Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

Dan Saltzman, Commissioner-in-Charge Linda Jefferson, Director



FY 2012-13

Requested Budget Five-Year Financial Plan Capital Improvement Plan



PORTLAND, OREGON

Dan Saltzman, Commissioner 1221 S.W. 4th Avenue, Room 230

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Date: January 27, 2012

To: Mayor Sam Adams

Commissioner Nick Fish Commissioner Amanda Fritz Commissioner Randy Leonard Auditor LaVonne Griffin-Valade

From: Commissioner Dan Saltzman

Re: Fire & Police Disability & Retirement's FY 2012-13 Requested Budget

Enclosed are the FY 2012-13 Requested Budget, FYE 2013-17 Financial Plan and Capital Improvement Plan for the Bureau of Fire & Police Disability & Retirement. The FPDR Board of Trustees approved the Requested Budget at its January 24, 2012 meeting.

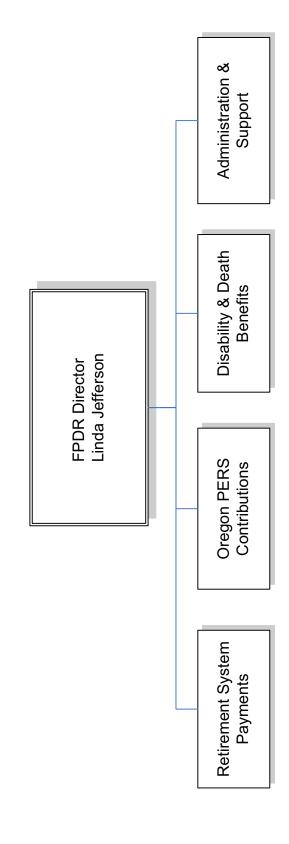
FPDR was not asked to present cut packages. The bureau has submitted one decision package to eliminate a half-time program coordinator position that was created in 2008 to implement the Pension Protection Act deductions from members to non-City of Portland insurers. When this was implemented, the incumbent retired, and the position was reduced from full-time to half-time. The program coordinator then implemented the new Medicare reporting requirements. Both projects are now completed, and other staff can maintain them.

For FY 2012-13, total bureau requirements are 2.5% above the current year's budget; total requirements net of tax anticipation notes (TANs) are increasing 3.3%. Over the five-year plan, bureau requirements are up 27.2%, and total requirements net of TANs are up 24.7%. Most of the increases are due to FPDR 2 pension benefits, increasing as more members retire, and FPDR 3 contributions to PERS that grow as more new members are hired and as PERS contribution rates increase.

On the resources side, current year property taxes increase 6.4% in the Requested Budget and increase 327% over the plan. The Measure 50 Assessed Value rate increases from \$2.47 per \$1,000 in the current year to \$2.63, the same rate as in FYE10 and FYE11, and will increase to \$2.96 in FYE17. The implied Real Market Value rate per \$1000 increases from \$1.41 to \$1.63, as real market values are expected to have declined from the January 2011 level, and to \$1.91 in FYE17.

c: Audit Services
OMF Financial Planning

Bureau of Fire and Police Disability and Retirement



Bureau Summary

BUREAU MISSION

The Bureau of Fire & Police Disability & Retirement (FPDR) administers disability, death, and retirement benefits to Portland firefighters, police officers, and their survivors.

BUREAU OVERVIEW

FPDR consists of four programs: Administration and Support, Disability and Death Benefits, and two retirement programs - Retirement System Payments and Oregon Public Employees Retirement System (PERS) Contributions.

Retirement System Payments

Retirement System Payments governs the direct costs of pension benefits or refunds of contributions to members hired before January 1, 2007 and their beneficiaries. The FY 2012-13 program budget consists of \$100.4 million, including \$85,000 for program delivery. It is estimated that there will be 1,985 pension recipients by the end of FY 2012-13.

Oregon PERS Contributions

Oregon PERS Contributions manages the reimbursements to Portland Fire & Rescue and the Portland Police Bureau for PERS contributions made on behalf of firefighters and police officers hired after 2006. Program expenditures are budgeted at \$5.8 million for FY 2012-13, an increase of \$0.8 million or 15.5% over the FY 2011-12 Revised Budget.

Disability and Death Benefits

Disability and Death Benefits administers all direct benefit costs for disability (lost time from work), medical claims, vocational rehabilitation, and death benefits. Estimated expenditures total \$9.0 million, a decrease of \$0.8 million or 7.8% from the FY 2011-12 Revised Budget. The program budget includes \$927,000 in program delivery expense.

Administration and Support

Administration and Support includes all other costs of operating the bureau. Budgeted expenditures in the Administration and Support program total \$2.2 million, a decrease of \$0.1 million from the FY 2011-12 Revised Budget. The Administration and Support budget represents 1.9% of total bureau requirements. Including the delivery costs allocated to the retirement and disability programs, the percentage is 2.8%.

STRATEGIC DIRECTION

Significant Issues

The most significant issue faced by the bureau in the coming fiscal year is the completion of a technology project to migrate the FPDR benefits and payment database to a technology platform that meets City technology standards and has less operational vulnerability. The project is currently on time and within budget, with go-live scheduled for September 2012.

Recovery of state tax offset benefits overpaid from 1991 to 2008 will continue in FY 2012-13. FPDR estimates that approximately \$2.3 million of the \$2.8 million in overpayments will be collected by July 1, 2013. Repayment will be substantially complete by the end of FY 2013-14.

Service Improvement Plan

In the coming year, FPDR will be focused primarily on completing the migration of its benefits database to the new platform. Staff will also develop two explanatory pamphlets for members, one on independent medical examinations and one on post-retirement medical benefits related to disability claims approved prior to retirement.

SUMMARY OF BUDGET DECISIONS

Cut Package

Eliminate Half-time Program Coordinator Position

FPDR's only FY 2012-13 decision package will eliminate a part-time program coordinator position that is no longer needed. The position was created in 2008 to implement a provision of the Pension Protection Act, which provides retirees a tax benefit on their health insurance premium payments, so long as the pension plan pays the premiums directly. In FY 2010-11 the position was reduced to half-time and the duties changed to implementing new Medicare reporting requirements. Both the Pension Protection Act and the new Medicare reporting requirements have been successfully implemented, and ongoing administration of both functions can be managed by other staff.

