel, materials and services costs.

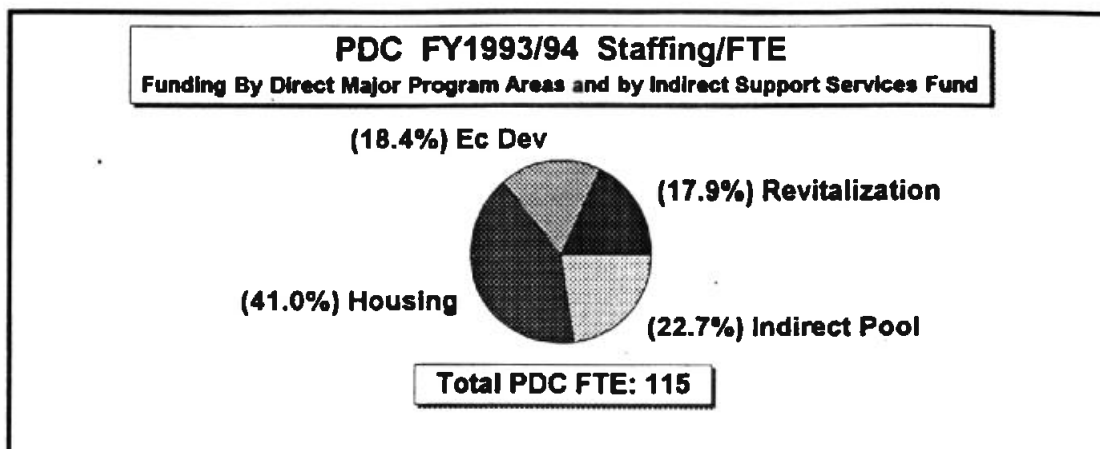


TABLE 4

PORTLAND DEVELOPMENT COMMISSION
Breakdown of Staffing (FTE) by Major Program Area and Central Support Services
As Per FY 1993/94 Adopted Budget

Department	TOTAL FY93/94 STAFF (FTE)	FUNDING SOURCES:			
		Direct Project Funding From Major Program Areas			Funded Thru Overhead/ Indirect Allocation*
		Revitalization	Economic Base & Jobs	Affordable Housing	
PROGRAM DEPARTMENTS					
Development Dept.	15.00	14.04	0.65	0.27	0.04
Economic Develop. Dept.	18.00		19.00		
Housing Dept.	39.50			39.50	
Total Program Staff	73.5	14.04	19.65	39.77	0.04
CENTRAL SERVICES					
Executive Services					
Executive Office	3.00	0.24	0.13		2.63
Public Affairs	4.00	0.74	0.69	0.82	1.75
Legal	3.00	1.56	0.11	0.79	0.54
Professional Services					
Prof. Services Admin	2.00	0.03			1.97
Human Resources	1.50				1.50
Financial Services	7.50	0.17	0.04	0.05	7.24
(Accounting, Payroll, Budget and Debt Mgt)					
Construction Mgt/Eng	3.00	2.10	0.05	0.80	0.05
(Construction and Environ. Coordination)					
Property Transactions	11.00	1.61	0.25	4.41	4.73
(Real Estate Acquisition, Appraisal, Relocation, Property Mgt, Loan Servicing)					
Technical Services	6.50	0.06	0.27	0.56	5.61
(Info/Computer Services, Records Mgt, Purchasing, Receptionist)					
Total Central Services FTE	41.50	6.51	1.54	7.43	26.02
% of Central Services		16%	4%	18%	63%
TOTAL PDC STAFFING (FTE)	115.00	20.55	21.19	47.20	26.06
Percent of Total	100.0%	17.9%	18.4%	41.0%	22.7%

* Overhead/Indirect Allocation: The costs of these positions are allocated to various funds based on PDC's indirect rates: for federal funds 27.2% and for other funds 58.8% (multiplied times direct staffing and materials and services).

C. Indirect/Overhead rates

Calculations:

- For Federal Funds, the rate from the HUD-approved indirect allocation plan is used. This rate is based on actual expenditures made for specific approved functions as a percentage of total actual program expenditures. For FY 1993/94 budget, the federal fund rate was 27.2%.

In FY1993/94, PDC's federal indirect rate of 27.2% ranked in the upper half of the range for City Bureaus. The high was Water Bureau 40.18% and the low was the Office of Neighborhood Associations at 2.24%. The Bureau of Housing and Community Develop was at 19.0%

Not all Portland Development Commission administrative functions are eligible for federal indirect allocations. Not allowed were administrative costs related to: Development, Construction & Eng., Relocation, Budget and Financial Planning, Debt Management, Public Affairs, and Executive Director's Office.

For FY94/95 it is 23.5%. Table 5, prepared by PDC, shows how the 23.5% was calculated.

- For most other program funds, the indirect rate is based on last year's actual support services expenditures for personal services and materials and services as a percent of direct personal services and materials and services. For FY 1993/94, 91/92 actuals were used; the FY 1993/94 rate was 58.8% For FY1994/95, 92/93 actuals are used; the FY1994/95 rate is 47.0%.

Table 6, prepared by PDC, shows how the 47% was calculated.

Table 7, also prepared by PDC, shows trend analysis for Indirect Costs:

As a percent of Total Budget

As a percent of personal services and materials and services

As a percent of direct personal services and materials and services

As a percent of staffing

- For some projects (such as the Oregon Arena project), indirect overhead rates are calculated based on some specific parameters. These rates have minimal impact on the overall Indirect Pool fund.

D. Indirect Pool Fund

In FY 1993/94, an Indirect Pool Fund was established to manage the funds allocated to indirect support services.

PORTLAND DEVELOPMENT COMMISSION
CONSOLIDATED LOCAL CENTRAL SERVICE COST
ALLOCATION PLAN AND INDIRECT COST PROPOSAL
FOR THE YEAR ENDED JUNE 30, 1993

TABLE 5

DESCRIPTION	SALARIES & WAGES	MATERIALS & SERVICES	SUB TOTAL	ADJ TO DIRECT	NOT ALLOWED	NET TO INDIR POOL
INDIRECT COST POOL (1): Central Services:						
17910 Development Admin	131,352	25,822	157,174	0	(157,174)	0
27910 Econ Dev Admin	36,289	28,159	64,448	(15,000)	0	49,448
37910 Gen Admin Hsg	73,438	10,684	84,120	(5,000)	0	79,120
47010 Admin Svcs	148,594	515,061	663,655	(274,284)	0	389,371
47110 Computer Svcs	180,099	167,725	347,824	0	0	347,824
47210 Human Resources	192,881	51,280	244,141	(2,000)	0	242,141
47310 Real Estate Svcs	91,477	11,898	103,373	0	0	103,373
47410 Const Mgt & Eng	69,163	8,200	77,363	0	(77,363)	0
47510 Relocation Services	9,545	0	9,545	0	(9,545)	0
47610 Property Mgmt	86,448	3,919	90,367	0	0	90,367
47710 Records Mgmt	31,295	1,270	32,565	0	0	32,565
47810 Loan Svcs	145,008	37,138	182,144	0	0	182,144
47910 Operations Admin	125,463	47,162	172,625	(30,000)	0	142,625
57110 Budget & Fin Plan	74,202	130,234	204,436	0	(204,436)	0
57150 Debt Management	32,192	57,814	90,006	0	(58,381)	33,625
57160 Fin Analysis	2,579	0	2,579	0	0	2,579
57180 Loan Origination	3,351	0	3,351	0	0	3,351
57210 Payroll	37,894	5,868	43,762	0	0	43,762
57240 Accounts Payable	37,108	2,875	39,983	0	0	39,983
57310 Cash Receipts	15,283	96,216	111,499	0	(96,216)	15,283
57350 Grant & Cntrct Actg	6,438	29,699	36,137	0	0	36,137
57410 Reporting	54,151	14,358	68,509	0	0	68,509
57510 Auditing	33,620	36,279	69,899	0	0	69,899
57810 Fixed Assets	1,175	0	1,175	0	0	1,175
57910 Fin Svcs Admin	103,445	9,315	112,760	(5,000)	0	107,760
67010 Public Relations Network	4,409	581	4,990	0	(4,990)	0
67605 Business Recruitment	22,284	29,131	51,415	0	(51,415)	0
67645 Research	7,715	3,521	11,236	0	(11,236)	0
67910 Pub Affairs Admin	141,458	88,192	229,650	0	(229,650)	0
97510 Legal Svcs	54,991	15,236	70,227	0	(70,227)	0
97910 Exec Dept Admin	362,385	107,469	469,854	0	(469,854)	0
Total	2,315,730	1,535,082	3,850,812	(331,284)	(1,438,487)	2,081,041

TOTAL COST BASE (2):

Summary all depts/funds	7,325,198	3,603,127	10,928,325	14,531,452	0	10,928,325
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INDIRECT COST RATE COMPUTATION

Eligible Indirect Costs	2,081,041	23.5%
Total minus Indirect (3)	8,847,284	

(1) Source GLSCFYSSPECS:ACTMP.REP 1992-93 18-Nov-93

(2) Source GLSCYRSPECS:COM:OOTB TO PRODUCE SUM.REP 2-OCT-93
Final 6/30/93 report

(3) The denominator is Total Pers Svcs plus Total Materials & Services
minus eligible Indirect Pers Svcs and Indirect Materials & Services

PORTLAND DEVELOPMENT COMMISSION
AGENCY-WIDE INDIRECT COST RATE
FOR THE YEAR ENDED JUNE 30, 1993

TABLE 6

DESCRIPTION	SALARIES & WAGES	MATERIALS & SERVICES	SUB TOTAL	ADJ TO DIRECT	NOT ALLOW	TOTAL
INDIRECT COST POOL (1): Central Services:						
17910 Development Admin	131,352	25,822	157,174	(10,000)	0	147,174
27910 Econ Dev Admin	36,289	28,159	64,448	(15,000)	0	49,448
37910 Gen Admin Hsg	73,436	10,684	84,120	(5,000)	0	79,120
47010 Admin Svcs	148,594	515,061	663,655	(274,284)	0	389,371
47110 Computer Svcs	180,099	167,725	347,824	0	0	347,824
47210 Human Resources	192,881	51,260	244,141	(2,000)	0	242,141
47310 Real Estate Svcs	91,477	11,896	103,373	0	0	103,373
47410 Const Mgt & Eng	69,163	8,200	77,363	0	0	77,363
47510 Relocation Services	9,545	0	9,545	0	0	9,545
47610 Property Mgmt	86,448	3,919	90,367	0	0	90,367
47710 Records Mgmt	31,295	1,270	32,565	0	0	32,565
47810 Loan Svcs	145,008	37,136	182,144	0	0	182,144
47910 Operations Admin	125,463	47,162	172,625	(30,000)	0	142,625
57110 Budget & Fin Plan	74,202	130,234	204,436	0	0	204,436
57150 Debt Management	32,192	57,814	90,006	0	0	90,006
57160 Fin Analysis	2,579	0	2,579	0	0	2,579
57180 Loan Origination	3,351	0	3,351	0	0	3,351
57210 Payroll	37,894	5,868	43,762	0	0	43,762
57240 Accounts Payable	37,108	2,875	39,983	0	0	39,983
57310 Cash Receipts	15,283	96,216	111,499	0	0	111,499
57350 Grant & Cntrct Actg	6,438	29,699	36,137	0	0	36,137
57410 Reporting	54,151	14,358	68,509	0	0	68,509
57510 Auditing	33,620	36,279	69,899	0	0	69,899
57810 Fixed Assets	1,175	0	1,175	0	0	1,175
57910 Fin Svcs Admin	103,445	9,315	112,760	(5,000)	0	107,760
67010 Public Relations Network	4,409	581	4,990	0	0	4,990
67605 Business Recruitment	22,284	29,131	51,415	0	0	51,415
67645 Research	7,715	3,521	11,236	0	0	11,236
67910 Pub Affairs Admin	141,458	88,192	229,650	(5,000)	0	224,650
97510 Legal Svcs	54,981	15,236	70,227	(2,000)	0	68,227
97810 Diversity Issues	0	0	0	0	0	0
97910 Exec Dept Admin	362,385	107,469	469,854	(7,143)	0	462,711
Total	2,315,730	1,535,082	3,850,812	(355,427)	0	3,495,385

TOTAL COST BASE (2):

Summary all depts/funds	7,325,198	3,603,127	10,928,325	14,531,452	0	10,928,325
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INDIRECT COST RATE COMPUTATION

Eligible Indirect Costs	3,495,385	47.0%
Total minus indirect (3)	7,432,940	

(1) Source GLSCFYSSPECS:ACTMP.REP 1992-93 12-Oct-93

(2) Source GLSCFYSSPECS.COM 00TB TO PRODUCE SUM REP 2-OCT-93

Final 6/30/93 report

(3) The denominator is Total Pers Svcs plus Total Materials & Services
minus eligible Indirect Pers Svcs and Indirect Materials & Services

PORTLAND DEVELOPMENT COMMISSION
INDIRECT TREND ANALYSIS

TABLE 7

	Actual 1990-91	Actual 1991-92	Actual 1992-93	Adopted Budget 1992-93	Revised Budget 1992-93	Adopted Budget 1993-94	Revised Budget 1993-94	Proposed Budget 1994-95
PERCENT OF TOTAL BUDGET								
Indirect Costs	3,915,049	4,432,831	3,850,807	5,167,759	4,529,918	2,621,533	2,621,533	2,233,224
Total Commission	33,861,835	35,607,841	34,408,949	62,235,946	58,124,328	50,234,882	55,627,071	49,177,782
% Indirect of Total Budget	11.56%	12.45%	11.19%	8.30%	8.07%	5.22%	4.71%	4.54%
PERCENT OF PERSONAL SERVICES AND MAT'L & SERVICES								
Indirect Costs	3,915,049	4,432,831	3,850,807	5,167,759	4,529,918	2,621,533	2,621,533	2,233,224
Total Personal Services and Material & Services	11,037,207	11,968,831	10,862,183	12,955,811	12,510,138	11,478,020	14,397,278	11,451,062
% Indirect of Pers Svcs & M.S.	35.47%	37.04%	35.45%	39.89%	36.21%	22.84%	18.21%	19.50%
PERCENT OF DIRECT PERSONAL SVCS AND MAT'L SVCS								
Indirect Costs	3,915,049	4,432,831	3,850,807	5,167,759	4,529,918	2,621,533	2,621,533	2,233,224
Direct Pers Svcs and Mat'l Svcs	7,122,158	7,536,000	7,011,366	7,788,052	7,980,220	8,856,487	11,775,746	9,217,838
% Indirect of Direct	54.97%	58.82%	54.92%	66.36%	56.76%	29.60%	22.26%	24.23%
PERCENT OF STAFFING								
Indirect FTE's	43	43	38	47	41	21	21	21
Total Commission FTE's	129	134	129	139	122	113	113	135
% Indirect of Staffing	33.47%	32.10%	29.84%	33.56%	33.61%	18.58%	18.58%	15.52%

Note: Budget 1994-95 excludes add packages.
Indirect Costs exclude internal equipment use charge.
Actual FTE derived from timecard history file.

1. Indirect Pool Revenues:

- Funds pay the Indirect Pool based on their indirect rate times personnel costs and materials and services.
- The Indirect Pool budget is based on program fund's budgets. Actual revenues to the Indirect Pool are based on actual expenses in the program fund.

2. Balancing the Indirect Pool Fund:

The Indirect Pool revenues establish the level of funding for support services. If the total amount of support services being proposed for funding from the Indirect Pool (or what is left of their budgets after deducting the project funded services) is greater than the Indirect Pool revenues, then support services are cut to balance the budget.

In FY 1993/94, this resulted in support services staff reductions of about 20 (filled and vacant). The reductions were made as a collaborative effort, in that across-the-board cuts were not made in all support services. Specific areas were looked at and service implications analyzed.

3. Monitoring of Actual Support Service Charges:

Support Service charges are closely monitored by both project staff and Financial Services. If a project that a Support Service group was to work on is delayed or doesn't happen, there will be a greater load on the Indirect Pool. If a project is using more support services than it had anticipated, then there will be a problem with project overexpenditures.

If there is a problem with overhead actual charge trends, the Indirect Pool revenues may not be adequate to cover actual costs. To address the problem, support service cost may need to be subsidized (by Local Funds?) or support service costs cut (probably means staff reductions).

V. SUPPORT SERVICES COMPARATIVE COST ANALYSIS AND ISSUES

This section outlines Support Service Options, general findings, and OF&A recommendations. Services are presented in alphabetical order.