Capital Budget

CAPITAL PLANNING & BUDGETING

Financial Forecast Overview

FPDR's five-year financial plan projects a 24.7% increase in total fund requirements, net of tax anticipation notes, over the life of the plan. Increased requirements are primarily attributable to direct pension benefits. The database replacement capital project will increase total fund requirements by just 0.1% in FY 2012-13, and less than that in out years. Project costs, as well as the associated ongoing maintenance and improvement expenses, are reflected in the five-year financial plan.

Asset Management and Replacement Plan

FPDR does not have a formal asset management and replacement plan for the database. Ongoing annual asset management costs are estimated at \$35,000 for the first three years after the database goes live, rising to \$45,000 when the warranty expires. In addition, capital enhancements of about \$30,000 per year are anticipated for the first three years after go-live, dropping to roughly \$15,000 a year thereafter. The useful life of the new database is estimated at approximately ten years. No funding will be set aside for its future replacement.

CAPITAL PROGRAMS & PROJECTS

Funding Sources

The funding source for FPDR's capital project, as with most FPDR expenses, is property taxes generated by the dedicated property tax for fire and police pension and disability benefits.

Major Projects

FPDR's FY 2012-13 capital improvement plan includes one project, the rebuild of FPDR's FoxPro database in SQL server. FPDR currently uses a custom FoxPro database originally built in 1994 to track all member information and to process all member and vendor payments. The FoxPro platform is increasingly obsolete and does not meet City technology standards. In addition, Microsoft is expected to discontinue FoxPro maintenance in the near future. The new database is expected to go live in fall 2012. The estimated cost to rebuild the database remains \$240,000.

Net Operating & Maintenance Costs

FPDR estimates the new database's total maintenance and improvement costs at roughly \$60,000 to \$65,000 per year. The contract anticipates annual maintenance expenses of \$20,000 and annual capital improvement costs of \$30,000 for the first three years after go-live. At that point, maintenance costs are expected to increase to \$30,000 per year while system upgrades are expected to drop to only \$15,000 per year. In addition, two new servers are required to run the new database, at an additional cost of about \$15,000 per year. It is possible the new database will generate efficiencies that could decrease costs; however these are currently unknown and therefore unquantifiable.

Administration & Support

Description

This program provides the general administrative and support services that the bureau requires to fulfill its mission.

Goals

By providing the administrative and support services needed to deliver the retirement and disability benefits that are essential in recruiting and retaining the most qualified individuals for important public safety operations, this program contributes to the City's goal to ensure a safe and peaceful community.

Performance

This program's budget as a percent of total bureau expenditures will decline slightly for FY 2012-13, as lower capital expenditures and the elimination of a position offset increases in other areas.

Changes to Services and Activities

FPDR expects to complete the migration of its software system to an SQL platform in FY 2012-13. The new system may allow some process improvements and efficiencies and may require that some business processes be redesigned.

If approved, a part-time program coordinator position will be eliminated from this program in 2012. The position's ongoing responsibilities will be absorbed by staff in the Retirement System Payments and Disability and Death Benefits programs.

Disability & Death Benefits

Description

This program provides short-term and long-term benefits for injuries and illnesses, medical benefits, vocational rehabilitation benefits, and funeral benefits for sworn members of the Fire and Police Bureaus and their survivors.

Goals

Disability benefits are essential in recruiting and retaining the most qualified individuals for important public safety operations. Thus, this program contributes to the City goal to ensure a safe and peaceful community.

Performance

The number of members on long-term disability has dropped each year for the last three years. That trend is expected to continue in the current and upcoming fiscal years.

The timeliness of disability claims decisions declined somewhat, with fewer claims decisions reached within 30 days. This is primarily attributable to an increase in medically complex claims, such as those involving back injuries, heart conditions, and stress. Nevertheless, nearly all claims continue to receive a decision within 90 days.

Changes to Services and Activities

Disability packets have been revised so that they will not need to be recreated each year. Components of the new packets will be updated only as needed, saving paper and staff time. In 2012, FPDR will develop two new informational packets for members, one on independent medical exams and one on post-retirement medical benefits.

Oregon PERS Contributions

Description

This program reimburses the Police and Fire Bureaus for the contributions they make to the Oregon Public Employees Retirement System on behalf of their sworn members hired after 2006. Expenses are determined by the number of those members, their pensionable pay, and PERS contribution rates.

Goals

Retirement benefits are essential in recruiting and retaining the most qualified individuals for important public safety operations. Thus, this program contributes to the City goal to ensure a safe and peaceful community.

Performance

To budget for this program, FPDR and the Fire and Police Bureaus must make assumptions about sworn hiring and attrition rates, future salary increases, promotion rates, and the amount of premium pay and overtime that will be earned by PERS-covered employees. FPDR and the Fire and Police Bureaus have worked to improve the accuracy of these projections. In FY 2010-11 actual expenses were just 71.4% of the Adopted Budget; for FY 2011-12 FPDR projects that expenses will be 93.5% of the Adopted Budget.

Changes to Services and Activities

This program will experience substantial expenditure growth for the next 20 to 25 years, as an ever larger proportion of the sworn workforce becomes covered by PERS. However, growth will be tempered in FY 2012-13 by a hiring slowdown, due to possible budget reductions in the Police and Fire Bureaus.

Retirement System Payments

Description

This program provides pension benefits to retired sworn members of the Fire and Police bureaus, hired prior to January 1, 2007, and their survivors.

Goals

Retirement benefits are essential in recruiting and retaining the most qualified individuals for important public safety operations. Thus, this program contributes to the City goal to ensure a safe and peaceful community.

Performance

The number of retirements is expected to increase from a recent average of about 20 per year to more than 80 in FY 2011-12, as members take advantage of two lookback periods with an extra pay date in that fiscal year. FPDR also expects approximately 50 retirements in FY 2012-13. Requests for pension estimates have ticked up accordingly.

The accuracy of pension estimates has improved steadily, with FPDR projecting that soon 100% of members will receive final pay that is at least 99% of their most recent estimate. The timeliness of estimates remains about the same, with around 80% of requests completed within one week.

Changes to Services and Activities

There are no changes to services and activities for this program.