Computer Services:

Central Computer Support

Personal Computer (PC) User and Network Support

Construction Management

Employee Benefits

Financial Services

Fleet Services

General Operating Services

- Distribution
- Copy Services
- Telephone Service
- Office Rental
- Printing Services

Human Resources/Personnel Services

Legal Services

Loan Servicing

Property Acquisition and Relocation

Property/Facility Management

Public Affairs

Purchasing/Contract Administration/EEO Compliance

Records Management

**COMPUTER SYSTEMS:
PERSONAL COMPUTER (PC) USER AND NETWORK SUPPORT
CENTRAL COMPUTER SYSTEM SUPPORT**

PERSONAL COMPUTER (PC) USER AND NETWORK SUPPORT

FINDINGS:

- PDC PC network supports E-Mail, electronic calendar, bulletin board, training schedules and file transfer capacity to 128 PC's (on- and off-site). These systems are used extensively throughout the organization. PDC has assigned 3.45 FTE to these services. Support includes basic training, on-site Help line assistance and network maintenance.
- User support available through "Hot Line"; quick on-site assistance available.
- In comparing PDC PC User Support and Network Support with the Bureau of Buildings which has 120 PC's in the network:
PDC has 3.45 FTE; Buildings has 2.00 FTE internal staff plus about a third of an FTE through OF&A Central Computer Services.
- Private vendor, Digital, provided a rough quote for "full" support services at \$167,000/year. This provides an engineer on call and remote help desk support; on-site assistance would be minimal. PDC currently budgets \$300,218 for PC user and network support; this includes Commission-wide costs for PC maintenance and software which is not included in vendor's quote.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

PDC may need to adjust staffing if number of PC's supported is reduced due to the definition of core organization and programs.

OPTION 2: City Bureaus provide services to PDC.

OF&A Computer Services estimates that at least two FTE would need to be assigned to support the PC network and loan servicing. City services also include a Help Desk and on-site assistance.

PERSONAL COMPUTER (PC) USER AND NETWORK SUPPORT (Cont'd)

Like other bureaus, PDC could continue to run its current PC network applications. Bureaus, like Buildings, use their own staff and Computer services staff for network support.

OPTION 3: Services provided by outside contractors.

Based on Digital's response, there are private vendors who can provide these services to PDC.

RECOMMENDATIONS:

- ♦ Review contracting support services with either City or outside vendor against PDC costs for possible savings and efficiencies.
- ♦ If is necessary to reduce staff to fit core organization and programs, PDC may need to review user support "standards" such as one-hour response time.

CENTRAL COMPUTER SERVICES

FINDINGS:

- PDC's VAX mini-computer runs customized and integrated financial modules: accounting, budget, loan servicing, records management/archives, and personnel systems. It also supports PC network.
- Integrated financial modules and network applications are extensively used throughout the organization as part of routine operations.
- Several bureaus maintain their own separate central computers and staff but also contract with OF&A Computer services for system support.
- The City and PDC main computers are located together, making it accessible to City staff to provide support.
- PDC financial modules written in ADMINS computer language. City staff would be required to have working knowledge of this language to provide programming support.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

PDC may need to adjust staffing to fit core organization and programs.

OPTION 2: City Bureaus provide services to PDC.

OF&A Computer services could provide support to PDC's main computer system.

OPTION 3: Services provided by outside contractors.

There are outside agencies that could provide user support. Digital's rough quote for full support with a remote Help Desk is less than PDC's current cost but more than OF&A central services costs.

CENTRAL COMPUTER SERVICES (Cont'd)

RECOMMENDATIONS:

OF&A and PDC computer staff need to work together to determine compatibility and cost/feasibility analysis of several options.

- ♦ PDC contracting with City Computer Services for main computer system support.
- ♦ Integration of two systems; PDC maintains their VAX system with a connection to the City system.
- ♦ Transfer of all PDC VAX computer applications to City's mainframe.

There is a detailed discussion under "Integration of PDC's Financial System with the City's IBIS System".

CONSTRUCTION MANAGEMENT

FINDINGS:

- 75% of PDC Construction Management are funded by direct project activities; 25% are supported through overhead allocations.
- PDC Construction Management group works primarily on Development projects which have traditionally been funded by tax increment.
- General Services provides these services citywide. Several Bureaus also maintain their own construction management staffs (Transportation, Water, BES, etc.) or contract out for services.
- PDC's cost of providing this service is lower than General Services rate for project management staff and significantly lower than private contractors. (See Table 9 for details).
- The Rental Housing Program (RHP) maintains staff that provide similar management services for RHP Housing projects. The functions of these two groups within PDC should be reviewed for overlap or duplication of services.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

PDC Construction Management continues to provide construction and engineering project management for major construction projects. PDC may need to adjust staffing to fit core organization and programs.

OPTION 2: City Bureaus provide services to PDC.

BGS Project Management group provides construction, architectural and engineering management services to City bureaus and PDC.

OPTION 3: Services provided by outside contractors.

PDC contracts for outside construction and project management, such as the Oregon Arena Project.

CONSTRUCTION MANAGEMENT (Cont'd)

RECOMMENDATIONS:

- ♦ If specific project funding is reduced, staffing will need to be adjusted and staff added only when project funding is available.
- ♦ Construction Management is a service that could be marketed to other City bureaus. PDC has worked closely with several City bureaus on joint projects. In the past City bureaus have contracted with PDC to provide lead construction management. These revenues would supplement project funding.
- ♦ PDC Construction Management and Development Project Managers normally work as a team on major redevelopment projects. In addition to construction management services, these two groups could develop a Project Management Team whose services could be offered to other City bureaus or public agencies.
- ♦ The Rental Housing Program (RHP) maintains staff that provide similar management services for RHP Housing projects. The functions of these two groups within PDC should be reviewed for overlap or duplication of services.

EMPLOYEE BENEFITS

FINDINGS:

- The City's self insurance plan covers medical, dental, vision, life, supplemental (voluntary life, long term disability, and deferred compensation. PDC provides similar benefits (exceptions noted below).
- A recent review of Portland Development Commission Employee Benefits by the City's Risk Management Division found that:
 - a. Medical and Dental Costs: The City's rates for medical and dental costs are lower than PDC's rate, relative to the level of benefits offered. The City's purchasing power outweighs that of PDC due simply to that fact that PDC "purchases" benefits for 115 employees and the City "purchases" benefits for 5,800 employees.

Comparative Rates:

Medical:	City/Kaiser:	\$137/mo; \$5 co-payment
	PDC/Kaiser:	\$134/mo; \$1 co-payment
	City/CitySelect:	\$149/mo; better benefits
	PDC/PACC:	\$135/mo
Dental:	City/ODS:	\$27.54/mo
	PDC/ODS:	\$28.95/mo
	City/Kaiser:	\$28.20/mo; \$1 co-payment; better benefits
	PDC/Kaiser:	\$26.84/mo; \$5 co-payment

- b. COBRA and Retiree Administration: The City has the systems and processes in place to administer these benefits and meet the legal obligations required.
- c. Deferred Compensation: PDC and the City both have deferred compensation plans. The City utilizes five different investment providers for employees to choose from; PDC offers three providers. The three that the Commission offers are within the five that the City offers.

EMPLOYEE BENEFITS (Cont'd)

ANALYSIS:

OPTION 1: PDC provides all current services.

There appears to be a question as to whether PDC has formally established the deferred compensation program as required by Internal Revenue Code Section 457. PDC and City staff are reviewing this issue.

OPTION 2: City Bureaus provide services to PDC.

There are several advantages for PDC to have the City take on the administration of benefits for PDC employees. Comparing rates indicates that the City can provide a better benefit program at the same or a reduced cost. It has staffing and systems in place to effectively administer and manage COBRA, retirement benefits, and deferred compensation programs.

OPTION 3: Services provided by outside contractors.

The City is self-insured and uses outside vendors as needed. PDC also uses professional carriers.

RECOMMENDATIONS:

- ♦ PDC should provide employee benefits through the City's Risk Management services. The City and PDC need to research issues regarding deferred compensation and complete an analysis of potential cost savings and enhanced benefit options for employees.

FINANCIAL SERVICES

FINDINGS:

- Accounts Payable function was reviewed for this analysis. PDC Financial Services also include central budgeting and financial planning, payroll, auditing and reporting, and debt management.
- In FY93/94, PDC has 7.5 FTE allocated to the Financial Services section. There are also staff in other program and service groups which also assist with accounting, budgeting and financial functions.
- PDC has a computerized on-line financial system currently being used throughout the Commission. A considerable number of the staff have received training and use the system regularly.
- Long-range information system planning indicated a need for system upgrades.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS

OPTION 1: PDC provides all current services.

OPTION 2: City Bureaus provide services to PDC.

Integration with City systems would increase coordination of financial, budget, debt management and auditing/reporting functions. PDC would need to maintain staffing to handle bureau-level functions. Savings could result as a net between increase General Fund overhead costs against staff and computer savings (dependent on the compatibility of systems).

OPTION 3: Services provided by outside contractors.

PDC already contracts out several services such as payroll. Other functions (such as data entry) could possibly be contracted out to another City bureau or outside organization. However, savings might be negligible in contracting that small portion of activity.

A totally separate system outside the City is not an appropriate option because it does not address the central issue of better coordination and integration of systems.

FINANCIAL SERVICES (Cont'd)

RECOMMENDATIONS:

♦ INTEGRATION OF PDC'S FINANCIAL SYSTEM WITH THE CITY'S IBIS SYSTEM

This is a major issue for City and PDC financial and computer support service areas. Integration of the systems would improve coordination of systems but depending on the options pursued, there could be significant conversion costs.

City and PDC staffs should review and report back to Council by June 30, 1994 regarding the options of integrating computerized financial systems for possible efficiencies and cost savings.

Options include but not limited to:

- Complete transfer of PDC systems to the City's mainframe computer;
 - Like several other bureaus, PDC to maintain its own central computer with internal management systems and connection into the IBIS system; or
 - PDC to continue to maintain a separate system.
-
- #### **♦ Areas where PDC should look to City bureaus to assist or provide services:**
- Payroll. Review feasibility and cost of City Payroll processing PDC payroll (PDC currently uses an outside contractor).
 - Review possible cost savings and efficiencies to increase coordination of audit and CAFR activities.
-
- #### **♦ Major upgrades of the financial and computer systems should be postponed until integration options have been reviewed.**

FLEET SERVICES

FINDINGS:

- PDC maintains ten vehicles at an estimated cost of about \$50,000. This cost includes funding a replacement reserve which PDC does not currently have. BGS Fleet Services rates for 10 similar vehicles to PDC range from \$24,000 to \$30,000. The BGS difference is based on the model of car that is used for general staff use.
- PDC switched from City Fleet servicing for the cars to private servicing several years ago for quicker service at a lower cost. BGS says that on an individual car basis, private servicing may cost less. But on a fleet-wide basis, City Fleet services costs are lower.
- If PDC were to change to the City Fleet system, their current cars could be transferred to BGS and leased back to PDC. Also older vehicles would have priority for replacement.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

- OPTION 1:** PDC provides all current services. PDC owns and maintain 10 car fleet. PDC may need to adjust to fit core organization and programs.
- OPTION 2:** City Bureaus provide services to PDC. PDC to lease cars from BGS Fleet services.
- OPTION 3:** Services provided by outside contractors. Private fleet services may be available but probably not at a cost lower than City Fleet rates.

RECOMMENDATIONS:

- ♦ PDC's fleet needs should be evaluated to see if ten vehicles are still required. A full cost analysis, including replacement funding, should be completed.
- ♦ Based on updated vehicle requirements and detailed cost analysis, BGS Fleet services should be considered. If PDC wants to use the same cars, they could lease back their current vehicles and would be able to get rid of older vehicles.

GENERAL OPERATING SERVICES

FINDINGS:

Distribution:

- PDC currently uses the City's mail distribution service. They also use private messenger delivery services. Since cutting a staff messenger position in FY1993/94, PDC's messenger delivery costs have increased significantly.

Copy Services:

- PDC owns most of their copiers and contracts for maintenance. Ave. maintenance costs per copier is \$1,860 annually based 310,000 copies, or \$.006 per copy. This does not include the costs of supplies, replacement or staff/ administrative overhead costs..
- City Copy Services leases copiers to city bureaus at a rate of \$.0330 for a full service copier. This rate includes maintenance, supplies, and replacement, and overhead.

Telephone Systems and Services:

- PDC is part of the City's existing telephone system and is billed like a city bureau.

Office Rental Costs:

- PDC leases office space in the Portland Building at a rate of \$16.04/sq. foot.

See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS / RECOMMENDATIONS:

Distribution:

- ♦ Continue to use City distribution system. Monitor use of special delivery services for possible areas for cost savings and efficiencies.

Copy Services:

- ♦ PDC to complete a cost study to determine their copiers' actual full cost per copy. Leasing copiers from BGS Duplication service should be considered for cost efficiencies.

GENERAL OPERATING SERVICES (Cont'd)

Telephone Systems and Services:

- ♦ Continue use of City system. If City gets an improved cellular phone service agreement, PDC should also use this arrangement.

Office Rental Costs:

- ♦ If PDC staffing level continues to change, they should reduce office space leased from City in the Portland Building. Also if relocation to a new location is considered, moving and start-up costs should be fully costed.

Printing Services:

- ♦ City printing standards should be applied to PDC print jobs to ensure cost efficiencies. Also PDC should have the City Printing services regularly bid on print jobs.

HUMAN RESOURCES / PERSONNEL SERVICES

FINDINGS:

- PDC currently has 1.5 FTE assigned to Human Resources functions. As a measure of basic support, comparison of personnel FTE as a ratio of total employees shows that PDC is within the range of comparable bureaus and outside agencies.
- PDC Human Resources budget per Employee is higher than the bureaus and outside agencies reviewed.
- PDC contracts with outside vendors for: training, compensation design and market studies, and affirmative action compliance.
- PDC recently developed of a comprehensive Compensation and Performance Management system. The first round of evaluations were done in November.
- The City's civil service system provides a strict hiring/recruitment structure. PDC sees the City's system as less flexible and much more time consuming than the PDC system.
- There are Human Resources/Personnel services issues discussion under "Employee Benefits".
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

In addition to the central Human Resources FTE, staff in all other PDC departments also perform general administrative personnel functions. PDC may need to adjust staffing to fit core organization and programs.

OPTION 2: City Bureaus provide services to PDC.

OF&A/Personnel provides centralized personnel services. Bureaus pay for these services through General Fund overhead allocations. Under the City's personnel system, PDC would still provide general administrative personnel functions.

HUMAN RESOURCES / PERSONNEL SERVICES (Cont'd)

OPTION 3: Services provided by outside contractors.

PDC currently contracts a number of personnel functions.

RECOMMENDATIONS:

PDC can provide enhanced services to its employees by utilizing City services and coordinating with the City's personnel system.

- ♦ Implementation of PDC's Compensation/Performance Management System should be continued.
- ♦ City to provide/assist with services that PDC currently contracts out for:
 - Affirmative action compliance and process. The City can provide an Affirmative Action Officer and process for handling complaints.
 - Training, compensation and market analysis, etc.
- ♦ Under the City's system, PDC would still directly handle recruitment of classifications unique to its operations.

LEGAL SERVICES

FINDINGS:

- PDC Legal Services provide legal support to the Commission. One attorney acts as general counsel and one attorney works primarily on Housing real estate issues. Services include coordination of outside legal counsel contracts and legislative lobbying for the Commission.
- PDC's cost per attorney is similar to the City Attorney's costs; both are generally greater than other public agencies. About 50% of PDC Legal services are funded through direct project activities.
- City Attorney's Office provides legal services to all City bureaus and coordinates all outside legal counsel contracts for bureaus.
- The Office of Governmental Affairs acts as the City's primary legislative lobbyist and liaison. A few other bureaus have internal legislative lobby
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

OPTION 2: City Bureaus provide services to PDC.

With PDC's current project requirements, the City Attorney expects that two attorney positions would be needed. With significant change in the program activities, staffing assignments would be reevaluated.

The City Attorney feels that an advantage to PDC is the access to an expanded pool of expertise.

OPTION 3: Services provided by outside contractors. When projects require additional legal services, services can be contracted from the City Attorney's Office or other outside counsel.

LEGAL SERVICES (Cont'd)

RECOMMENDATIONS:

- ♦ With the loss of tax increment financing and the changing role of urban renewal agencies throughout the state, the need for a lobbying function separate from the Government Relations Office should be reviewed.
- ♦ If project funding is decreased or as core organization is defined, legal services may need to be adjusted. City Attorney services could be contracted as needed.