Summary of Bureau Budget

	FY 2009-10 Year-End Actuals	FY 2010-11 Year-End Actuals	FY 2011-12 Revised Budget	FY 2012-13 Requested Without DP's	FY 2012-13 Requested Budget
eau of Fire & Police Disability & Retirement					
Expenditures					
Unappropriated Fund Balance	12,341,042	0	0	0	0
Personal Services	1,493,409	1,597,808	1,718,200	1,874,871	1,831,263
External Materials and Services	98,490,571	98,767,265	106,606,111	108,848,530	108,848,530
Internal Materials and Services	3,055,802	3,753,453	5,925,724	6,640,252	6,640,252
Capital Outlay	1,525	9,900	275,000	95,500	95,500
Debt Service	28,508,644	22,275,958	27,012,042	25,518,079	25,518,079
Fund Transfers - Expense	292,549	383,671	1,087,008	821,534	821,534
Contingency	0	0	9,864,815	11,317,000	11,317,000
Total Expenditures	144,183,543	126,788,055	152,488,900	155,115,766	155,072,158
Resources					
Budgeted Beginning Fund Balance	7,152,885	0	17,755,428	14,677,817	14,677,817
Taxes	108,077,959	110,665,682	105,700,575	112,608,749	112,565,141
Charges for Services	36	30	0	0	0
Interagency Revenue	7,200	7,200	142,000	360,200	360,200
Fund Transfers - Revenue	2,068	1,678	753,970	750,000	750,000
Bond and Note Proceeds	28,349,586	22,170,272	26,799,000	25,211,000	25,211,000
Miscellaneous Sources	593,809	531,446	1,337,927	1,508,000	1,508,000
Total Resources	144,183,543	133,376,308	152,488,900	155,115,766	155,072,158

Summary of Program Budgets

	FY 2009-10 Year-End Actuals	FY 2010-11 Year-End Actuals	FY 2011-12 Revised Budget	FY 2012-13 Requested Without DP's	FY 2012-13 Requested Budget
Bureau of Fire & Police Disability & Retirement					
Administration & Support					
Administration & Support	1,794,332	1,971,176	2,341,985	2,283,935	2,240,327
Total Administration & Support	1,794,332	1,971,176	2,341,985	2,283,935	2,240,327
Disability & Death Benefits					
Disability & Death Benefits	7,859	0	23,000	0	0
Disability Administration and Support	729,762	795,001	804,781	926,588	926,588
Funeral	31,237	44,867	44,577	57,146	57,146
Long-term Disability	4,196,157	3,816,740	3,713,541	3,106,419	3,106,419
Medical	3,152,976	2,319,966	3,316,266	3,110,198	3,110,198
Return to Work	396,417	430,039	387,000	330,000	330,000
Short-term Disability	1,265,533	1,305,908	1,414,155	1,429,227	1,429,227
Vocational Rehabilitation	33,031	21,132	41,013	21,872	21,872
Total Disability & Death Benefits	9,812,973	8,733,652	9,744,333	8,981,450	8,981,450
Oregon PERS Contributions					
Oregon PERS Contributions	2,210,250	2,865,737	4,980,000	5,750,000	5,750,000
Total Oregon PERS Contributions	2,210,250	2,865,737	4,980,000	5,750,000	5,750,000
Retirement System Payments					
Retirement System Payments	109,569	8	0	0	0
Retirement Administration and Support	72,076	74,381	79,362	84,522	84,522
Pension Benefits	89,047,489	90,483,472	97,379,355	100,359,246	100,359,246
Total Retirement System Payments	89,229,134	90,557,861	97,458,717	100,443,768	100,443,768
otal Programs	103,046,688	104,128,426	114,525,035	117,459,153	117,415,545

Bureau of Fire & Police Disability & Retirement

Performance Measures

Performance Measure	Туре	FY 2009-10 Year-End Actuals	FY 2010-11 Year-End Actuals	FY 2011-12 Revised Budget		FY 2012-13 Performance With Dec Pkg
DR_0002 - Administrative cost as a percentage of bureau budget	EFFICIENCY	1.74%	1.89%	2.04%	1.91%	1.91%
DR_0003 - Number of retirements from active service	WORKLOAD	20	22	85	56	56
DR_0004 - Number of pension estimates	WORKLOAD	207	256	256	256	256
DR_0005 - Number of FPDR 1 & 2 pension recipients	WORKLOAD	1,871	1,882	1,952	1,985	1,985
DR_0006 - Number of pre-retirement workshop participants	WORKLOAD	50	56	42	42	42
DR_0007 - Percentage of workshop participants who rated workshop helpful	EFFECTIVE	100%	100%	100%	100%	100%
DR_0008 - Percentage of pension estimates processed within one week	EFFICIENCY	80%	79%	84%	84%	84%
DR_0009 - Number of new no-time-loss claims	WORKLOAD	139	121	125	125	125
DR_0010 - Number of new time-loss claims	WORKLOAD	155	165	172	172	172
DR_0011 - Number of members on short-term disability	WORKLOAD	253	227	227	227	227
DR_0012 - Number of medical bills	WORKLOAD	6,336	5,657	6,002	6,002	6,002
DR_0013 - Number of long-term disability recipients	WORKLOAD	100	92	83	70	70
DR_0014 - Medical cost savings	EFFECTIVE	\$1,190,224	\$1,157,980	\$1,082,178	\$1,184,985	\$1,184,985
DR_0015 - Savings as a percentage of total medical costs	EFFECTIVE	29.6%	32.9%	38.1%	38.1%	38.1%
DR_0020 - Percentage of disability claims decisions in 90 days	EFFICIENCY	99%	98%	100%	100%	100%
DR_0021 - Percentage of disability claims decisions in 60 days	EFFICIENCY	95%	86%	91%	91%	91%
DR_0022 - Percentage of disability claims decisions in 30 days	EFFICIENCY	75%	70%	67%	67%	67%
DR_0023 - Percentage of members whose final pay was 99% or more of last estimate	EFFECTIVE	92%	94%	100%	100%	100%

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Total FTE and Salary by Class Bureau of Fire & Police Disability & Retirement

	CY_REV	BUD {Rep}	V52_NC	_DP {Rep}	V52_TOTAL {Rep}		
Class Title	No.	Amount	No.	Amount	No.	Amount	
30000063 Accountant II	1.00	60,804	1.00	60,804	1.00	60,804	
30000436 Administrative Supervisor I	1.00	63,030	1.00	65,610	1.00	65,610	
30000065 Claims Technician, Assistant	1.00	45,156	1.00	45,156	1.00	45,156	
30000412 FPDR Director	1.00	130,296	1.00	130,296	1.00	130,296	
30001384 FPDR Financial Manager	1.00	107,556	1.00	107,556	1.00	107,556	
30000582 FPDR Operations Manager	1.00	98,052	1.00	99,712	1.00	99,712	
30000592 Legal Assistant, Sr	1.00	72,924	1.00	72,924	1.00	72,924	
30000452 Management Analyst, Sr	1.00	84,636	1.00	84,636	1.00	84,636	
30000450 Management Assistant	1.00	51,702	1.00	53,825	1.00	53,825	
30000012 Office Support Specialist II	1.00	43,956	1.00	43,956	1.00	43,956	
30000480 Workers Comp/Disability Analyst, Sr	3.00	220,800	3.00	229,074	3.00	229,074	
30000479 Workers Compensation/Disability Analyst	2.00	145,848	2.00	145,848	2.00	145,848	
Total Full-Time Positions	15.00	\$1,124,760	15.00	\$1,139,397	15.00	\$1,139,397	
30000568 Financial Analyst, Sr	1.20	92,244	1.20	93,238	1.20	93,238	
30000464 Program Coordinator		40,236	0.50	40,236	0.00	0	
Total Part-Time Positions	1.70	\$132,480	1.70	\$133,474	1.20	\$93,238	
Grand Total	16.70	\$1,257,240	16.70	\$1,272,871	16.20	\$1,232,635	

FUND OVERVIEW

Chapter 5 of the Portland City Charter establishes the Fire & Police Disability & Retirement (FPDR) Fund for the sworn employees of Portland Fire & Rescue and the Portland Police Bureau, their surviving spouses, and their dependent minor children. The fund is supported primarily through a separate property tax levy originally authorized by the voters in 1948. The levy is a rate-based levy, providing a maximum rate of \$2.80 per \$1,000 of real market value.

Managing Agency

Bureau of Fire & Police Disability & Retirement

SIGNIFICANT CHANGES FROM PRIOR YEAR

Net of tax anticipation notes, requirements for FY 2012-13 are increasing by \$4.2 million, or 3.3%, from the FY 2011-12 Revised Budget. FPDR will increase fund contingency from 8% to 9% of the operating budget, reflecting additional risks to the forecast. Capital expenses will decline in FY 2012-13 as the bureau completes its only capital project, the migration of a FoxPro database to SQL server. Following revisions to the City's overhead rate model, FPDR's General Fund overhead payment will drop significantly, from \$0.3 million in FY 2011-12 to less than \$0.1 million in FY 2012-13.

The FPDR property tax levy will increase from \$2.47 per \$1,000 of assessed value for FY 2011-12 to \$2.63 for FY 2012-13. These figures are equivalent to \$1.41 and \$1.63 per \$1,000 of gross real market value. Overall property tax collections will increase by \$6.9 million, or 6.5%, for FY 2012-13.

FUND OVERVIEW

The Fire & Police Disability & Retirement (FPDR) Reserve Fund was established by City Charter and is to be maintained in the amount of \$750,000. It is for use only in the event the FPDR Fund becomes depleted to the extent that current obligations cannot be met. Interest income on the \$750,000 is booked directly to the FPDR Fund.

Managing Agency

Bureau of Fire & Police Disability & Retirement

Summary of Fund Budget

	FY 2009-10 Year-End Actuals	FY 2010-11 Year-End Actuals	FY 2011-12 Revised Budget	FY 2012-13 Requested Without DP's	FY 2012-13 Requested Budget	
Fire & Police Disability & Retirement Fund						
Expenditures						
Unappropriated Fund Balance	11,591,042	0	0	0	0	0
Personal Services	1,493,409	1,597,808	1,718,200	1,874,871	1,831,263	0
External Materials and Services	98,490,571	98,767,265	106,606,111	108,848,530	108,848,530	0
Internal Materials and Services	3,055,802	3,753,453	5,925,724	6,640,252	6,640,252	0
Capital Outlay	1,525	9,900	275,000	95,500	95,500	0
Debt Service	28,508,644	22,275,958	27,012,042	25,518,079	25,518,079	0
Fund Transfers - Expense	292,549	383,671	337,008	71,534	71,534	0
Contingency	0	0	9,864,815	11,317,000	11,317,000	0
Total Expenditures	143,433,543	126,788,055	151,738,900	154,365,766	154,322,158	0
Resources						
Budgeted Beginning Fund Balance	6,402,885	0	17,005,428	13,927,817	13,927,817	0
Taxes	108,077,959	110,665,682	105,700,575	112,608,749	112,565,141	0
Charges for Services	36	30	0	0	0	0
Interagency Revenue	7,200	7,200	142,000	360,200	360,200	0
Fund Transfers - Revenue	2,068	1,678	753,970	750,000	750,000	0
Bond and Note Proceeds	28,349,586	22,170,272	26,799,000	25,211,000	25,211,000	0
Miscellaneous Sources	593,809	531,446	1,337,927	1,508,000	1,508,000	0
Total Resources	143,433,543	133,376,308	151,738,900	154,365,766	154,322,158	0
Fire & Police Disability & Retirement Res Fund						
Expenditures						
Unappropriated Fund Balance	750,000	0	0	0	0	0
Fund Transfers - Expense	0	0	750,000	750,000	750,000	0
Total Expenditures	750,000	0	750,000	750,000	750,000	0
Resources						

Summary of Fund Budget

	FY 2009-10 Year-End Actuals	FY 2010-11 Year-End Actuals	FY 2011-12 Revised Budget	FY 2012-13 Requested Without DP's	FY 2012-13 Requested Budget	
Fire & Police Disability & Retirement Res Fund						
Resources						
Budgeted Beginning Fund Balance	750,000	0	750,000	750,000	750,000	0
Total Resources	750,000	0	750,000	750,000	750,000	0