LOAN SERVICING

FINDINGS:

- PDC Loan Servicing supports housing, economic development and facade loan programs. Half of these services are funded by direct project activities; half is supported by overhead allocations.
- PDC clients for these loans are primarily small businesses or low/moderate income families to which PDC also may also provide financial counseling and personal budget analysis.
- The Auditor's Office provides lien servicing for Buildings (charges & civil penalties), Maintenance (sidewalk repairs), BES (connection fees), LID (Transportation, Sewers, Water). They also service mid-county loans.
- PDC loan servicing follows the same basic steps as the Auditor's lien servicing functions: recording, billing, payment processing and lien/loan processing. The City's lien servicing is a more enforcement-based; PDC services is based on client assistance.
- Banks or other financial institutions may have the capacity to provide these services. PDC surveyed five major local lenders and found only one that services their loans locally.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

PDC's Loan Servicing function is unique in the types of programs that it supports. While the Auditor's Lien Servicing basic activities are similar, PDC's function includes very different customer-orientation.

OPTION 2: City Bureaus provide services to PDC.

The Auditor's lien-servicing function is enforcement-based in contract to PDC's assistance-based customer services.

LOAN SERVICING (Cont'd)

OPTION 3: Services provided by outside contractors.

Local financial institutions may have the capacity to perform the basic loan servicing function. But PDC feels that it is important that loans be serviced locally due to the customer assistance nature of their loans.

RECOMMENDATIONS:

- ♦ Adjust staffing to fit funding levels and core programs. Add staff when project funding is available.
- ♦ If the City expands partnerships with community-based organizations, PDC may be able to market loan servicing support to those organizations. Additional revenues can be used to supplement funding in order to keep staff until project funding is available.
- ♦ PDC's loan servicing module is part of PDC's financial system. Feasibility of transferring PDC's loan servicing module to City computers should be included in the financial systems analysis.

PROPERTY ACQUISITION AND RELOCATION SERVICES

FINDINGS:

- PDC is the only agency in the City which provides relocation services in accordance with federal relocation regulations. PDC is currently on contract with City bureaus and the federal government for these services.
- General cost comparisons show that PDC (\$47/hr) is about equivalent to BGS (\$46/hr plus 4% for General Fund overhead) rates.
- PDC has one certified residential appraiser on staff; PDC contracts out for review/second appraisals. BGS contracts out for all appraisal services.
- Although General Services provides these services citywide, some bureaus choose to maintain their own property acquisition staff.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

- PDC provides property acquisition and relocation services primarily for Housing and Development program areas. Services include appraisals and loan closings. Currently, about half of these services are funded through direct project activities; half are supported through overhead allocation.

OPTION 2: City Bureaus provide services to PDC.

- BGS Property Management staff provides central real estate acquisition services only; no relocation capability. Bureaus pay for these services through hourly rates and interagency agreements.

OPTION 3: Services provided by outside contractors.

- There is currently only one private company able to provide federally-funded relocation services. Also, the Oregon State Dept. of Transportation handles relocation. Acquisition services could be provided by private sector.

PROPERTY ACQUISITION AND RELOCATION SERVICES (Cont'd)

RECOMMENDATIONS:

- ♦ Future federal funding is fairly secure for PDC's Housing programs which is the primary client for these services. However, if funding is reduced, staff should be adjusted and staff added when project funding is available.
- ♦ PDC should continue to market relocation services to City bureaus and other public agencies. These revenues can supplement PDC funding and to keep staff available until project funding is available.
- ♦ PDC Property Acquisition costs is comparable to BGS's rate for acquisition services. This is also a service that could be marketed to other City bureaus. City bureaus may want to have PDC and BGS bid for projects in order to get services at the best cost.

PROPERTY & FACILITY MANAGEMENT

FINDINGS:

- PDC currently provides property management (maintenance, security, etc.) for all PDC-held properties, including commercial, parking and residential properties. PDC's focus is on holding property on a short-term basis. Over half of these services are paid for through direct project funding; the remaining amount is supported through overhead allocation.
- PDC contracts with a private property management company to manage Union Station operations, maintenance and tenant leasing. PDC handles agreements with railroad companies directly.
- This section also provides fleet and facility management for two leased PDC office and storage sites.
- BGS provides property and facility management services for the city. BGS services focus on a long term permanent basis. Bureaus pay for these services through hourly rates or interagency agreements.
- Bureaus such as Parks provide their own property management services, including commercial leasing and facilities maintenance.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS

OPTION 1: PDC provides all current services.

The impact of changes to the nature of programs and the closeout of urban renewal districts will impact the nature of these services. PDC may need to adjust staffing to fit core organization and programs.

OPTION 2: City Bureaus provide services to PDC.

City bureaus currently can choose between utilizing BGS services, their own staff or private consultants to provide these services.

PROPERTY & FACILITY MANAGEMENT (Cont'd)

OPTION 3: Services provided by outside contractors.

PDC currently contracts with private property management firms for Union Station but stays directly involved with management issues.

RECOMMENDATIONS:

- ♦ If project funding is reduced and as PDC properties are developed, staffing will need to be adjusted and staff added as project funding is available.
- ♦ PDC should market this service to other City bureaus. PDC could bid for City projects. PDC could use these revenues to supplement project funding in order to maintain capacity until project funds are available.
- ♦ PDC can explore utilizing BGS facilities services for facility maintenance for two office sites and storage warehouse rather than using internal staff.

PUBLIC AFFAIRS

FINDINGS:

- PDC has allocated 4.0 FTE to this function which provides public information and graphics support for Commission activities. Half of the cost of this service is directly funded by projects; half is supported through PDC's overhead allocation.
- There is no central service bureau that provides this range of services. BGS' Printing/Distribution has some computer-design graphics capacity.
- Several bureaus maintain internal staff to address their public information functions. The Water Bureau has 3.0 FTE assigned to public information activities; this includes one FTE assigned specifically to the water quality public involvement process.
- Water Bureau's Public Information section functions as internal consultant to other parts of the Bureau for community relations and public information projects. Bureau managers work with the Public Info staff who develops specifications for projects, works with outside contractors for each piece of the project (graphics, printing, distribution, etc.)
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

In FY 1993/94, PDC cut staff from 7 to 3.5 FTE.
This has effected their production capability.

OPTION 2: City Bureaus provide services to PDC.

Since there is no central service bureau, PDC would have to utilize another Bureau with Public Affairs staff. There are different models of internal Public Affairs staffing.

OPTION 3: Services provided by outside contractors.

PDC currently contracts for outside graphic and public information services when needed by specific projects. Other City Bureaus also contract for additional services.

PUBLIC AFFAIRS (Cont'd)

RECOMMENDATIONS:

The changing role of PDC and the definition of a core organization will impact the level public information services:

- ♦ PDC Public Affairs is primarily driven by direct project funding. Staffing should be adjusted according to available project funding and core organization needs.
- ♦ PDC Public Affairs services could be established as a citywide service or marketed to other City Bureaus for specific projects or to establish an ongoing relationship (for example, being put on a "retainer" with OF&A for work on the budget.) These revenues would help support staff between the peaks and valleys of direct project funding.
- ♦ PDC Public Affairs could market a "full-service" function or move towards the Water Bureau's model where they act as consultants with project staff to develop specifications and coordinate outside contractors for specific project needs (design, graphics, photography, printing, etc.)

PURCHASING, CONTRACT PROCESS, EEO COMPLIANCE

FINDINGS:

- PDC follows Commission-adopted contracting guidelines to assure open competitive bidding and compliance with MBE/WBE goals. PDC Managers develop bid and contract specifications. Technical Services Manager oversees these functions and reviews compliance with requirements.
- City's Purchasing Bureau oversees bid specification review and approval and coordinates development of professional services contracts. Special emphasis on City's Purchasing EEO program.

OPTION 1: PDC provides all current services;

OPTION 2: City Bureaus provide services to PDC.
New City purchasing processes means that PDC can continue to purchase many supplies directly from vendors.

OPTION 3: Services provided by outside contractors.
These services function best when closely coordinated with internal staff in accordance with City policies (EEO, etc.)

RECOMMENDATIONS:

- ♦ PDC project and construction management staff, with legal staff, to continue to provide bid and contract development functions. City could provide services if PDC staff is reduced in these areas.
- ♦ City to assist or provide coordination of compliance with federal and City contracting requirements, with special emphasis on EEO programs.
- ♦ Review City's supply costs through central purchasing for cost savings.

RECORDS MANAGEMENT

FINDINGS:

- PDC currently allocates a partial FTE to this function. All Commission records are categorized, retained and/or disposed as per retention schedule.
- The Auditor's Office is responsible for coordinating development and approval of City records retention schedule with State. The Auditor's Office reviews PDC's records retention schedule.
- Auditor's Office has concerns over PDC's offsite records storage. PDC currently using warehouse space shared with maintenance functions.
- See Table 9 "Data Summary of Support Areas" for FTE, Cost of Services, workload details.

ANALYSIS:

OPTION 1: PDC provides all current services.

PDC's records retention schedule is generally more restrictive than other City bureaus. Increased emphasis has recently been placed on electronic records (E-mail, voice mail, files on diskette).

OPTION 2: City Bureaus provide services to PDC.

Auditor's Office develops record retention schedules for Bureaus and can assist them with setup, but does not actively enforce schedules. This is seen as a Bureau's responsibility.

OPTION 3: Services provided by outside contractors.

Records storage and retrieval services possibly available through private vendors.

RECOMMENDATIONS:

- ♦ Contract with City to archive/store PDC records. This may also reduce the amount of warehouse space needed to be leased.
- ♦ Review cost effectiveness of maintaining a more restrictive schedule than required by the City.

VI. SUPPORT SERVICES DATA SHEETS

Support Service Data Sheets: Table 9 provides detailed information about the support service areas, outlines comparable City services and outside agencies. Services are presented in alphabetical order.

Computer Services:

Central Computer Support

Personal Computer (PC) User and Network Support

Construction Management

Financial Services

Fleet Services

General Operating Services

- Distribution
- Copy Services
- Telephone Service
- Office Rental
- Printing Services

Human Resources/Personnel Services

Legal Services

Loan Servicing

Property Acquisition and Relocation

Property/Facility Management

Public Affairs

Purchasing/Contract Administration/EEO Compliance

Records Management

Where it was possible, rough cost per unit analysis was made to compare cost of services. In order to try to create comparable "apples to apples" scenarios, several assumptions were made. This unit cost analysis presents a general comparison but cannot show if the lowest unit cost is the most efficiency with adequate quality of service.

T .E 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau		Service Provided by a Non-City Organization (Public or Private)
COMPUTER SERVICES - PDC PC NETWORK AND USER SUPPORT Provides PC and network support for 128 PC's at two PDC office sites. Support includes basic training, a direct Help line and on-site assistance. FY 1993/94 FTE: <u>19</u> FY1993/94 Cost of Service: \$300,218 Direct Project Funded 22% Indirect/Overhead 78% No. of PC's Supported 128 No. of PC's 1-3 years old 22 No. of PC's years + 106 Ave. Annual maint. cost: \$130 No. of Printers 22 Ave. Annual maint. cost: \$336	These services are provided through a combination of City central services and Bureau staffing. OF&A Computer Services provide central support Bureau Comparison: Bureau of Buildings Number of PCs/terminals: 120 FY1993/94 Costs: OF&A PC User Support Charge \$39,740 Bureau staff assigned to ALL computer support functions (new Bureau info system and PCs/terminals) 2.0		Digital Equipment Corporation Based on PDC's current configuration and service levels, Digital provided the following rough quotes: - \$167,000/yr: full support, Monday-Friday, 8-5:00 pm; Senior Engineer and Remote Help Desk support. - \$32,400/yr: Remote Help desk to augment existing in-house structure. - Hourly time and materials for back-up support; ranges from \$50/hr to \$100/hr depending on long contract (3 months up to 12 months)
Workload/Unit Cost Comparison	Organizations	OF&A	Bureau of
PDC	Used for comparison:	Computer Svcs	Buildings
No. of PC's Supported 128	No. of PC's Supported	1,000	120
FTE Assigned to function 3.45	Assigned FTE	4.75 (2 basic service; 2.5 interagency supported Help Desk .25 FTE)	2.00 Assigned to ALL computer functions (new info system and PCs/terminals)
Ratio: PC's per Support Staff (Bureau Level Support) 37			60

TABLE 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
<p>COMPUTER SERVICES - PDC PC NETWORK AND USER SUPPORT (Cont'd)</p> <p>PDC Major Service Issues: PDC provides the equivalent of both City central services and internal Bureau support. PDC has computer "Hot Line" with support response normally within 60 minutes (downtown) or the next day (eastside office).</p> <p>PDC has 100% usage on E-Mail and computerized calendar systems.</p> <p>Conversion to City's IBIS system is a major issue for PDC's mainframe system and PC networks which requires additional review by both City and PDC technical staffs.</p>	<p>Major Service Issues: If central services were required, OF&A expects that 2 FTE would be assigned to PDC; one for network and one for loan servicing. City also has a "Help Desk" line. Through an integrated services Computer Services group, a wide range of expertise would be available.</p> <p>If PDC's separate system is maintained for Bureau level purposes, E-Mail and calendars systems could be maintained.</p> <p>Several similar-sized or larger Bureaus' maintain a separate computer networks for their Bureau. However these systems are integrated into the the City's central IBIS system for financial and accounting system.</p>	
<p>CENTRAL COMPUTER SYSTEM</p> <p>Several Bureaus run mini-computer systems similar to PDC's VAX main computer with a network connecting all PC's and terminals. These systems are integrated with the City's financial system (IBIS). As discussed in the Financial Services analysis, there are significant issues including the cost of conversion and training if PDC's systems are totally integrated onto the City's mainframe. OF&A Computer Services and PDC Technical Services staff need to work together to complete a cost and feasibility analysis of several options:</p> <ol style="list-style-type: none"> 1) PDC contracting with the City Computer Services for some level of mainframe and/or PC user/network support. 2) Integration of the two systems; PDC maintains the VAX with a connection to the City system 3) Moving all PDC computer applications, including the Loan Servicing module to the City's mainframe. 4) PDC continues to run a separate system from City. 		

T E 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
CONSTRUCTION MANAGEMENT Provides construction and engineering mgt services for major construction projects. FY93/94 Cost of Service \$288,897 Direct Project Funded 75% Indirect/Overhead 25%	Bureau of General Services Provides BGS Project management group provides construction, architectural and engineering management services to City Bureaus.	OUTSIDE AGENCIES PDC and City Bureaus frequently contract out construction and engineering functions.
Workload/Unit Cost Comparison PDC	BGS Project Management	PRIVATE: BRW (Current Arena Contractor) Turner (Pollution Control Lab)
Construction Mgt Staffing (FTE) 3.5 FY1993/94 Hourly Rate: \$39.68 (Total costs including overhead divided by FTE hours)	BGS Project Mgt Staff (FTE) 3.6 FY1993/94 Hourly Rate: \$58.00 (Personal services + non-billable M&S and capital divided by billable hours) GF Overhead Added Total Service Charge 4%	Ave. Hourly Rate \$75.21 \$119.14 Charged for Project Work
Major Service Issues: Consists of construction mgt services (costing, scheduling, scope, & administration) over various phases of project: Program Development phase Schematic Design phase Design Development phase Construction documents phase Bld phase Construction phase Closeout phase Also includes Environmental Coordination role. PDC's Construction Management group works primarily on Revitalization projects. The Rental Housing Preservation (RHP) also has staff that provide similar contract management services for RHP housing projects.	Major Service Issues: In addition to BGS services, several Bureaus maintain their own construction management staff (Transportation, Water, BES, etc.) Bureaus have the option of contracting with BGS or with outside consultants for construction management. PDC, BGS and other City Bureau project and construction management staff have worked closely together on several projects. (Transit Mall, Arena, Walnut Park, Airport Way, etc.)	