Decision Package Summary

Bureau: Bureau of Fire & Police D	Disability & Retirement				Priority:)1 Type	e: Reductions	
Decision Package: DR_01 - Elim	inate Program Coordinator	Position						
	FY 2012-13 Requested 1 Time DP	FY 2014-15 Estimated Budget	FY 2015-16 Estimated Budget	FY 2016-17 Estimated Budget				
EXPENDITURES								
Personal Services	0	(43,608)	(43,608)	0	0	0	0	0
TOTAL EXPENDITURES	0	(43,608)	(43,608)	0	0	0	0	0
REVENUES								
Taxes	0	(43,608)	(43,608)	0	0	0	0	0
TOTAL REVENUES	0	(43,608)	(43,608)	0	0	0	0	0
FTE								
Part-Time Positions	0.00	-0.50	-0.50	0.00	0.00	0.00	0.00	0.00
TOTAL FTE	0.00	-0.50	-0.50	0.00	0.00	0.00	0.00	0.00

Description:

In FY 2008-09 Council added a full-time program coordinator to FPDR to implement a provisions of the federal Pension Protection Act of 2006. This act allows qualified public safety retirees to exclude up to \$3,000 of their retirement benefits from taxable income, so long as the pension plan pays the retirees' health insurance premiums directly. The program coordinator has successfully developed and implemented the new program, negotiating payment arrangements with 22 non-City health insurers and arranging for monthly healthcare premium payments on behalf of approximately 150 retirees and survivors. In FY 2010-11, the position was reduced to half-time, and the duties changed to implementing new Medicare reporting requirements. This project has also been successfully implemented.

This position has fulfilled its original purpose. Ongoing administration of the Pension Protection Act program has been turned over to the pension coordinator and ongoing supervision of Medicare reporting will be handled by one of the disability analysts. FPDR is now seeking Council approval to eliminate the position and reduce the FPDR property tax levy accordingly.

Expected Results:

The pension coordinator is now responsible for ongoing administration of the Pension Protection Act and one of the disability analysts will be made responsible for ongoing administration of Medicare reporting.

Bureau of Fire & Police Disability & Retirement

Management Data

Commissioner in Charge: Dan Saltzman

Bureau Director: Linda Jefferson

Website: http://www.portlandonline.com/fpdr

Administration: 1.9% M/W/ESB Contract \$: 0.0%

Workforce Data

Minorities: 29.4% Female: 94.1%

Non-Represented: 82.0%

Span of Control: 4.25 positions per supervisor

Management Layers: 1 to 3

Resource and FTE Summary

	FY 2011-12	FY 2012-13	FY 2012-13	FY 2012-13	FY 2012-13
	Adopted	Base	Reductions	Add Packages	Requested
General Fund	\$0	\$0	\$0	\$0	\$0
Property Taxes	105,700,575	112,608,749	(\$43,608)	0	\$112,565,141
Other Revenues	46,788,325	42,507,017	0	0	42,507,017
Total Revenues	\$152,488,900	\$155,115,766	(\$43,608)	\$0	\$155,072,158
FTE	16.70	16.70	(0.50)	0.00	16.20

Bureau Overview and Significant Issues

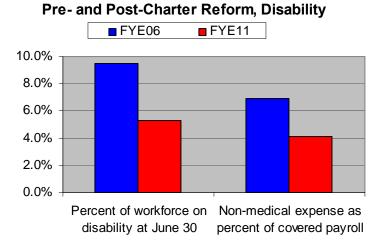
The Bureau of Fire & Police Disability & Retirement (FPDR) administers disability, death and retirement benefits to the sworn members of the Portland Fire and Police Bureaus and their survivors as defined in Chapter 5 of the Charter of the City of Portland. Nearly all sworn Fire and Police employees hired before January 1, 2007 are enrolled in a pension plan administered by FPDR. Sworn employees hired since that date are enrolled in the Oregon Public Employees Retirement System (PERS); FPDR makes the required PERS contributions on their behalf. In addition FPDR provides disability and death benefits for almost all sworn employees, regardless of hire date. The bureau is comprised of the following four programs: Retirement System Payments, PERS Contributions, Disability & Death Benefits and Administration & Support. The FY 2012-13 requested operating budget for these four programs is \$117.4 million. Direct benefit costs and delivery costs of the retirement and disability programs represent 98% of the operating budget; the remaining 2% is allocated to the Administration and Support program. The budget request includes a decision package to eliminate a part-time program coordinator position that is no longer needed, for savings of \$43,608.

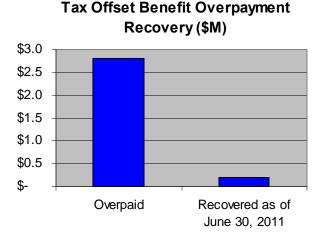
The Requested Budget also includes fund-level requirements totaling \$37.7 million. Fund-level requirements include contingency, tax anticipation notes (TANs) and cash transfers. The bureau increased base contingency from 8% of the operating budget in the current year to 9% in FY 2012-13. FPDR has increased contingency in recent years to reflects risks to the forecast.

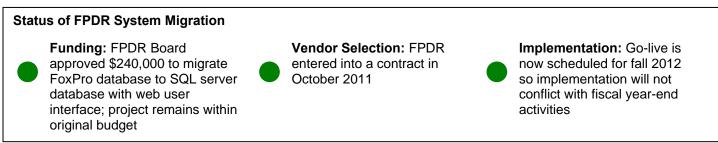
The primary funding source for FPDR is property tax revenues totaling \$112.6 million in FY 2012-13. The estimated levy rate for FY 2012-13 is \$1.63 per \$1,000 of Measure 5 Real Market Value (RMV) or \$2.63 per \$1,000 of Measure 50 Assessed Value (AV). The Charter provides FPDR with separate property tax levy authority up to \$2.80 per \$1,000 of RMV. Other resources include tax anticipation notes (TANs), interest income, cash transfers, interagency revenues, subrogation income and beginning fund balance.

Significant issues faced by the bureau in FY 2012-13 include the completion of a technology project to migrate the FPDR benefits and payment database to a new technology platform, and continued recovery of state tax offset benefits overpaid from 1991 to 2008.

PERFORMANCE DASHBOARD







Operating and Capital Requirements

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2012-13	FY 2013-14
	Actuals	Adopted	Base	Request	Estimate
Operating - Base	\$126,778,155	\$152,213,900	\$155,020,266	\$154,976,658	\$168,430,429
Operating - One-Time Initiatives	0	0	0	0	0
Capital - New Construction	0	0	0	0	0
Capital - Major Maintenance	9,900	275,000	95,500	95,500	30,000
Unappropriated Ending Balance	18,929,294	0	0	0	0
Total	\$145,717,349	\$152,488,900	\$155,115,766	155,072,158	\$168,460,429

Overview of Major Projects and Initiatives

FPDR System Migration: FPDR is migrating the FoxPro database used to administer benefits, track beneficiary information, and make payments to a SQL server database with a web user interface. The migration will address risks with the current technology. FPDR entered into a contract in October 2011 with a vendor to build the new database, which is expected to go live in fall 2012. Anticipated costs remain within the original project budget of \$240,000.

Tax Offset Benefit Overpayment Recovery: In 2008 FPDR identified and corrected an overpayment of additional tax offset pension benefits. The IRS determined that FPDR must recover most of the \$2.9 million overpayment. Recovery began in May 2011 via one of three methods: a lifetime reduction in monthly benefits, withholding of annual benefit increases until repayment is complete, or lump sum repayment. An estimated \$2.3 M will be recovered by July 1, 2013; recovery will be substantially complete by the end of FY 2013-14.

Program Summary City Bureau: Fire & Police Disability & Retirement

1. Program Title		3. Staff	(FTE)	4. Require	ments			6. 1	Resources			8. Program	m Rankings
Manager Phone #	2. Program Description	Regular	Limited Term	Operating	Capital	5. Percent Admin	General Fund	Rates, Fees & IAs	Federal, State &	Other	7. Output and Efficiency Measure(s)	Core	Community
Retirement System Payments Nancy Hartline 503.823.5501	This program provides pension benefits to retired sworn members of the Fire and Police bureaus who were hired prior to January 1, 2007, and their survivors. Mandated by Chapter 5 of the Portland City Charter. Operating budget includes cost of one staff person.	1	-	100,443,768		0.1%		7,200	Local	1,300,000	Number of pension estimates FY 2010-11 Actuals: 256 FY 2012-13 Target: 256 Number of pre-retirement workshop participants FY 2010-11 Actuals: 56 FY 2012-13 Target: 42 Number of service retirements FY 2010-11 Actuals: 22 FY 2012-13 Target: 56 Number of pension recipients FY 2010-11 Actuals: 1,882 FY 2012-13 Target: 1,985 FY 2012-13 Target: 1,985 Percentage of workshop participants who rated workshop helpful FY 2010-11 Actuals: 100% FY 2012-13 Target: 100% FY 2012-13 Target: 84% Percentage of members whose final pay was 99% or more of last estimate FY 2010-11 Actuals: 94% FY 2012-13 Target: 94% FY 2012-13 Target: 190%	1 (Charter mandated)	1 (Charter mandated)
Disability & Death Benefits Suzanne Bates 503.823.3071	This program provides short- and long- term benefits for injuries and ilinesses, medical benefits, vocational rehabilitation benefits and funeral benefits for sworn members of the Fire and Police bureaus and their survivors. Mandated by Chapter 5 of the Portland City Charter. Operating cost includes staff of seven and some materials and services associated with program delivery.	7	0	8,981,450	-	10.3%				44,000	Number of new time-loss claims FY 2010-11 Actuals: 165 FY 2012-13 Target: 172 Number of new no-time-loss claims FY 2010-11 Actuals: 121 FY 2012-13 Target: 125 Number of medical bills FY 2010-11 Actuals: 5,657 FY 2012-13 Target: 6,002 Number of members on short-term disability FY 2010-11 Actuals: 227 FY 2012-13 Target: 227 Number of long-term disability recipients FY 2010-11 Actuals: 92 FY 2012-13 Target: 70 Number of days to claim decision FY 2010-11 Actuals: 28 FY 2012-13 Target: 25 Medical cost savings FY 2010-11 Actuals: \$1.2M FY 2012-13 Target: \$1.2 M Medical cost savings FY 2010-11 Actuals: \$1.2 M Medical cost savings as a percentage of total medical costs FY 2010-11 Actuals: 33% FY 2010-11 Actuals: 33% FY 2010-11 Actuals: 33%	2 (Charter mandated)	
Oregon PERS Contributions Nancy Hartline 503.823.5501	This program reimburses the Fire and Police Bureaus for the contributions they make to the Oregon Public Employees Retirement System on behalf of their sworn members hired January 1, 2007 or later. Mandated by November 2006 Charter change.	0	-	5,750,000	-	-					NA	3 (Charter mandated)	3 (Charter mandated)
Adminstration & Support Nancy Hartline 503.823.5501	This program provides the general adminstrative and support services that the bureau requires to fulfil its mission.	8.2	-	2,283,935	-	58.3%		1,103,000		127,450,566	Administrative cost as a percentage of bureau-level budget (does not include delivery cost assigned to retirement and disability) FY 2010-11 Actuals: 1.9% FY 2012-13 Target: 1.9%	4	4
Fund Level Expenses	This line contains the total fund level expenses, which includes all debt service, cash transfers, contingency, and unappropriated fund balance.	NA	NA	37,656,613	-	NA				25,211,000		NA	NA
Total		16.20	-	155,115,766				1,110,200		154,005,566			

Customer Service Improvement Status Report

Bureau: Fire & Police Disability & Retirement

Staff Contact: Nancy Hartline Phone: 503.823.5501 Date: 1/24/12

Bureau Mission and Goals: Please attach copies of your bureau's mission, goals, and any workplans or other policy documents that specifically address customer service improvement efforts. Please describe how your strategic plans include customer service, and any plans for improvement.

FPDR's mission is to administer disability, death and retirement benefits to Portland firefighters, police officers and their survivors. Our primary effort in 2012 will be completing the migration of FPDR's benefits database from FoxPro to SQL server to ensure continuity of operations and better safeguard personal information.

For 2012, we continue to develop informational pieces explaining benefits to members. The biennial membership survey will also take place in 2012. Other efforts need to be integrated into FPDR's overall IT strategy and/or to be coordinated with the Police and Fire Bureau's leadership and the members' labor organizations.

Customer Service Assessment: Please attach a copy of your most recent customer service survey and survey results. Please indicate how your bureau assesses timeliness, accuracy, helpfulness, expertise, and available information. If you do not currently survey bureau customers, please explain any future plans.

The attached 2010 survey was distributed in the quarterly newsletter. Perhaps because it was not mailed separately, the response rate was lower than in the past. The 2012 survey will be mailed separately. Our challenge is how to reach members, especially active ones. Newsletters are now sent only to retirees.