TABLE 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service			Services Provided by City Central Service Bureau		Service Provided by a Non-City Organization (Public or Private)																														
FINANCIAL SERVICES Central budgeting and financial planning, payroll, accounting, auditing and reporting, and debt mgt			CITY FINANCIAL SERVICES These functions are performed through central OF&A services and by Bureau staff. City Accounts payable and payroll functions have been decentralized in 1993. This gives Bureaus more control over process but also requires more Bureau staff time. It means that there may not be a great savings in staff costs in these areas.		Separate financial or accounting system provided by a non-city agency is not an applicable option. It does not address the integration and compatibility issues. Under either the PDC or City system, there may be some opportunity to contract out some of the functions (probably data entry) to another City Bureau or outside org.. However, detailed review is needed to determine if there is any cost savings in contracting out that small portion.																														
<table><tr><td></td><td>BUDGET \$\$</td><td>FTE</td></tr><tr><td>FY1993/94:</td><td>\$1,796,316</td><td>7.5</td></tr><tr><td colspan="3">Direct Project-related</td></tr><tr><td> Revitalization</td><td>3.0%</td><td>2.0%</td></tr><tr><td> Economic Base & Job</td><td>0.5%</td><td>1.0%</td></tr><tr><td> Housing</td><td>14.0%</td><td>1.0%</td></tr><tr><td>Overhead/Indirect</td><td>82.5%</td><td>96.0%</td></tr></table>				BUDGET \$\$	FTE	FY1993/94:	\$1,796,316	7.5	Direct Project-related			Revitalization	3.0%	2.0%	Economic Base & Job	0.5%	1.0%	Housing	14.0%	1.0%	Overhead/Indirect	82.5%	96.0%												
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These per unit costs lower than PDC because it does not include the Bureau's internal Accts Payable costs (staffing).																																			
Turnaround Time on Accts Payable: 10 days Ability to process "special" warrants - immediately. Quick turnaround time results in payment discounts.			OF&A Turnaround Time/Accts Payable: 14 to 21 days Ability to process "special" warrants - about one day Slower turn-around time may be offset by maximized interest earnings.																																

T. E 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
<p>FINANCIAL SERVICES (Continued)</p> <p>Major Service Issues: Custom designed accounting and budget systems on PDC mainframe. Long range information system planning addressed need for major updates in near future. If maintained as a separate system, these upgrade issues will need to be addressed.</p> <p>PDC currently contracts for payroll services through ADP. PDC staff time required to prepare data. Other financial services areas which overlap with City central services include: budgeting and financial planning, auditing and reporting, and debt mgt.</p> <p>PDC departments (Development, Economic Development, Housing and Professional Services also maintain administrative staff whose responsibilities includes budgeting and long-term project and program financial planning.</p> <p>Most City bureaus also maintain a central administrative/ budget staff that perform these functions at a bureau-level.</p>	<p>Major Service Issues: Integration into City system would provide better coordination for financial, budget, audit/reporting and debt mgt. Significant initial training and conversion costs of existing data and applications to IBIS.</p>	

TABLE 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)																														
FLEET SERVICES																																
<table> <tr> <th>PDC Current Vehicles</th><th>Age</th><th>Number</th></tr> <tr> <td>Full-sized sedans</td><td>2 to 7 years</td><td>6</td></tr> <tr> <td>Compact sedans</td><td>8 years</td><td>1</td></tr> <tr> <td>Minivan</td><td>5 years</td><td>1</td></tr> <tr> <td>Maint. Van & Pickup</td><td>11 to 20 years</td><td>2</td></tr> </table>	PDC Current Vehicles	Age	Number	Full-sized sedans	2 to 7 years	6	Compact sedans	8 years	1	Minivan	5 years	1	Maint. Van & Pickup	11 to 20 years	2	<p>BGS Fleet Services Division</p> <p>City Fleet Annual Rate Comparison</p> <table> <tr> <td>General service sedan</td><td>6</td><td>\$18,738</td></tr> <tr> <td>Compact sedans</td><td>1</td><td>\$2,220</td></tr> <tr> <td>Minivan</td><td>1</td><td>\$2,495</td></tr> <tr> <td>Maint. Van & Pickup</td><td>2</td><td>\$6,157</td></tr> <tr> <td></td><td></td><td><u>\$29,610</u></td></tr> </table> <p>This cost includes all staff time, normal maintenance costs, replacement and administrative costs.</p> <p>City standard general service vehicle is a compact-sized sedan (Dodge Shadow). PDC uses Taurus sedans as their standard staff vehicles which are considered full-sized sedans in City Fleet rates. Based on the Dodge, PDC's City fleet costs would be \$5,418 lower, or a total of: <u>\$24,192</u></p> <p>If PDC were to change to the City's Fleet system, their current cars could be leased back to them. Also older vehicles would have priority for replacement.</p> <p>BGS Fleet Service rates include replacement costs; these vehicles would be replaced approx. every 7 years.</p> <p>BGS says that on an individual car basis, private servicing may cost less than Fleet Services. But on a fleet-wide basis, Fleet Services costs will be lower. This is due to that fact that older Fleet vehicles with higher maintenance costs are replaced regularly, reducing overall costs.</p>	General service sedan	6	\$18,738	Compact sedans	1	\$2,220	Minivan	1	\$2,495	Maint. Van & Pickup	2	\$6,157			<u>\$29,610</u>	
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<p>ANNUAL COSTS</p> <p>Vehicle Maint Costs (FY93/94 Budget) <u>\$7,950</u> (Includes fuel & oil, repairs, maint, tires, etc.)</p> <p>Annual Auto Insurance Costs <u>\$6,712</u></p> <p>Estimated Replacement Costs <u>\$12,500</u> (Assume 8-10 year replacement schedule)</p> <p>Est. PDC Staff Costs</p> <table> <tr> <td>Mgr - 1 hr/month</td><td>\$480</td><td></td></tr> <tr> <td>Clerical - 3 hrs/month</td><td>\$660</td><td></td></tr> <tr> <td>Maint 12 hrs/month</td><td>\$4,100</td><td></td></tr> <tr> <td></td><td><u>\$5,240</u></td><td>\$5,240</td></tr> </table> <hr/> <p>Total Direct <u>\$32,402</u></p> <p>Est. Admin/Overhead</p> <table> <tr> <td>PDC Admin (58%)</td><td>\$18,790</td><td></td></tr> <tr> <td>Prof Ser Admin (1.6%)</td><td>\$490</td><td></td></tr> <tr> <td></td><td><u>\$19,280</u></td><td>\$19,280</td></tr> </table> <hr/> <p>Total FY1993/94 Cost <u>\$51,682</u></p> <p>Est. replacement costs assumes replacement of one vehicle per every 8 - 10 years. Est. staff cost based on current personnel costs.</p> <p>PDC does not have funds reserved for replacement of vehicles. Recent purchases were by bid or at the State contract cost.</p> <p>PDC used to have City Fleet maintain their vehicles. But PDC changed to private servicing because it was less expensive with a faster turnaround time.</p>	Mgr - 1 hr/month	\$480		Clerical - 3 hrs/month	\$660		Maint 12 hrs/month	\$4,100			<u>\$5,240</u>	\$5,240	PDC Admin (58%)	\$18,790		Prof Ser Admin (1.6%)	\$490			<u>\$19,280</u>	\$19,280											
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T/ 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
GENERAL ADMINISTRATIVE OPERATING SERVICES		
PRINTING AND DISTRIBUTION SERVICES		
Distribution: PDC currently contracts for City distribution service once a day plus use of messenger delivery; PDC cut a staff messenger position in FY93/94. Since eliminating staff messenger, special delivery costs have increased significantly.	BGS Printing and Distribution Fixed Mail Processing rates Per Unit/Per Accounting Period \$698 PDC- approx 20 - 25 "Units" \$17,450	
Copy Services: PDC owns copiers and pays for maintenance. Ave. maint. cost is \$1,860 annually based on 310,000 copies, or about \$.006 per copy. This does not include supplies (paper, toner, developer, etc.), replacement costs, staff time.	Copy Services (per Copy) Full Service Copiers \$0.0330 Partial Service Copiers \$0.0255 The City owns copiers and leases them to Bureaus. Rates include maintenance, supplies (paper, toner, etc.) and replacement.	
	Standard Hourly Rates for: \$43.00 Duplicating (printing), graphics, photography, microfilm, blueprint, and special services.	
TELEPHONE SYSTEMS AND SERVICES		
PDC is part of the City's existing telephone system and is billed like a City Bureau. PDC also has 3 cellular phones and 2 pagers which are handled outside the City system.	BGS Communications Services The City is working on developing a new cellular phone systems arrangement at a lower cost to City.	
OFFICE RENTAL COSTS		
PDC leases office space in the Portland Building from BGS. The current rate is: Operating & Maint. \$6.06 /sq foot Debt Service \$9.98 /sq foot Portland Building rate \$16.04 /sq foot	For Comparison: City Hall rental rates \$11.29 /sq foot	

TABLE 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau			Service Provided by a Non-City Organization (Public or Private)			
HUMAN RESOURCES/PERSONNEL Provides basic human resources and personnel functions: recruitment and selection; employee records; personnel policy development and implementation; employee relations. Also manages PDC employee benefits packages.	City Personnel System City's Personnel system is comprised at 2 levels: - OF&A - Personnel: centralized recruitment/selection, compensation, training and employee relations functions. - Bureaus - general personnel, training, employee development and evaluation, employee relations functions. City's Risk Management section management citywide employee benefits.			PDC contracts out for: training, compensation design/market studies, and affirmative action compliance. For Service Comparisons: (Data taken directly from budget documents; no review of specific service differences)			
BUDGET \$\$	FTE						
FY1993/94:	\$143,947	1.5					
Direct Project Funded	0.0%	0.0%					
Overhead/Indirect	100.0%	100.0%					
Workload/Unit Cost Comparison			OF&A Personnel	Bureau of Buildings	Mult. Co.	Port of Portland	METRO
	PDC						
Full Service or Central Services Only	Full		Central	Full*	Central	Full	Full
No. of Employees Supported	115	No. of Employees	4,818	163	3,506	726	762
FTE Assigned to function	1.5	Assigned FTE	30.00	1.25	10.53	16.00	11.30
Ratio: Employees to Personnel Staff	77	Employees to Personnel FTE	161	72	333	45	67
FY1993/94 Cost of Service:	\$143,947		\$2.24 million	\$150,000	\$642 K	\$653 K	\$601 K
Cost per Employee:	\$1,252		\$465	\$920	\$183	\$899	\$789
			* Bureau of Bldgs data estimated to include both Central overhead services and internal bureau services and costs: - Employees to Personnel staff ratio: Includes an estimated OFA 1.015 assigned to Bldgs. (30 OFA FTE/4,818 Employees *163 Bldgs FTE) - FY1993/94 Cost of Service: OF&A overhead amount plus estimated bureau costs.				
Major Service Issues: PDC's Charter requires that PDC employees are to be regular City employees, with an exception for consulting or technical positions. This exception has been used to maintain a separate personnel system for all PDC employees.			Major Service Issues: With the recent PDC staff reduction, OFA tried to determine PDC positions' "class" status which would place a PDC position within an existing classification in the City's civil service system. This allows direct opportunity to be considered for any city vacancy in the same class. Classified status was not established because there was not adequate documentation on PDC positions and classifications, as per Charter.				

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Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
<p>HUMAN RESOURCES/PERSONNEL (Cont'd)</p> <p>PDC judges their personnel system to be more flexible than City's - easier to hire and fire. However, they still must meet the same state and federal employment regulations as the City.</p> <p>PDC recently completed development of a comprehensive Compensation/Performance Mgt System (salary structure, job evaluation, performance mgt).</p> <p>Compensation is on a pay-for-performance basis and evaluations are conducted every Nov. The wage matrix is adjusted periodically to reflect market rates.</p> <p>Hiring Process; PDC Current Workload Recruitments FY92/93: 38 FY93/94 to Date: 24 Internal recruitments Ave. 2 1/2 weeks. External Recruitments ave. 5 weeks (one month)</p> <p>PDC contracts out for: training, compensation design/market studies, and affirmative action compliance.</p> <p>PDC has a poor affirmative action record as documented in an internal report. Currently, PDC does not have an internal Affirmative Action Officer or a formal process to handle complaints.</p> <p>Recent analysis of PDC employee benefits show that the City can provide similar employee package at a lower cost and with more options. Also reduced staffing has effected benefit administration capacity.</p>	<p>City's civil service system particularly impacts hiring process; provides strict structure to ensure fairness and equity. Seems less flexible than PDC system; currently more cumbersome.</p> <p>Citywide pay-for-performance evaluation system is currently being developed.</p> <p>Bureau of Buildings estimates that currently an average recruitment time including central Personnel process: 3 to 6 months. Personnel Services standard: 6 1/2 weeks to get eligibility lists established.</p> <p>OF&A Personnel Services includes internal staffs for training, compensation/classification and affirmative action activities.</p> <p>OF&A has Affirmative Action and employee benefit administration staff which have capacity to provide service to PDC. (See Benefits discussion below)</p> <p>The City has greater "buying" power with insurance companies because of the number of employees it services. Also, more deferred compensation options are provided.</p>	

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Portland Development Commission Provides Service		Services Provided by City Central Service Bureau		Service Provided by a Non-City Organization (Public or Private)		
LEGAL SERVICES Provides legal support to the Commission and its activities. Coordinates outside legal counsel contracts for PDC programs. Serves as legislative lobbyist for the Commission.		City Bureaus City Attorney's Office provides legal services to all City Bureaus and coordinates all outside legal counsel contracts for Bureaus. Office of Governmental Affairs acts as the City's primary legislative lobbyist and liaison.		For Service Ratio Comparisons: (Data taken directly from budget documents; no review of service differences)		
Workload/Unit Cost Comparison		City Attorney		Multno. Co	Port of	
PDC				District Court	Portland	METRO
Total FY1993/94 Legal Services (FTE)	3.0	FY1993/94 Staffing (FTE)	36.0	35.5	6.0	6.0
# of Attorneys	2.0	# of Attorneys	21.0	16.0	4.0	4.0
FY1993/94 Cost of Service	\$295,746	FY1993/94 Cost of Service:	\$3,006,844	\$1,612,191	\$368,526	\$458,591
Cost per Attorney (Total Budget/2 Attorneys)	\$147,873	Cost per Attorney (Total Budget/21 Attorneys)	\$143,183	\$100,762	\$92,132	\$114,648
Hourly Rate	\$71.09	Hourly Rate	\$68.84	\$48.44	\$44.29	\$55.12
Major Service Issues: PDC's Legal Services work falls primarily in three areas: Over 50% of the Legal Services are related to projects which have historically been funded through tax increment financing. (Development projects like Pioneer Place, Riverplace, Arena.) Real estate issues related to housing and lending, collection and foreclosure matters, and commercial transactions. General legal advise to Commission on all corporate matters (core organization issues) Lobby & monitor activities in the Oregon legislature. PDC's Legal Services requirements will be impacted by the level of funding available in these areas and the nature of the role PDC will play in the City (development coordinator, partnership broker, etc.) PDC feels that having on-site Legal counsel is beneficial for implementation of projects.		Major Service Issues: The City Attorney feels that PDC's level of legal services will be impacted by the nature and roles PDC will be assigned. As a separate agency with special attributes to allow it to facilitate major urban renewal projects, separate legal counsel may be appropriate. However, if there are major changes in that role, legal services requirements will also change. If PDC were to become a City Bureau at this time, the City Attorney expects that the the two Attorney positions would still be needed. Because of the space restrictions at City Hall, these two attorneys would probably stay on-site with PDC. Consolidation with City Attorney's Office would provide more direct access to a variety of legal expertise available from the full City Attorney's staff. May also be some advantage to centralized support systems. In addition to IGA, a few other bureaus have internal legislative lobbyists.				

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Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
LOAN SERVICING Provides loan servicing services for Housing, Economic Development and Facade loans. FY93/94 Cost of Service \$315,752 Direct Project Funded 49% Indirect/Overhead 51%	City Auditor's Lien Servicing Provides lien services for Buildings (charges & civil penalties), Maintenance (sidewalk repairs), BES (connection fees), LID (Transportation, Sewers, Water). Also mid-county loans.	Outside Providers PDC surveyed five local lenders. One lender was found to service their loans locally - US Bank. PDC feels that local servicing is necessary to meet the special needs of their clients (may require more person-to-person assistance, budget and financial counseling, etc)
Process and Unit Cost Comparison <div style="text-align: right;">PDC</div>	City Auditor's Office	
Comparison of Processes: <u>PDC's standard steps in servicing loans:</u> 1. Initial loan recording; welcome letters. 2. Issue payment coupons 3. Collect and account for loan payments. Process final payoff. 4. Customer service/questions on loan status. Pay property taxes and insurance premiums. Annual analysis of payments; yearend statements. Monitor hazard insurance and bankruptcy filings. Process assumption requests. 5. Issue delinquent notice; place collection calls.	<u>Auditor's Basic steps:</u> 1. Recording 2. Billing 3. Payment processing 4. Lien/Loan processing 5. Collections	City Auditor's Liens and Assessment section feels that there may be outside agencies that might be able and interested in providing a portion of the City's lien servicing functions. There is also a similarity between some of the lien functions and central accounting. Conceptually, lien, loan and accounting processing could be integrated or placed in one primary area.
Cost Comparison: FY93/94 Loan Servicing Staffing (FTE) 4.3 FY93/94 Cost of Service \$315,752 # of Current Loans Servicing 5,764 Cost per Loan (Cost/# Loans) \$54.78 High cost per loan may reflect special assistance required by PDC clients.	FY93/94 Liens and Assess. Staffing (FTE) 14.5 FY93/94 Budget \$963,727 # of Active Liens 25,000 # of Current Loans Servicing (Est) 12,500 FY 1993/94 Cost per Liens & Loans \$25.70 (FY93/94/Liens + Loans) 5 Yr Ave Cost per Lien (Rolling average) (Adjusted for Mid-County distortion) \$28.00	

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LOAN SERVICING (Cont'd) Major Service Issues: Current Workload: 5,764 loans for a total of \$70,446,664. Of which: 2,701 amortizing \$58,997,508. 3,063 deferred loans \$11,449,155. Breakdown of Loans by type: 72 % Home Repairs, 9% Homestead 15% Rental Housing 2% Business 2% Commercial Real Estate 90% of clients are low or middle income. PDC provides financial counseling & budget analysis. Loan types mostly high risk. Delinquency Rate: 5.86%. Most PDC Neighborhood Housing Preservation loans are in 2nd, 3rd, 4th and some 5th position. Loan System on PDC mainframe computer system. The Loan Servicing system is a custom- designed module of the PDC accounting system.	Major Service Issues: Current Workload: Active Liens 25,000 Bills Sent/Year 300,000 - 350,000 Payments Received/Year 300,000 Loans Serviced 10,000 - 15,000 Nature of Liens and Assessment services is primarily enforcement-based. Financial counseling and budget analysis not a primary service. City's Lien system is a separate module from the IBIS system. More integration with all City billings and collections systems would enhance service.	