We have implemented point-of-service surveys for pension estimates and the retirement process. Pension estimate responses are 100% excellent at http://www.portlandonline.com/index.cfm?c=54163, equaling the responses to pension workshop surveys on whether the workshop was helpful. Feedback on the retirement process has been 94% excellent to date (100% excellent or satisfactory). In addition, we have performance measures for the timeliness and accuracy of pension estimates and for the number of days to make a disability claim decision.

Workforce Development: Please describe any efforts you have made to develop customer service competency within your workforce in the areas of recruitment, training, and evaluation. Please share any details you can provide regarding progress in these areas over the past year (training program information, key bureau contacts, recruitment/evaluation material examples, etc.)

N/A

Have you phoned FPDR or visited the FPDR office in the last year? Yes/No	Overall, how was the service you received from FPDR Satisfactory in the last year?
If yes, Was the person who served you courteous and professional? Did you receive the information or document you requested? Was the information or document you received timely and easy to understand? What was Disability benefits	If you filed a disability claim with FPDR in the last year, how was the service you received on your claim? If you retired in the last year, Not applicable If you retired in the last year, how was the service you received on your Poor pension application? Excellent Satisfactory Poor Not applicable
your call Pension benefits or visit Changing personal information regarding? Other	If you rated the service you received as poor, please tell us why:
on PortlandOnline in the last year? Yes/No If yes, Did you find the information you were seeking? Yes/No Was the information you were seeking easily found? Yes/No Was the information helpful? Yes/No If you did NOT find the information, what information were you seeking?	How well do you understand your Pretty well Pretty well FPDR benefits? Not well If you responded not well, Do you know where to get the information when you need it? Yes/No How could FPDR improve
Did you receive any service from FPDR in the last year? If yes, What was your FIRST point of contact for the service you received you received this year? Yes/No Yes/No FPDR staff FPDR web site Fire or Police liaison Other Fire or Police staff Received mail Other	its service to you? Are you a Fire or Police member? Fire/Police Are you Working in Fire or Police Bureau currently: Receiving disability benefits Receiving pension benefits Optional: Name

2010 FPDR Member Survey

FPDR
236/450

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO 1048 PORTLAND OR
POSTAGE WILL BE PAID BY ADDRESSEE

CITY OF PORTLAND
BUREAU OF FIRE AND POLICE
DISABILITY & RETIREMENT
1120 SW 5TH AVENUE
PORTLAND OR 97204-9624

Thank you for taking the time to complete our survey! Fold on the lines, tape it closed, and drop it in the mail.

2010 survey questions Response			FIRE			POLICE		Uncate-	TOTAL	RESP	%		
_				Working	Disability	Pension	Working	Disability	Pension	gorized		PCT	197
	Hav	ve you phoned FPDR or visited the DR office in the last year?	Yes	10	2	22	6	4	33	4	81	42%	41%
<u>q1</u>	FFI	DR Office in the last year?											
			No	8	1	35	10	3	41	12	110	58%	56%
	If ye	es, Was the person who served you											
q1A		courteous and professional?	Yes	9	2	22	5	4	32	4	78	95%	40%
		Did as a second the information of	No	1		1	1		1		4	5%	2%
q1B		Did you receive the information or document you requested?	Yes	10	2	22	5	2	30	2	73	92%	37%
			No	1		1	1	2		1	6	8%	3%
q1C		Was the information or document you received timely and easy to understand?	Yes	11	2	22	4	3	29	2	73	90%	37%
			No			1	2	1	3	1	8	10%	4%
q1D	_'	What was your call or vist regarding?	Disability benefits	6	1	2	6	2	1		18	22%	9%
	_'		Pension benefits	3	1	6			11		21	26%	11%
	-		Changing personal information	1		5		1	3	1	11	13%	6%
	-			1		10		1		1	32	39%	
_		ve you visited FPDR's web site on	Other		4		4		19	I			16%
q2	Por	rtlandOnline in the last year?	Yes	8	1	11	4	4	6		34	18%	17%
			No	10	2	47	11	3	68	11	152	82%	77%
	If ye	es, Did you find the information you											
q2A		were seeking?	Yes	6	1	10	4	2	7		30	88%	15%
		10/ th - : f ti	No	2		1		1			4	12%	2%
q2B		Was the information you were seeking easily found?	Yes	4	1	8	4	2	7		26	81%	13%
			No	4		1		1			6	19%	3%
q2C		Was the information you found helpful?	Yes	6	1	9	3	2	7		28	90%	14%
			No	2				1			3	10%	2%
q2D		If you did NOT find the information, what information were you seeking?	open										
q3		I you receive any service from DR in the last year?	Yes	9	1	20	7	6	25	1	69	38%	35%
			No	9	2	35	9	1	46	12	114	62%	58%
	If ye	ne .						-					
	ii y	What was your FIRST point of	5000 · · · "	3	1	16	4	3	15	1	43	61%	220/
q3A		contact for the service you received this year?	FPDR staff	3	1	16	4	3		1			22%
			FPDR web site						2		2	3%	1%
			Fire or Police liaison Other Fire or Police	6			1	1	2		10	14%	5%
			staff				1				1	1%	1%
			Received mail			4	1	1	6		12	17%	6%
		Overall, how was the service you	Other (open)			1		1	1		3	4%	2%
q3B		received from FPDR in the last	Excellent	10	2	23	5	3	33		76	75%	39%
		year?	Satisfactory	3		5	4	2	5		19	19%	10%
			Poor	1		1		1	1	2	6	6%	3%
q3C		If you filed a disability claim with FPDR in the last year, how was the	Excellent	6	1		4	1	1	1	14	67%	7%
		service you received on your claim?	Satisfactory	1		1	2		1		5	24%	3%
			Poor				1	1		1	2	10%	1%
			Not applicable	4		14	3	4	15	1	41	. 0 / 0	21%
	1		1101 applicable		1				IJ				L 1 /0