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Portland Development Commission Provides Service		Services Provided by City Central Service Bureau		Service Provided by a Non-City Organization (Public or Private)
PROPERTY ACQUISITION & RELOCATION SERVICES				
Acquisition/Relocation Staffing (FTE)	2.8	BGS Acquisition Services		
FY93/94 Cost of Service	\$276,261	BGS Property Mgt Staff (FTE)	2.6	
Direct Project Funded	46%	(Does acquisition & property mgt)		
Indirect/Overhead	54%			
Workload/Unit Cost Comparison				
	PDC	Bureau of General Services Acquisition Services		
FY1993/94 FTE	2.8	BGS Property Mgt Staff (FTE)	2.6	
		(Does acquisition & property mgt)		
FY1993/94 Hourly Rate (for comparison (Personal Services, M&S, Overhead \$\$/Annual FTE Hours)	\$47.43	FY1993/94 Property Mgt Hourly Rate:	\$46.00	
		(Personal services + non-billable M&S and capital divided by billable hours)		
		GF Overhead Added to Total Service Charge	4%	
PDC rate includes capacity for relocation services and in-house appraisal services which BGS does not have.		BGS service capacity does not include relocation services or in-house appraiser.		
Current Workload: 10 loans/month closed; 20 limited in-house appraisals/month; 20-25 appraisals contracted out/month; 20 appraisals reviewed/ month; 16 Housing projects; 534 relocation clients. No Revitalization projects requiring relocation.		BGS Major projects currently underway: East Precinct and Fire Station (Heyden Island)		
Major Service Issues: PDC has one certified appraiser; enables PDC to do 2/3 of appraisals and reviews in-house. Due to housing program, PDC is required to a significant number of residential appraisers.		Major Service Issues: BGS does not have certified appraiser on staff. Most appraisals that BGS requires are commercial properties. BGS contracts out for these services.		

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Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
<p>PROPERTY ACQUISITION & RELOCATION SERVICES (Cont'd)</p> <p>PDC provides relocation services; no City Bureau has this capacity. PDC need for this high because of number of federally funded housing and improvement projects which require implementation of relocation benefits.</p> <p>Current contracts for relocation services:</p> <ul style="list-style-type: none"> - Parks Bureau for Ed Benedict Park relocations. - Federal GSA for relocation services for the new federal courthouse. 	<p>City does not provide relocation service in-house; when necessary they contract for services. City has much fewer relocation services needs than PDC.</p>	

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Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)																					
PROPERTY AND FACILITY MANAGEMENT SERVICES																							
<p>Provides property management services for all PDC-held properties. This currently includes Union Station, development parcels, and residential houses under the rehabilitation program.</p> <p>Also provides facility management for two PDC office sites and several storage facilities; fleet mgt.</p> <p>FY93/94 Prop/Facility Mgt Staffing (FTE) 3.8 FY93/94 Cost of Service \$1,888,086 Direct Project Funded 53% Indirect/Overhead 47% These costs includes Portland Building rental fees.</p>	<p>Bureau of General Services provides property and facility mgt services for the City. Bureaus pay for these services through established hourly rates in Interagency agreements.</p> <p>Some Bureaus also maintain their own staff for these functions, or contract out directly.</p>																						
<table border="1"> <thead> <tr> <th colspan="2">Workload/Unit Cost Comparison</th><th></th></tr> <tr> <th></th><th>PDC</th><th>Bureau of General Services Property & Facilities Mgt</th></tr> </thead> <tbody> <tr> <td>FY93/94 Prop/Facility Mgt Staffing (FTE)</td><td>3.8</td><td> BGS Facilities Mgt Staff (FTE) 14.8 BGS Property Mgt Staff (FTE) 2.6 </td></tr> <tr> <td>FY1993/94 Cost/Hour:</td><td>\$106</td><td> FY1993/94 Property Mgt Hourly Rate: \$46.00 FY1993/94 Facility Mgt Hourly Rate: \$45.00 <hr/> \$91.00 </td></tr> <tr> <td>(Personal Services + M&S + % Overhead) divided by (3.8 FTE * 2,080 Hrs)</td><td></td><td>(Personal services + non-billable M&S and capital divided by billable hours)</td></tr> <tr> <td>Full Portland Building rental fees not included in this calculation in order to make it reflect staffing costs.</td><td></td><td> GF Overhead Added Total Service Charge 4% </td></tr> <tr> <td></td><td></td><td> Property Mgt and Facility Mgt rates are added together to represent same service as PDC. BGS Property Mgt and Facilities Mgt sections work together to provide the same services as PDC. Property Mgt works with commercial tenants. Facilities Mgt is responsible for upkeep and preservation of City buildings. </td></tr> </tbody> </table>			Workload/Unit Cost Comparison				PDC	Bureau of General Services Property & Facilities Mgt	FY93/94 Prop/Facility Mgt Staffing (FTE)	3.8	BGS Facilities Mgt Staff (FTE) 14.8 BGS Property Mgt Staff (FTE) 2.6	FY1993/94 Cost/Hour:	\$106	FY1993/94 Property Mgt Hourly Rate: \$46.00 FY1993/94 Facility Mgt Hourly Rate: \$45.00 <hr/> \$91.00	(Personal Services + M&S + % Overhead) divided by (3.8 FTE * 2,080 Hrs)		(Personal services + non-billable M&S and capital divided by billable hours)	Full Portland Building rental fees not included in this calculation in order to make it reflect staffing costs.		GF Overhead Added Total Service Charge 4%			Property Mgt and Facility Mgt rates are added together to represent same service as PDC. BGS Property Mgt and Facilities Mgt sections work together to provide the same services as PDC. Property Mgt works with commercial tenants. Facilities Mgt is responsible for upkeep and preservation of City buildings.
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<p>PROPERTY AND FACILITY MANAGEMENT SERVICES (Cont'd)</p> <p>PDC Current Workload: Owns Union Station (37 tenants); contracts with outside prop mgt firm. Currently owns 51 additional properties: 8 Commercial or Parking tenants. 43 houses being processed for rehab (most vacant; 5 occupied) Property Income: Over \$1,110,000 annually.</p> <p>PDC Prop/Facility Maint focuses on holding property short term until redeveloped or rehabilitated.</p>	<p>Bureaus such as Parks provide their own property management services, including commercial leasing and facilities maintenance.</p> <p>BGS services focus a long term permanent basis.</p>	

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PUBLIC AFFAIRS Provide public information and graphics support for the Commission's activities.	CITY SERVICES There is no central service Bureau that provides this function. Several Bureaus maintain internal staff to address public information functions. For comparison, the Water Bureau's Public Information was interviewed.: Acts as internal consultants for community relations and public info projects. Bureau mgrs work with Public Info staff on projects. Public Info staff develops specifications for projects and monitors work.		OUTSIDE AGENCIES Outside vendors are being used for specific public information and graphic design services by both PDC and City Bureaus. A full service public relations consultant is an expensive alternative, primarily used by the private sector.																						
<table><tr><td></td><td>BUDGET \$\$</td><td>FTE</td></tr><tr><td>FY1993/94:</td><td>\$292,148</td><td>4.0</td></tr><tr><td>Direct Project-related</td><td></td><td></td></tr><tr><td> Revitalization</td><td>17.0%</td><td>19.0%</td></tr><tr><td> Economic Base & Job</td><td>15.0%</td><td>17.0%</td></tr><tr><td> Housing</td><td>19.0%</td><td>21.0%</td></tr><tr><td>Overhead/Indirect</td><td>48.0%</td><td>44.0%</td></tr></table>		BUDGET \$\$	FTE	FY1993/94:	\$292,148	4.0	Direct Project-related			Revitalization	17.0%	19.0%	Economic Base & Job	15.0%	17.0%	Housing	19.0%	21.0%	Overhead/Indirect	48.0%	44.0%				
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Cost and Staffing Comparison	PDC	Water Bureau	METRO	Port of Portland																					
FY1993/94 Staff Cost Only Percent of Total PDC Budget FTE Assigned to Public Affairs PDC costs include only staff time for Development, Ec Dev, and Housing projects that are planned for FY1993/94. The costs do not include materials and services costs for specific projects; these are budgeted as a direct project cost in each department. Workload/Performance Measures Media Inquiries (1/93 to present): Television 28; Radio 14; Newspaper 92. Media Releases Distributed (1/93 to present): 53 1993 may be high due to election on tax increment. Home Repair Loan Brochure (3,000 printed; 2-color; 80 lb. recycled paper) Cost Public Affairs Staffing:	\$292,148 0.6% 4.0 \$529 16 Hrs	FY1993/94 Cost of Service Percent of Total Water Budget FTE Assigned to Public Affairs Water Bureau cost is estimated based on staff costs and general administrative costs. This estimate does not include total cost of projects to be coordinated through the Public Information (design, special graphics, printing, distribution, etc.) These costs are budgeted within each bureau section. Media contact for the Water Bureau; also handles unusual public info requests. Water Bureau Public Info Program Mgr. reviewed PDC's "Home Loan Repair" brochure costs and staffing. Found that they were reasonable within Water Bureau's experience.	\$165,000 0.3% 3.0	FY93/94 Cost: \$764,033 % of Total Budget 0.4% FY93/94 FTE: 12.0 Data taken directly from budget documents. Specific information on services not available.																					
				\$592,043 0.1% 16.3																					

TABLE 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
PUBLIC AFFAIRS (Cont'd) Examples of Special Events costs: St. James Housing Groundbreaking Event Expenses \$564 Public Affairs Staffing: 39 Hrs Alder House Opening Event Expenses \$850 Public Affairs Staffing: 46 Hrs PDC Public Affairs also provides support periodically to the Mayor's Office (speech writing, presentation materials, etc.)	Water Bureau (cont'd) Contracts for most graphics and design work. (BES has designer on staff) Compliance with federal and state public involvement requirements. One FTE assigned to water quality public involvement process. Bureau public info policy development; internal communications; public education program.	

T. E 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
<p>PURCHASING/CONTRACT PROCESS/EEO COMPLIANCE</p> <p>PDC follows a Commission-adopted Contracting Guidelines to assure open competitive bidding and compliance with MBE/WBE requirements and goals. PDC Mgrs develop bid/contract specs; Tech Services reviews for compliance with requirements.</p> <p>The Technical Services Mgr oversees these Commissionwide processes, along with other Tech. Services mgt responsibilities.</p> <p>Each PDC dept. handles their construction and profession services contract dev. & monitoring.</p> <p>General office supplies are purchased and distributed through a central storeroom.</p>		
	<p>Bureau of Purchases and Stores Provides centralized purchasing; review and approval of all bid specifications. Can provide bid and contract development assistance to Bureaus; also assists with bid and evaluation process of professional services.</p> <p>Coordinates compliance with federal and city contracting requirements; special emphasis on City's Purchasing EEO program.</p> <p>Purchasing coordinates professional services contracts citywide.</p> <p>Decentralized purchasing means that PDC could continue to purchase supplies directly from vendors.</p>	

TABLE 9
PORTLAND DEVELOPMENT COMMISSION
Support Areas Data Summary

Prepared: OF&A 1/10/94

Portland Development Commission Provides Service	Services Provided by City Central Service Bureau	Service Provided by a Non-City Organization (Public or Private)
RECORDS MANAGEMENT		
Portland Development Commission Records Management Staffing (FTE) 0.67 FY1993/94 Cost of Service \$62,310 Direct Project Funded 0% Indirect/Overhead 100% Workload/Performance Measures Annual Average # of Retrievals 149 Annual Ave. # Records Activities 464	City Auditor's Office/Records Management Records Management Staffing (FTE) 5.0 FY1993/94 Cost of Service \$372,229 (As per GF Overhead model) Workload/Performance Measures FY92/93 Retrievals & Tapes 41,993 Retrievals within 24 hrs of request 99.55% Bureau's also have staff which are responsible for records maintenance.	
Major Service Issues: Provides an automated system for access and recording of documents; document preparation, storage and retrieval; City overhead for access to City system.	Major Service Issues: Responsible for documenting, organizing, protecting, and setting standards for City records keeping. Maintains City archives, stores and retrieves records.	
PDC records retention covers official Commission records as well as records maintained by each program and service area.	Auditor's Office workload pertains primarily to City Council records, including bureau documentation for Council actions. Audi Auditor's Office also maintains Police records as per Interagency Agreement).	
PDC's records retention schedule is different than City; more restrictive. Also a different level of enforcement; PDC performs at the Bureau level where it is directly responsible for compliance.	Auditor's Office develops records retention schedules for Bureaus, including review of PDC's schedule. All City schedules are approved by the State, including PDC's. Bureaus are responsible for adherence to retention schedule.	
Auditor's Office has concerns over PDC's offsite Record storage center.		

VII. DETAILED SCOPE OF WORK DESCRIPTIONS FOR SUPPORT SERVICES

PDC provided the detailed narrative scope of services for the requested support areas. Not all support areas outlined. Accounts Payable was used as a representative service in the Financial Services area.

Portland Development Commission
Accounts Payable Activity

Normal Warrant Processing

Receive invoices from PDC departments, check to ensure proper coding and departmental signature. Batch warrants into two groups: those paid against encumbrances and all others.

Hold invoices which are not yet due for future weeks' check run. Pull aged invoices now due and add to the batch. Pull recurring payments and add to the batch.

Enter invoice data into computer: vendor number, amount due, accounting code, descriptive information. For items against encumbrances, reject from batch if the payment is larger than the encumbrance.

Run reports to check for input errors and items which have no or insufficient budget. All items which violate PDC's budget check must be approved by the Budget Officer before they can be paid.

After batch has been corrected and checked, print warrants (checks) and sign them.

This activity pays for warrant stock (provided by an outside vendor) and maintenance of the check signing machine. It also funds a small amount of City of Portland General Fund overhead (\$14), postage for mailing of warrants, and cost of 1099 forms.

Print reports regarding the warrants generated and file them. Post the information to the general ledger.

Burst and separate the warrants. Insert warrants into envelopes to be mailed. For those requesting special handling, hold or deliver warrants. Copies of warrants are distributed to the originator of the request, the alphabetical vendor file, and the numerical file. Attach the backup information to the numerical file copy.

Rush Warrant Processing

As requested, generate rush warrants. These warrants must be checked for proper approvals, given budget check, and hand-typed to meet the department's deadline. Ensure that such warrants are logged, signed and posted.

Encumbrance Processing

Keep the Commission's purchase order supply and the log which employees must fill out when they take a purchase order.

Receive filled-out purchase order and contract forms from PDC departments. Check them for proper signatures and budget authority. If the item has insufficient budget, it must be approved by the Budget Officer before it can be encumbered.

Enter the items into the Accounts Payable system: vendor number, purchase order/contract number, dollar amount, accounting code.

Distribute copies of the completed item. Originals are discarded (or mailed if requested), copies go to originators and the numerical file maintained by Financial Services.

Run reports, check information, and submit the day's list of encumbrances for night processing.

For existing encumbrances, increase, reduce or close them out as requested.

At the end of the fiscal year, generate reports for each department to indicate which encumbrances should be closed and which should be reencumbered in the new year. Run process to carry over encumbrances as instructed by departments. Encumbrances are also checked against the new year's budget.

System Maintenance

This activity also accounts for computer system maintenance that could be required. Examples would be requests to change the budget checking process to widen or narrow the range of comparison; printer problems in printing warrants; or requests for improved reports.

In addition, the vendor system table must be maintained in this activity. The table is changed to add vendors or edit information about vendors when addresses change, etc. PDC maintains on-line information systems allowing searches to be made by vendor name.

Accounts Payable Policy

From time to time the Commission's needs dictate that the policy regarding signature authority, budget checking and other items undergo a change. This activity accounts for the time spent in discussing, deciding and implementing those changes.

Standard of Service

Warrants are generated once a week, on Wednesday. Invoices are to be received by Financial Services by Tuesday at 8:30 to be paid as part of the regular run.

All warrants issued are posted to the general ledger through night processing and are available the following day for on-line viewing or report generation.

Due to the Commission's frequent need for expedited payments, rush warrants are allowed. These require department signature to approve the rush. Turnaround time is determined by need; immediate requests are accommodated. Generally, rush warrants can be produced within the hour.

Special handling warrants are also allowed. These require department signature to approve the special handling. They can be generated as a rush warrant or as part of the regular weekly run. Special handling covers any form of distribution other than regular mailing. Example: deliver to employee for hand-delivery to vendor; deliver to front desk for pickup by vendor.

Encumbrances are entered into the system twice weekly. Encumbrances so entered are recorded in the accounting data system overnight and are available for on-screen viewing or reports the following day.

Output/R esults

PDC issues approximately 600 warrants per month. Of these warrants, approximately 35 per month are rush warrants.

In addition, PDC encumbers approximately 50 items per month, and amends about 10 items per month.

APAY

PORTLAND DEVELOPMENT COMMISSION

SUBJECT: SCOPE OF CONSTRUCTION MANAGEMENT SERVICES

The following is the scope of services that Construction Services performs with regard to Construction Management Activities. The scope of services consists of construction management services for various phases as described on the following pages:

Program Development Phase
Schematic Design Phase
Design Development Phase
Construction Documents Phase
Bid Phase
Construction Phase
Closeout Phase

Program Development Phase

Phase objective - Establish the project program, financial and schedule requirements, and limitations of the project.

1. Cost related activities - Ensure the development of a baseline budget.
2. Schedule activities - Ensure the development of a baseline schedule.
3. Scope related activities - Ensure adequate investigation of site and the development of a program outline.
 - a. Assist in defining project performance requirements, project goals and objectives, limitations and criteria, special requirements unique to project, entities to be involved, roles and timing of entities involvement.
 - b. Assist with project-related data collection, analysis, evaluation, organization and development.
 - c. Ensure that environmental issues are identified, addressed and resolved within the objectives and limitations of the program.

- d. If existing building involved, identify survey requirements. Assist with preacquisition inspections of sites or property and report findings.
- 4. Administrative Activities - manage the solicitation and administration of professional services contracts
 - a. Identify design resources required, standards and criteria for selection, and selection process.
 - b. Solicit and administer predesign services such as environmental studies feasibility studies, cost estimates, geotechnical, surveyor, etc.
- 5. Project Organizational Activities
 - a. Identify key internal entities, their relationships, responsibilities and reporting requirements.
 - b. Identify key external entities and requirements.
 - c. Determine project delivery methods.

Schematic Design Phase

Phase Objective - Develop the general scope, scale, and relationship of the Project components. Material developed is conceptual in nature and based on the requirements established in the previous phase.

- 1. Cost related activities - Revise budget as required by design and client requirements. Ensure the development of preliminary cost estimates.
- 2. Schedule activities - Ensure that the baseline schedule is updated. Develop preliminary project schedule.
- 3. Scope related activities - Review the design and ensure that it meets the program outline.
 - a. Ensure proper public agencies are consulted, issues reviewed and approved as appropriate.
 - b. Ensure proper schematic design documentation and research by design disciplines.

- c. Ensure production of outline specifications that clearly define quality and performance of project.
 - d. Adequate internal and external design reviews occur.
 - e. Ensure coordination of design disciplines with owner, client and construction management.
 - f. Assist project team with presentation of schematic design documents, preliminary cost estimates and schedule, supported by technical and design disciplines as warranted.
4. Administrative Activities - Manage the procurement and administration of the design services.

Design Development Phase

Phase objective - Development of drawings and other documents to fix and describe the size and character of the entire project including structural, mechanical, electrical and architectural systems and materials, and other such elements as appropriate. Consideration is given to availability of materials, equipment and labor, construction sequencing and scheduling, economic analysis of construction operations, user safety and maintenance requirements and energy usage.

- 1. Cost related activities - Provide special costing as required by design details.
 - a. Update project estimate as required to ensure that it is current with the design.
 - b. Manage Value Engineering Program to bring project in line with desired program.
- 2. Schedule activities - Continue to ensure that the baseline schedule is updated and reflects the latest design documents.
- 3. Scope related activities - Ensure the continued review of design specifics as required.
 - a. Detailed materials and equipment requirements and specifications for all building systems and components.
 - b. Agency submittals, reviews, and appeals are done.
 - c. Adequate internal and external design reviews occur.

4. Administrative Activities - Administer the design contracts.
 - a. Conduct design development team meetings.
 - b. Assist project team with presentation of design development documents, interim project cost estimates and schedule, supported by technical and design disciplines as warranted.

Construction Documents Phase

Phase Objective - Development of drawings, specifications and other documents setting forth in detail the requirements for construction of the project and bidding and contracting for the construction of the project.

1. Cost related activities - Ensure the development of a final estimate. Manage continued Value Engineering efforts to maintain the design within the budget.
2. Schedule activities - Ensure the development of a construction schedule.
3. Scope related activities - Ensure final review of the construction documents by all necessary parties. Ensure construction documents are developed that:
 - a. Fully document construction requirements, materials and methods for all systems, materials and equipment.
 - b. Drawings and specifications are properly coordinated, complementary, accurate and complete.
 - c. Drawings and specifications are properly coordinated with your standard documents, if any.
 - d. Accurately reflect program and design requirements and criteria.
 - e. Are reviewed and approved by all team entities.
4. Administrative Activities - Administer the design contracts.
 - a. Conduct construction document review team meetings.
 - b. Assist project team with presentation of construction documents, final project cost estimates and schedule, supported by technical and design disciplines as warranted.

Bid Phase

Phase Objective - Obtain bids or negotiated proposals, award the contract, and prepare contracts for construction.

- 1. Cost related activities - Manage any necessary Value Engineering program necessary to revise bids to stay within program limitations.**
- 2. Schedule activities - Ensure that the bidding process is per schedule.**
- 3. Scope related activities - Ensure that all scope of work questions are addressed.**
- 4. Administrative Activities - Administer the bidding process.**
 - a. Assemble a bid package consisting of the bid instructions, general conditions, drawings, specifications and other documents required for the work.**
 - b. Coordinate review of the package to ensure it's coordination.**
 - c. Review general conditions portions of the bid package and ensure that it meets the business needs of the owner.**
 - d. Solicit and advertise proposals/bids as required.**
 - e. Ensure the printing and availability of bid documents for the bidders.**
 - f. Ensure inquiries from bidders are addressed.**
 - g. Insure the arrangements for the bid opening.**
 - h. Issue a bid summary after the bids have been opened.**
 - i. Evaluate the bids with assistance from the project team and make recommendation for award that is consistent with the owner's business needs.**

Construction Phase

1. Cost related activities - Monitor construction costs to ensure that budget targets are met.
 - a. Review change orders following the architect/designer's analysis. Evaluate for general pricing and entitlement. Flag change orders which do not have the approval of the Architect/designer, or PDC prior to implementation. Administer an efficient program to expedite all change order requests:
 - Review all change orders.
 - Conduct cost analyses as required.
 - Negotiate change orders as appropriate.
 - Render specific recommendations to the Team.
 - b. After designer's approval, review and approve contractor's requests for progress payments.
 - c. Ensure that general contractor obtains and pays for all construction related permits.
 - d. Update the project budget periodically to ensure that costs for all elements are accounted for and the budget meets the project targets.
2. Schedule activities - Monitor the construction schedule to ensure that the schedule requirements are met.
 - a. Review, analyze and monitor the general contractor's project construction schedule. Lack of progress to be flagged and investigated. Attention to be focused on those delays during the weekly meetings to bring resources to bear on the problems. It may be necessary to hold executive meetings to focus senior management attention on problems or response issues.
 - b. Develop an overall project schedule to coordinate all the construction work required for completion of the project. This may include major procurement items, multiple contractors, or work by City Bureaus.
 - c. Update the project schedule periodically to ensure that completion dates for all elements are identified and the schedule meets the project targets.
3. Scope related activities - Ensure that the work is constructed in accordance with the construction documents and to the quality level required.
 - a. Ensure adequate construction observation. In cooperation with Architect/designer, and contractor management ensure that the work is generally in conformance with plans and specifications. Final verification of compliance with plans and specs remains with the Architect/designer.

- b. Ensure that Architect/designer provides information to appropriate parties required for any permits or authorizations.
 - c. Review and advise the Team of the need for construction material testing.
 - d. Ensure that there are adequate on-site visits by design consultants for special inspections, shop drawing approvals, material approvals, contractor change suggestions, and plan interpretation.
 - e. Ensure that the general contractor coordinates work with the local governmental agencies as required. Confirm that governmental agencies are informed and current as required for the successful completion of the project.
 - f. Coordinate special inspection work to meet requirements of the Building Bureau. Special inspectors will be coordinated by the Construction Manager while under separate contract to the owner.
4. Administrative Activities - Administer the construction, testing, design, and other contracts to ensure that the program targets are met.
- a. Chair coordinating meetings on a regular basis (generally once a week) meetings to monitor progress and identify issues which may be holding up the progress of the work. Architect/designer and contractor to participate. Identify responsibilities for resolution of holdups. Final resolution of the problems will remain with the appropriate design discipline, owner, or contractor.
 - b. Ensure that daily/weekly reports of project progress are maintained as required by the work.
 - c. Issue minutes of the coordination meetings to provide a record of the discussions and confirm responsibilities for problem resolution.
 - d. Monitor shop drawings and submittals. Ensure that critical submittals are expedited.
 - e. Submit monthly project summary reports to keep the Team informed of the status of the project.
 - f. Maintain a log of change orders.
 - g. Review, negotiate, and recommend action on contractor claims.
 - h. Provide and maintain a log of construction photographs to be included in monthly reports.

- i. Attend meetings on other project related matters and report to the Team.
- j. Review project costs and include a statement on monthly reports.
- k. Review the general contractor's plan of work with respect to neighboring businesses, streets and construction activities.
- l. Review subcontractor list.

Closeout Phase

Phase Objective - The project is closed out and turned over to the owner for its use. The owner's maintenance and operations personnel are trained to properly maintain and operate the project.

- 1. Cost related activities - Reconcile actual project costs with budget. Resolve any outstanding cost issues.
- 2. Schedule activities - Resolve any outstanding schedule issues.
- 3. Scope related activities - Ensure that the work is accepted by the owner and designers. Ensure orderly turnover to owner.
 - a. Ensure that designer has reviewed the project in accordance with its contracts and has accepted the work without reservation.
 - b. Review the project at issuance of certificate of completion (both substantial and final) to verify for owner that issuance of certificates is appropriate.
 - c. Review completion of contractor punch list items.
 - d. Review O&M manuals for adequacy.

4. **Administrative Activities - Provide final resolution to all outstanding contract issue.**
 - a. **Coordinate the certificate of occupancy with the contractor and Team.**
 - b. **Ensure that project designer prepares certificate of completion when project is complete.**
 - c. **Assist in the transfer of ownership of the project to the final owner upon completion.**
 - d. **Consolidate and transfer project files to owner.**

PORTLAND DEVELOPMENT COMMISSION

CONSTRUCTION MANAGEMENT - ENVIRONMENTAL SERVICES

GENERAL POSITION SUMMARY

Responsible for providing in-house environmental services to Commission projects. The primary responsibility is to identify potential environmental risks for Commission projects; advise and provide strategies to evaluate and/or mitigate those environmental risks; and provide technical support and/or oversight of environmental consultant's or contractor's work investigating or mitigating those risks.

ESSENTIAL FUNCTIONS/MAJOR RESPONSIBILITIES

1. Identify potential environmental risks, and advise and provide strategies to evaluate and/or mitigate those environmental risks for Commission projects. Suggest a series of cost-effective options or strategies to evaluate and/or mitigate those environmental risks Project Managers can consider based upon expected outcome, scope, schedule, and cost.
2. Provide advice and manage the evaluation and mitigation of environmental problems that unexpectedly appear during the course of project activities.
3. Act as an advocate for the Commission in agency, contractor, consultant, and developer negotiations concerning environmental and regulatory compliance issues.
4. Identify Federal, State, and local regulatory compliance issues impacting or threatening Commission projects. Develop strategies to comply with these regulatory issues, advise Commission Project Managers, and assist implementing their chosen strategy.
5. Perform limited in-house environmental services such as:
 - Level I Environmental Site Assessments;
 - simple environmental sample collection and evaluation;
 - environmental data evaluation analysis; and
 - geophysical surveys designed to identify USTs.
6. Assist in selection and oversight of environmental consultants and contractors to perform the types of following services:
 - complex, multi-site Level I Environmental Site Assessments;
 - Level II and III soil and groundwater investigations and remedial actions;
 - RI/FSSs;
 - hazardous waste identification, minimization, management, and disposal.

7. Assist in defining related activity requirements including objectives, limitations, and entities to be involved in Commission environmental issues and their roles. Ensure development of preliminary cost estimates and schedules. Ensure plans and designs are developed in terms of the materials and equipment required, and terms and conditions acceptable to the Commission. Ensure that the plans are in accordance with regulatory agency requirements.
8. Act as Commission's representative to assist in managing costs and project schedules. Ensure projects are completed using appropriate guidelines. Administer the bidding and negotiation process for outside contracts. Determine contract requirements.
9. Perform other related duties as assigned.

OFA STUDY: HUMAN RESOURCES QUESTIONS

General

1. How many employees are performing HR activities?
2. How many FTE's are performing HR activities?
3. What are your minimum requirements (education, skills, experience) for your HR staff?
4. How many employees do you perform HR functions for? How many FTE's?
5. What percentage of your work force, if any, is unionized?
6. What percentage of your work force, if any, is civil service?
7. How many work sites do you have?
8. Do you have different work shifts?
9. What HR services do you contract out or use a consultant for?
10. What HR activities are you performing?

Recruitment and Selection

11. How many vacancies do you recruit for during the year?
12. What is the average length of a recruitment process, from opening to offer?
13. What kind of positions do you recruit for - management, clerical, technicians, etc?

Benefits Administration

14. How many benefit plans do you administer? What are they?

Compensation

15. Are payroll responsibilities under human resources? If so, do you generate your own pay checks?
16. How is your compensation structure set-up: pay for performance (merit) or automatic cost-of-living adjustments?
17. Do you do performance evaluations?

Affirmative Action

18. Do you have an Affirmative Action Plan? If so, do you use a consultant?

Training

19. How much on-site training has your work force received this year?
20. Does HR conduct in-house training?
21. Does HR arrange for outside training?
22. What types of training do you do?

Page Two
OFA

Personnel Policy Compliance

23. Do you have personnel policies? If so, who prepared your policies.

Employee Relations

24. How many grievances are filed a year?
25. What is the average time to resolve a grievance?
26. Is HR responsible for coordinating social functions, i.e., X-mas party?

Counseling Management on employee issues

27. Is HR consulted in disciplinary matters?
28. How many supervisor's do you have?

Record-keeping and Information System

29. Do you keep personnel files on site?
30. Do you have an HRIS (Human Resource Information System)?
31. Is your computer system linked to Payroll's system?

HUMAN RESOURCES - PDC

General

1. 2 people perform the HR functions.
2. 1.6 FTE's perform the HR functions.
3. Minimum Requirements:
HR Technician: High School education or equivalent with additional courses in human resources, general business, office procedures and computer applications. Previous clerical, technical and administrative experience. Experienced typist. Two or more years of related experience.
HR Manager: Bachelor's Degree in human resources, public business administration or related fields. 3-5 years of HR experience, preferably for Public sector. Knowledge of current laws affecting employee rights, affirmative action, regulations affecting employers, training and development.
4. 112 employees; 115.4 FTE's.
5. PDC is not unionized.
6. We have no civil service employees.
7. We have two work sites. One has 87 employees and the other site has 25 employees.
8. We have one shift: Days.
9. We contract out for: Training, compensation design/market studies, and affirmative action compliance. (We also hold our own in-house training).
10. Activities include: Training, compensation administration, recruitment and selection, policy formation and implementation, affirmative action, supervisory personnel guidance and advice, contract negotiation and benefits administration, employee relations and HR government compliance.

Recruitment and Selection

11. We had 38 recruitments from June 30, 1992 to July 1, 1993. Since then (July 2 to November 2, 1993), we have had an additional 24 recruitments.

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OFA

12. Internal recruitments average 2 1/2 weeks; External recruitments average one month. (Estimates)
13. We recruit for clerical, management, professional and technical positions. We do not recruit for operatives (laborers).

Benefits Administration

14. We administer the following benefit plans: 2 health, 3 dental, 1 EAP, 3 life, 1 long-term disability, 3 deferred compensation, 1 retirement, and 1 dependent care plan; A total of 15 plans. We do not offer a flex or cafeteria plan.

Compensation

15. Payroll is not an HR function.
16. Compensation is on a pay-for-performance basis and evaluations are conducted at least yearly. The wage matrix is adjusted periodically to reflect market rates, but no cost-of-living raises are given.
17. Performance evaluations are performed Commission wide every November 1. Employees in new positions are evaluated more frequently.

Affirmative Action

18. We have three affirmative action plans: Women and Minorities; Disabled Individuals; and Disabled veterans and veterans of the Vietnam Era. We provide the work force data to a consultant and they provide the community statistical data.

Training

- 19-22. In the last 12 months, supervisors have received 12 hours of on-site training. Half of that training was conducted by HR staff. Non-supervisory employees have received 3 hours of in-house training conducted by human resources. Outside training is coordinated through the HR department. Key training courses include: Supervisory, leadership, computer, performance evaluation, and compensation. Staff also attend training to keep abreast of changes in their field.

Personnel Policy Compliance

23. Human Resources writes and monitors the personnel policies.

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OFA

Employee Relations

- 24. We have had 2 formal grievances filed in the past 12 months.
- 25. It took approximately 45 days to settle the grievances.
- 26. Human Resources does not coordinate social functions.

Counseling Management on employee issues

- 27. HR is consulted in disciplinary matters.
- 28. PDC has 30 supervisors.

Record-keeping and Information System

- 29. Active personnel files and files of recently terminated employees are on site.
- 30-31. We have a customized human resource information system which is not integrated with Payroll.

Personal Computer Services - Comparison of Service Level

(Assume that Personal Computers (PC's) or MacIntosh equipment are equivalent for purposes of this information.)

Bureau: PDC	FY 1992 - 1993 Actual	FY 1993 - 1994 Budgeted
Number of staff in Bureau / work unit	131	115
Number of staff using PCs / Macintosh equipment	130	115
Do you have a network?	Yes	Yes
Number of PC's supported	146 (Staff/Portable/Off-site)	128 (Staff/Portable/Off-site)
Number of PC's : One - three years old	83	22
More than three years old	63	106
Number of PC's connected to network	133	116
Number of printers supported	33	22
Number of printers on network	30	19
Do you use electronic mail or calendar? If so, what % of users access on a regular basis?	99%	100%
Staff budgeted for PC and network support? (Do not include mainframe programmers in this number.)	FTE:	FTE:
	Dollar Amount:	Dollar Amount:
Materials and Services	Dollar Amount: \$112,778	Dollar Amount: \$91,361
Capital Equipment	Dollar Amount:\$87,023	Dollar Amount: \$106,000

Computer Services - Comparison of Service Level

<p>Major work items of staff noted above e.g. software purchase, install, trouble shooting; training etc.</p>	<p>Network Management Wiring; software interface; software installation; network tuning; troubleshooting User Accounts Shared drive back-ups System Security</p> <p>Client Services "Hot Phone" i.e. user questions; Training Outside Connection Support Co. A&T Blazer Credit Reports Equipment Checkouts</p> <p>Application Programming Develop new systems Fix data base errors Add to existing PC applications</p> <p>Management Coordinate maintenance contracts and service calls; Inventory tracking Software / hardware evaluation, selection and purchase</p>	<p>Network Management Wiring; software interface; software installation; network tuning; troubleshooting User Accounts Shared drive back-ups System Security</p> <p>Client Services "Hot Phone" i.e. user questions; (Response time and availability reduced significantly.) Training (Response time and availability reduced significantly.) Outside Connection Support Co. A&T Blazer Credit Reports Equipment Checkouts</p> <p>Application Programming Develop new systems Fix data base errors Add to existing PC applications (Response time and availability reduced significantly for all PC programming efforts.)</p> <p>Management Coordinate maintenance contracts and service calls; Inventory tracking Software / hardware evaluation, selection and purchase (Response time and</p>
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Computer Services - Comparison of Service Level

Type of PC maintenance (On site; carry in; time and materials.)	On-site; 8 hour response time	On-site; 8 hour response time except for MACs which are time and materials
Average cost of annual maintenance per PC	\$ 140	\$ 130
Average cost of printer maintenance per printer	\$ 336 (Does not include annual cost of large postscript, duplex printer)	\$ 336 (Does not include annual cost of large postscript, duplex printer)
How many LANs do you service?	2	2
Do you have more than one site on the network?	Yes	Yes
If so, how many?	2	2
Please describe how an end user receives support when they have a problem or a question. What is average response time for answering basic software questions, etc.	PDC has a computer "Hot Line". Any user may call one phone number and receive help from a computer staff person. The Hot Line is available between 8:00 am and noon and again from 1:00 pm until 5:00 pm. Easy software or hardware questions can usually be answered immediately over the phone. Questions requiring a computer staff person to go to the equipment are usually answered within 15 minutes (downtown) or 2 hours (east side office.)	Although PDC still has a computer "Hot Line", because of staff reductions, it is often forwarded to voice mail. When staff is unavailable, users will receive a message asking them to leave voice mail for the computer technician. If the Hot Phone is not forwarded to Voice Mail, easy software or hardware questions can usually be answered immediately over the phone. Questions requiring a computer staff person to go to the equipment are usually answered within 60 minutes (downtown) or next day (east side office.) If the Hot Phone is not in service, the user usually receives a response within 24 hours.
What are the standard software packages you use?	Word Perfect QPro DOS Russel Calendar Manager VMS Mail Paradox rBase	Word Perfect QPro DOS Russel Calendar Manager VMS Mail Paradox rBase

Computer Services - Comparison of Service Level

Do you have someone responsible for network management? If so, what % FTE is spent doing network administration? e.g. managing shared drives, network backups, system security, user accounts, etc.	85 %	60%
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Please describe any change in service level from FY 1992 - 1993 to FY 1993 - 1994:

The level of service provided PC users at PDC has been decreased dramatically. The computer staff was reduced disproportionately to the reduction in overall staff or pieces of equipment maintained. Because of this, most of the effort is now put into ensuring that the equipment is functioning properly. Training and individual user assistance has been decreased significantly.

Much of the planned equipment and software improvements for FY 1992-93 did not occur because of the reduction in PDC funding. The increased budget in software and capital equipment reflect the need to replace aging equipment and software.

PORTLAND DEVELOPMENT COMMISSION PC USER SUPPORT

Scope of on-site contractual services for PC User support at the Portland Development Commission.

Number of Users: 100 - 150

Network in place: 1 each at two sites
1120 SW 5th , Suite 1100, Portland
1425 NE Irving, Room 200

User Environment: The computer environment includes DOS and Windows running on IBM compatible computers; some MacIntosh workstations; and dot matrix, laser and color printers. The majority of the equipment is on maintenance contracts. Other equipment is serviced on a time and materials basis, as needed.

Standard software includes: WordPerfect for DOS and Windows; QPro for DOS and Windows; Paradox; and rBase. Other miscellaneous software is used. Six MacIntosh workstations use a myriad of software products. All staff uses VMS mail and Russell Calendar Manager. The support personnel are expected to have a working knowledge of all software.

Currently, the networks are connected via bridges and the Institutional Network Cable. Both networks are using Pathworks over ethernet.

Support level:

Evaluate:

Software - to determine organization standards and network compatibility for purchase and upgrade;

Hardware - to determine organizational standards and network compatibility for purchase and upgrade;

Purchase:

Purchase hardware and software as needed.

Track numbers of copies in use and ensure that legal copies are purchased as needed.

Track consumable supplies and order as needed. (The cost of supplies is not included in the support fee.)

Install:

Install hardware and software as purchased. (Currently, only 15% of the software is installed from the network. All other software products must be installed locally.)

(Note: installs may occur at sites other than those listed above.)

Track movement of all hardware.

Support:

Provide a minimum of 30 minute call back for all user questions.

Research and solve hardware and software questions as needed. Call hardware maintenance contractor when required.

Move equipment and software as needed.

Do full PC data backups when ever staff leaves; full backups when equipment is moved to someone else; and a minimum of twice a year. (Backups are not done on over the network.)

Training:

Provide internal training on:

Use of laser postscript printers.

Changes in electronic mail and Russell Calendar Manager resulting from upgrades.

Recommend necessary user training to Human Resources and Department Directors.

Hours of support: 8:00 am - 5:00 pm , Monday - Friday

Network support:

Network availability:

Manage the two local area networks to ensure a minimum of downtime during each 24 hour period. (A 5% downtime average in any 12 month period is acceptable.)

Coordinate maintenance service as needed.

Network Management

Manage shared drives

Create, monitor and disconnect user accounts

System security and monitoring

Network Planning

Monitor and recommend hardware additions to accommodate network growth

Hours of Network Support:

On call 24 x 7 for network operation; Other functions - Monday - Friday, 8:00 am - 5:00 pm

PORTLAND DEVELOPMENT COMMISSION

LEGAL SERVICES

The following is a list of job duties for the Legal Section at PDC, as you requested.

Legal Counsel - Portland Development Commission

Chief legal officer for independent urban renewal and redevelopment agency of the city of Portland. Provides highest quality in-house representation, including administrative appearances and litigation.

- * Works directly with national and regional developers to facilitate projects for public-private partnership. Major projects include: Rouse Company's Pioneer Place, Riverplace, Fountain Plaza and the Oregon Arena.
- * Negotiates and drafts real estate development agreements and public/private financial participation agreements, reviews and approves closing documents.
- * Advises five member appointed citizen Commission on all legal matters, including ethics, public meetings and records, campaign and budget law.
- * Advises Commission staff on corporate matters, including property management, purchasing and contracts, construction management, risk management and human resources.
- * Represents Commission in uninsured disputes. Examples include construction claims, labor grievances, land use challenges.
- * Coordinates Commission representation by outside counsel, specifically for insurance defense and tax matters.
- * Advises Commission on environmental matters including negotiations with the Department of Environmental Quality for voluntary site cleanup, drafting and implementing risk avoidance policies, managing acquisitions and dispositions of real property to minimize liability.
- * Supervises one staff attorney and one legal assistant in house. Responsible for negotiation and supervision of contracts for outside special counsel. Reports to Executive Director.
- * Participates as Management Team member contributing to Commission strategic planning and policy making.

- * Lobby activities in Oregon legislature on behalf of Commission and Association of Oregon Redevelopment Agencies, a statewide organization of urban renewal and redevelopment agencies.
- * Serves as Commission representative and 1991-93 President of Oregon Association of Urban Renewal Agencies.

PORTLAND DEVELOPMENT COMMISSION

Questions for Comparative Analysis of Legal Services

From J. Launer to C. Ford:

You asked me to provide you with a list of characteristics that I believed should be used to compare PDC Legal Section services to other potential legal service providers. I understand that you will review these ideas and allow me to comment on your final approach to the comparison.

As you know, the City Attorney is doing a survey of its clients to determine their effectiveness. I have attached a copy of that survey. I believe that questions 1-6, cover alot of the subjects that are relevant. If you want to use an approach which uses client data, this survey is a good start.

If you want to use the format for questioning the service providers themselves, many of the questions could be rephrased so that the attorneys could answer from their perspective. Here are the kind of questions I would ask (roughly following the subject areas of the City Attorney survey.)

1. What is your standard response time to telephone calls? How often can you answer a client question at the time of initial contact? If you have to delay answering a question, what is a standard for responding with a follow-up? Do your clients know where their matter is in your workload priority? Do you tell your clients when you will respond to their matter?
2. What duties do you expect from your non-lawyer staff? How independently do they work? Do you use legal assistants or paralegals? How much client contact is through the non-lawyer staff? Do you get feedback (positive or negative) on your non-lawyer staff?
3.
 - a. Do your clients have access to you by telephone, e-mail or in person at all times during the working day? Are appointments necessary? How can appointments be made?
 - b. How long does it take for your office to prepare a first filing in routine litigation matter, such as a property foreclosure or suit on a note or contract? Do you maintain a tickler system?
 - c. What do you consider your major areas of practice and how would you rank your expertise in each? In addition to these areas, do you practice other types of law?
 - d. Do you have a regular system for reporting the status of pending matters to your clients? Do you have regular briefings with your clients on new developments in the law?

- e. How often do clients ask you to clarify work you have completed for them? Do clients express any confusion over information or advice that you give to them?
 - f. Is the legal work you perform communicated in a form that is easily used by your clients to satisfy their practical needs? How much legal research do you do in the course of an average week?
 - g. To what extent are you involved in initiating and developing systems and transactions that avoid later legal problems? Are you successful in these preventative measures?
4. What is your pattern for interaction with your clients? Are you largely involved in group meetings? Telephone conversations? One-on-one personal meetings? What percentage of your time are you actually in your office space?
5. Do you believe your clients are generally pleased with your legal services and the information they receive from you? How do you know?
6. Do you believe that the advice and opinions you give are understood by your clients? Why do you believe that?

These questions elicit information about accessibility, timeliness, responsiveness, communication skills and client satisfaction. These also would require a clear statement of the scope of services and the level of expertise that are available from each service provider. I think, in addition to the financial data you will obtain, that these questions will lead to comparing "apples to apples."

LIST OF ATTORNEY SERVICES - PORTLAND DEVELOPMENT COMMISSION

As the attorney for the Portland Development Commission I advise Commission staff on real estate issues related to housing and lending, collection and foreclosure matters, and commercial transactions.

- Represent the Commission in negotiations related to a wide-range of complex real estate transactions, including the syndication of low-income housing tax credits for both the Development and the Housing Departments. Prepare required loan agreements, promissory notes, trust deeds, security agreements, UCC filings, reserve agreements, options, assignments, assumptions, deeds and easements, leases, development agreements and property management agreements.
- My contacts include PDC staff, outside developers, their legal counsel, owners, and investors. The investors are typically large national corporations that may be financial institutions.
- Advise Commission staff on compliance matters regarding federal and state law; including environmental matters, ADA issues, personnel, and federal housing funding statutes and regulations.
- Provide legal advise regarding lender liability, lien enforcement, priority, easements and other related issues. Advise regarding construction liens and defaults under the loan agreements.
- Prepare request for advisory opinions from the State of Oregon Department of Revenue regarding the availability of lender credit for low-income housing.
- Responsible for the Commission's foreclosure litigation matters (and generally have about 20-25 active files at one time.) Review legal file and pleadings prepared by legal assistant, further investigate the claim as necessary, and insure pleadings are in proper form before they are executed and filed with the court.
- Attend Loan Committee and Loan Foreclosure Review Committee Meetings. Negotiate settlement agreements related to loan foreclosure cases.
- Appear at trials and hearings on the Commission's behalf.

LIST OF LEGAL ASSISTANT SERVICES - PORTLAND DEVELOPMENT COMMISSION

- Review request from Loan Servicing/Loan Foreclosure Review Committee to file a claim against a borrower, or to answer a claim where PDC is listed as a defendant. Open Legal File in Compliance With State Records Management Plan.
- Consult With Loan Servicing Supervisor and Accountants as needed to discuss status of subject loan/borrower. Verify names and addresses of all parties involved, review loan history, loan documents and title reports, and obtain any additional information necessary to draft initial court documents.
- Draft initial court documents (summons and complaint or answer and cross-claim) for attorney review.
- Finalize legal documents, assuring conformity with federal or state laws and local court rules; present to attorney for signature; and file with appropriate court.
- Arrange and monitor appropriate service/delivery of legal documents, locally and nationwide, to all parties. Determine the proper use of process servers, sheriffs, or other agencies for service of documents, and request and mail payment for service fees.
- Monitor deadlines for filing responses to claims, and any other documents filed with the court in a matter in which PDC is involved as Plaintiff or Defendant.
- As appropriate to each individual case, arrange for and monitor arbitration, depositions and document discovery. Monitor costs, disbursements and fees for each case.
- Communicate with other attorneys, legal assistants, law enforcement agencies, and court personnel on matters as necessary.
- Appropriately respond to in-house and outside inquiries concerning pending and closed legal matters.
- Carryout legal research as assigned by attorneys.
- Determine the necessity for any interim court documents (i. e., Motion for Continuance to serve out-of-state defendants, etc.), prepare documents and present to attorney for signature.
- Draft default documents for attorney review after the deadline has passed for opposing party to file a response/answer.

- Monitor entry of Judgment in PDC's favor. Notify Loan Servicing that Judgment has been entered, and provide copy of Court notice.
- If Judgment award includes the sale of real property by the Sheriff, draft, finalize and file documents pertaining to Sheriff's Sale. Monitor Publication of Notice of Sale. Notify appropriate in-house staff regarding details of sale; provide additional information and assistance as needed. After the appropriate time period has passed, present Motion and Order Confirming Sale to Attorney for signature and file with the court. Monitor receipt of Sheriff's Deed after appropriate time has passed. Send documents to Multnomah County Recorder.
- Prepare and edit complex project documents, including complex real estate and loan documentation.
- Receive, monitor and act upon correspondence and court notices.
- Monitor outside legal services contracts.
- Prepare and monitor legal department budget per fiscal year.

PROFESSIONAL SERVICES DEPARTMENT

PROPERTY TRANSACTIONS SECTION **PROPERTY MANAGEMENT**

PDC manages the property it owns to meet specific requirements of its programs much as the Park Bureau and other bureaus manage their property. Property Management is part of the Property Transactions section which provides close coordination of acquisition, relocation, and disposition functions. Property management is geared specifically towards supporting the various PDC programs and projects.

Homes purchased for housing programs must be secured, vandalism repaired, winterized, vegetation controlled, garbage and trash removed, lawns mowed, and readied for the specific neighborhood revitalization project. There is a continual turnover in these properties. Development properties may be held for short or long term depending on the development schedule. Other properties become part of the real estate owned (REO) portfolio as a result of loan foreclosure or other legal action. Occupied properties require additional property management actions. Each property is managed on a case by case basis in conformance with project goals, to protect PDC's assets, reduce costs and maximize income, and contribute to improving neighborhoods.

Specifically PDC provides property maintenance and management services as follows:

- ♦ maintain property as a minimum in accordance with City nuisance and other codes
- ♦ remove trash, garbage, undesirable vegetation
- ♦ remove or correct safety hazards
- ♦ mow lawns, trim trees and shrubbery
- ♦ winterize vacant properties to prevent damage to fixtures and improvements
- ♦ perform repairs as needed
- ♦ secure property by boarding windows, installing locks, erecting fencing and other measures as appropriate
- ♦ maintain property maintenance equipment including mowers, tractor, weed eaters, etc.
- ♦ maintain Commission vehicles in safe operating condition
- ♦ install and move office equipment

- ♦ deliver furniture, equipment, and supplies
- ♦ negotiate leases for use of property pending development
- ♦ collect rents and other income
- ♦ pay utilities and other property operating costs
- ♦ provide office, storage, and maintenance facilities to meet PDC needs through lease or purchase
- ♦ respond to tenant inquires and complaints
- ♦ obtain contract services for repairs, remodeling, tenant improvements, and property management services and monitor contract delivery

Currently PDC owns Union Station containing 37 tenants. The property is managed with the assistance of an outside property management firm. Projected income for 1993/94 is \$700,000 which pays for all operating expenses. In addition PDC currently owns 51 additional properties with projected income of \$410,000 from 8 commercial or parking tenants. Most of the 51 properties are vacant and a majority are houses being processed for rehabilitation although four are REO occupied residential properties with an estimated income of \$1600 per month and one is an occupied house in the Walnut Park project with scheduled income of \$547 per month.

PDC also issues temporary use permits for short term use of PDC properties according to established policy for short term use. Daily use fees are charged in most cases.

PDC leases two offices, one in the Portland Building consisting of the 21,564 sq ft 11th floor and an office in Northeast for housing programs which contains 6,925 sq ft. PDC also leases a maintenance and storage facility consisting of 7,900 sq ft.

Currently PDC owns 10 vehicles of which two are service vehicles for property maintenance.

RELOCATION ADVISORY SERVICES

The specific relocation advisory services required by the Uniform Act are stated at 49 CFR 24.205(c). The Commission relocation staff provides the relocation assistance advisory services in conformance with the Uniform Act requirements as summarized below:

1. Satisfy through the relocation assistance advisory program the requirements of Title VI of the Civil Rights Act of 1964.
2. Determine the relocation needs and preferences of each person through personal interviews.
3. Inform each person of the specific amount which the person is entitled to receive.
4. Assist each person with the procedures for obtaining assistance including the filing of claims for payment.
5. Provide information on the availability and actual costs of comparable replacement dwellings.
6. Inspect replacement housing to assure that the housing meets applicable standards.
7. Provide minority persons with reasonable opportunities to locate in areas not subject to existing minority concentrations.
8. Provide transportation assistance to the elderly and handicapped.
9. Provide information on availability for replacement business locations.
10. Provide counseling to displaced persons in order to minimize hardships of adjusting to relocation.
11. Provide information and assist displaced persons in applying for Federal and State housing programs.
12. Provide assistance to businesses in organizing moves.
13. Provide notices such as the general information notice and notice of relocation eligibility such as required by 49 CFR 24.203 to each displaced person.
14. Consult with case workers, guardians, legal representatives, social services agencies and others as necessary to provide needed services to those displaced.
15. Determine and verify income of displaced persons as required to calculate relocation payments.
16. Provide advisory services to persons determined to be ineligible for payment of benefits, but adversely affected by the project.

PORTLAND DEVELOPMENT COMMISSION

PROPERTY TRANSACTION SECTION **RELOCATION SERVICES**

PDC maintains a relocation staff in order to provide relocation benefits and services to occupants of property where federal funds are used to either acquire or rehabilitate the property. Occupants are entitled to benefits and services as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646) as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17). This law is commonly referred to as the Uniform Relocation Act (URA).

The URA provides that residential and business occupants displaced by federally funded activities will receive specific monetary benefits and certain advisory assistance. The URA and implementing regulations require that certain documented steps be taken in all occupied rehabilitation projects to assure that the relocation rights of occupants are protected. The application of the URA to various rehabilitation and acquisition projects is complex and failure to take proper action can be costly and seriously jeopardize project funding.

A separate attachment entitled "Things You Need To Know About Tenant Assistance And Relocation If You Apply For A Rehab Loan" describes the relocation steps in an occupied rehab project. A second attachment headed "Relocation Advisory Services" describes the specific services required by the URA that must be given to those displaced.

The determination of the correct relocation payment is a complicated and time consuming process and must be evaluated for each displacee on a case by case basis. The PDC relocation staff has extensive experience in computing and providing benefit payments. Current relocation staff has been making payments and providing services since the original effective date of the URA in 1971. No other entity in the Portland area has experience in implementing the full range of program requirements of the URA. The State of Oregon has extensive experience in highway right-of-way acquisition projects and one private entity has recently started to offer some relocation services under the URA.

In addition, certain publicly funded projects which do not receive federal funding may also have relocation requirements because of Oregon State law. State relocation law essentially requires payment of benefits at levels required by the URA. State relocation requirements are stated in ORS 281.045 through 281.105.

Currently, PDC has two relocation/pr operty management specialists. Most of the relocation workload is in support of housing rehab projects of which there are 16 projects with 534 tenants with relocation rights. Relocation staff is providing support in two housing acquisition projects - Walnut Park and SW 13th and Market. In addition, PDC is providing under contract relocation services to the Bureau of Parks and Recreation for the Ed Benedict Park project. PDC, also, has a contract to provide relocation services to the City of Lake Oswego. There are currently no PDC development projects requiring relocation services although this has been a significant support function in the past. The relocation staff is in the process of completing a contract with the federal General Services Administration for relocation services for the new federal courthouse block.

In the past the relocation staff has provided relocation services to various City of Portland bureaus, to METRO (Oregon Convention Center Project), Port of Portland, Portland School District, Portland Community College, Housing Authority of Portland, Tri-Met, and to the Cities of Gresham, Beaverton, and Tualatin.

**THINGS YOU NEED TO KNOW ABOUT
TENANT ASSISTANCE AND RELOCATION
IF YOU APPLY FOR A REHAB LOAN**

The Federal government cares about this:

Federal law protects all tenants who occupy property which receives federal funds of any sort for rehabilitation or acquisition. The government takes tenant assistance and relocation issues seriously.

Mistakes can be costly:

Owners and loan applicants can take actions which could incur a liability. Relocation assistance can be for 42 or 60 months depending on the program. The average Replacement Housing Payment per tenant in our jurisdiction is \$4,500. Businesses required to relocate are also eligible for relocation benefits.

Physical displacement is not the only issue:

There are protections for tenants who remain. The protections relate primarily to keeping tenants informed and assuring that they do not move either because their rent goes up or as a result of the rehab work.

There are three basic requirements for residential properties:

- All effected persons must receive timely notices of their rights, information about plans for the project and the assistance they will receive. People who don't get the required notices may make the claim that they are displaced persons -- even if it was not intended that they move.
- Persons who will remain in a property must be offered a suitable unit that is decent, safe, sanitary and affordable.
- All displaced persons must be offered a comparable replacement unit which is decent, safe, sanitary and affordable. Moving and related expenses must be paid. No one may be required to move with less than 90 days notice.

Planning is critical:

Relocation and tenant assistance concerns need to be addressed before the date of the loan application.

The Relocation staff can help:

- Use the relocation expertise available to you. The rules are complex. This is an area in which it is not possible to "wing it".
- The rules are not one-sided. There are actions you can take to "save" money as well as actions you must take even though they cost money.
- Cooperation is essential. A number of people need to "do the right thing" in order to make the process work.

How Displacement is triggered in rehabilitation projects:

Before application:

- Generally, before application, eligibility for relocation payments is triggered by a tenant's permanent move **ONLY IF** it is determined that the displacement was a direct result of the project activity. For example, an owner displaces tenants in order to propose a vacant building for loan assistance.

After application: Displacement is triggered when a tenant moves permanently from the property because:

- The tenant is required by the owner to move permanently. (This includes the owner's refusal to renew a lease, the family size can't be accommodated in the rehabed unit, the unit is not affordable); or
- The grantee or owner fails to provide timely required notices to the tenant and the tenant moves for any reason; or
- The owner fails to pay the actual, reasonable out-of-pocket expenses for a temporary move or because the conditions of the temporary move are unreasonable.

After Execution of Agreement: Displacement is triggered if a tenant moves permanently from the project because the tenant is not provided the opportunity to lease a suitable, affordable unit in the project.

What is "Affordable":

- If there is no increase in rent, the unit is considered affordable and the tenant is not considered "rent burdened" -- even if the percentage of income that the family is paying is quite high.
- For most programs, if the rent is increased as a result of federal assistance, it may not exceed 30% of gross monthly household income. A family whose increased rent exceeds this threshold is "rent burdened". If the family moves permanently from the project as a result, it is considered "economically displaced".
- "Rent" for this purpose means gross rent -- the rent paid to the owner plus an estimate for utilities paid by the tenant.
- In-place tenants should be offered a new lease, presumably for one year, at the time of rehabilitation completion. Any increase in rents caused by the rehabilitation would be reflected at the time.
- Any rent increases that occur subsequent to the initial rent increase are presumably based upon market conditions and not based upon rehabilitation costs. An owner may not keep rents artificially low at the time of rehabilitation completion and then subsequently raise the rents dramatically. This would provide a tenant who moved with a basis for a claim that he/she were a "displaced person".

To Avoid Economic Displacement:

- To avoid economic displacement, eligible lower income tenants may be offered tenant-based assistance to make units affordable.
- Tenant-based assistance includes Section 8 Rental Certificates or Rental Vouchers. HOME Tenant-Based Assistance may also be used if there is an expectation that assistance will be renewed after the initial two-year period.
- Rent burdened families offered such assistance before they move may use the assistance in the project or move. BUT they are not considered displaced.

OK. What's the next step?:

- Review the attached information which outlines the steps you need to take. Then make an appointment to meet with the relocation staff before you submit a loan application.

PROFESSIONAL SERVICES DEPARTMENT

PROPERTY TRANSACTIONS SECTION **LOAN SERVICING**

The Portland Development Commission loan portfolio is unique because of the types of clients (approximately 90% are low to middle income), the types of loans (mostly high risk), and lien position (anywhere from first to fifth lien position), which results in unique loan servicing procedures, policies, and techniques. With a Loan Servicing staff of four, PDC presently services 5,764 loans for a total of \$70,446,664. Of this, 2,701 loans are amortizing in the amount of \$58,997,508., and 3,063 are deferred payment loans in the amount of \$11,449,155. The present delinquency rate is 5.86%.

In a recent poll of five outside local lenders, only one lender services their loans locally, US Bank. The general standard steps in the servicing of loans are as follows:

- ♦ Initial loan set up on the computer
- ♦ Issue welcome letters
- ♦ Issue initial payment coupons, annually thereafter
- ♦ Optional automatic payment plan
- ♦ Collect and account for loan payments
- ♦ Answer customer questions about status of loans/policies
- ♦ Pay property taxes and insurance premiums
- ♦ Annual analysis of payments
- ♦ Issue year end summary statements, 1099 and 1098 statements
- ♦ Report to IRS and State of Oregon (1099 and 1098)
- ♦ Issue delinquent notices, place collection calls
- ♦ Monitor hazard insurance protection
- ♦ Monitor Bankruptcy filings
- ♦ Process assumption requests
- ♦ Process final payoff

The real difference for PDC in servicing is when the Borrower does not pay, or default in some other way. Most lenders are in a first lien position. If payments discontinue, the accounts are forwarded to legal for foreclosure. Most of the PDC Neighborhood Housing Preservation (NHP) loans are in a second, third, fourth, and sometimes fifth lien position, making foreclosure an impractical solution. Working with clients on repayment is the real challenge. Loan Servicing provides financial counseling and budget analysis to assist in determination on course of action. Extension of payments, recovery work-out agreements, and modification agreements are often executed to allow the Borrower to stay in their home, and recover from either a temporary or long term financially difficult situation. Many of the NHP Borrowers are senior citizens and special consideration must be given due to health problems and financial difficulties.

The different loan programs serviced are listed below. (Please note, some programs have discontinued, but servicing continues until maturity of the loan.)

- ♦ Home Repair Loans:
 - Public Interest Lender
 - Housing and Community Development
 - Housing Recycle Ownership Program
 - Innovative (Recycled) Housing
 - Sewer Hook-up Loans
 - Home Security Loans
 - Emergency Repair Loans
 - Equity Partnership Loans
 - Deferred Payment Loans
 - PCRI Refinances
 - Better Housing Trust Corporation
- ♦ Homestead Loans:
 - HCD funded Homestead Loans
 - Portland Homestead Loans
 - Homestead Equity Participation Agreements
- ♦ Rental Housing Preservation Program:
 - Investor Rehabilitation Loans
 - Multi-Family Rehabilitation Loans
 - No Profit and Loss
 - Rental Rehabilitation Grant Funding
 - Acquisition
 - Downtown Housing Preservation Loans
 - Housing Construction Loans
- ♦ Business Loans:
 - NE Minority Working Capital Loans
 - Industrial Site Loans
 - Economic Development Loan Funds
 - SE Asian Refugee Fund
- ♦ Real Estate:
 - UDAG Funding
 - PP & L
 - Day Care
 - Urban Conservation Fund
 - North Downtown Facade Rehabilitation Program

Each loan program is similar in servicing, but also unique in some respects. Some of the EcDev loans are in favor of City Loan Corporation, any and all changes must be approved by their board. A close working relationship exists with EcDev staff to accomplish this.

Aside from the unique customer service, other loan servicing duties include:

- ♦ Develop strategy for delinquent or defaulted loans for Internal Loan Review Committee and Loan Foreclosure Review Committee
- ♦ Rent regulatory annual audits (Limited Property Tax Assessment Program)
- ♦ Sue on the Note in small claims court on accounts under \$2,500.00
- ♦ File writs of garnishments on assets on all Judgments Loan collection activities (it has been proven that there is a much higher rate of return on accounts collected "in-house" rather than forwarding the accounts to outside collection agencies)
- ♦ Prepare and record the Bargain and Sale Deed on Homestead accounts upon fulfillment of contract requirements

QUESTIONS TO ASK ANOTHER SERVICING AGENCY FOR COMPARISON:

Types of clients

Types of loans / lien position

Number of loans serviced / number of LS staff

Different loan programs administered

Borrower financial counseling / budget analysis

Policy on delinquent/defaulted account

Any work-out agreements

(extension of payments, modification of terms of repayment, deferment of payments/interest, waiver of interest)

Charge for special customer requests

(lost year-end statements, lost payment coupons, payoff statements)

8200.02

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