Sent Resp Rate 3,068 6%

	2010 survey questions	Response		FIRE		1	POLICE		Uncate-	TOTAL	RESP	%
	2010 survey questions	Response		FIRE			POLICE		gorized	TOTAL	PCT	197
	=		Working	Disability	Pension	Working	Disability	Pension	gorizea		101	137
q3D		Excellent			2			4		6	75%	3%
	how was the service you received on your pension application?	Satisfactory			1	1				2	25%	1%
		Poor								0	0%	0%
		Not applicable	9		12	5	5	14		45		23%
q3E		open										
q4	How well do you understand your FPDR benefits?	Very Well	3		15	1	3	21	2	45	28%	23%
		Pretty Well	8	3	27	5	3	36	4	86	53%	44%
		Not Well	7		6	9	1	9		32	20%	16%
q4A	If you responded not well, do you know where to get the information when you need it?	Yes	6		4	2	1	7		20	57%	10%
		No	2		3	7		3		15	43%	8%
q5	How could FPDR improve its service to you?	open										
q6	Are you a Fire or Police member?	Fire	18	3	59				16	80	45%	41%
		Police				16	7	75		98	55%	50%
q 7	Are you currently:	Working	18			16				34	19%	17%
-		Disbability		3			7		16	10	6%	5%
-		Pension			59			75		134	75%	68%
q8	Optional: Name											

FPDR Five-Year Financial Plan: FYE 2013-17

The Bureau of Fire & Police Disability & Retirement (FPDR) administers retirement and disability programs for the sworn members of Portland Fire & Rescue and the Portland Police Bureaus. These benefits are defined in Chapter 5 of the City of Portland's Charter. FPDR's financial plan for the fiscal years ending 2013 through 2017 is detailed below. The first year of the plan is FPDR's FY 2012-13 Requested Budget.

Current Service Level and Risks to the Forecast

The current service level is described by program for bureau expenditures and by major object category for fund-level requirements and resources. Risks to the forecast are presented at the end of the section. Resources and requirements are summarized below.

Five-Year Forecast Summary (\$Million)

									FYE12
		FYE12		FYE13					Budget-
	FYE11	Adopted	FYE12	Request	FYE14	FYE15	FYE16	FYE17	FYE17
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast	Change
Resources									
Property Taxes	\$110.67	\$105.70	\$105.20	\$112.57	\$124.35	\$129.87	\$137.52	\$144.15	36.4%
Tax Anticipation Notes	22.17	26.80	16.92	25.21	30.90	32.52	35.80	38.85	45.0%
Miscellaneous	0.54	1.48	1.36	1.87	1.14	1.03	1.11	1.13	-23.9%
Cash Transfers	0.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75	-0.5%
Beginning Fund Balance	11.59	17.01	18.18	13.93	10.57	11.20	10.49	9.72	-42.8%
Total Resources	\$144.97	\$151.74	\$142.42	\$154.32	\$167.71	\$175.36	\$185.67	\$194.60	28.2%
Requirements									
Retirement Benefits	\$93.38	\$102.36	\$99.25	\$106.11	\$112.85	\$119.37	\$127.07	\$133.57	30.5%
Disability & Death Benefits	7.90	8.92	8.05	8.05	8.06	8.12	8.21	8.40	-5.8%
Administration & Delivery	2.85	3.25	3.10	3.25	3.50	3.64	3.60	3.74	15.0%
Fund-Level Requirements	22.66	37.21	18.09	36.91	43.30	44.23	46.79	48.89	31.4%
Ending Fund Balance	18.18	0.00	13.93	0.00	0.00	0.00	0.00	0.00	N/A
Total Requirements	\$144.97	\$151.74	\$142.42	\$154.32	\$167.71	\$175.36	\$185.67	\$194.60	28.2%
Total Net of TANs	\$122.80	\$124.94	\$125.50	\$129.11	\$136.81	\$142.85	\$149.87	\$155.75	24.7%

Resources

Property Taxes

Current-year taxes are increasing \$6.7 million, or 6.4%, for the Requested Budget and \$38.0 million, or 36.6%, over the five-year plan. The certified levy amount, which includes an adjustment for expected discounts and compression, is increasing by \$11.0 million, or 9.6%, for the Requested Budget and \$45.7 million, or 40.0%, for the five-year plan. Prior-year tax revenue is budgeted at \$2.1 million in FYE13, increasing by 2.5% in each of the subsequent years.

The City Economist expects Measure 50 Assessed Value (M50 AV) to increase annually for a total of 16.6% growth over the five-year plan. Measure 5 Real Market Value (M5 RMV),

EXE 10

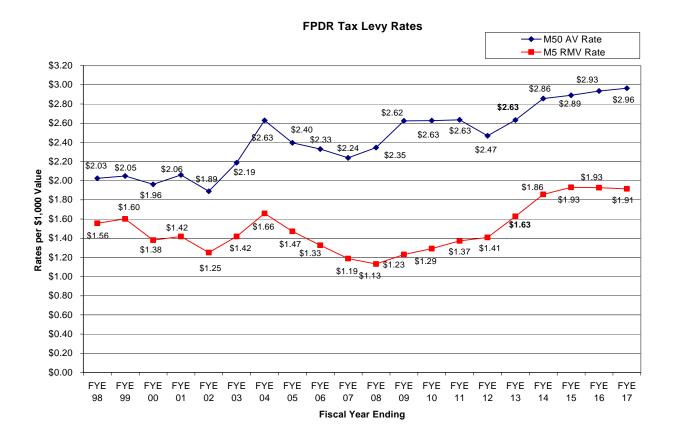
however, is projected to continue declining in FYE13 and FYE14; RMV is expected to rise only 3.0% over the plan. As a result, the 20.1% M50 AV rate increase is well below the implied 36.0% M5 RMV rate change. (Note that reported RMV amounts are gross numbers, before the urban renewal amount is subtracted. Gross RMV is used because it is the only published number available. RMV net of urban renewal is estimated to be 10% less than gross RMV.)

The M50 AV rate will increase from \$2.47 in FYE12 to \$2.63 in FYE13 – comparable to the rates in FYE09 through FYE11 – and will rise to \$2.96 over the five-year plan. The M5 RMV rate will rise from \$1.41 in FYE12 to \$1.63 for FYE13 and to \$1.91 by FYE17. FYE14 rates will be higher to the extent any of the one-time risks to the forecast identified in that section occur; all out-year rates will be higher if any ongoing risks occur. FPDR's imposed levy is capped at \$2.80 per \$1,000 of real market value by Charter and Measure 50.

Property Tax Summary (\$000)

							FYE12
	FYE12						Budget-
	Adopted	FYE13 Request	FYE14	FYE15	FYE16	FYE17	FYE17
	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Change
Required Current-Year Taxes	\$103,801	\$110,465	\$122,197	\$127,659	\$135,255	\$141,835	36.6%
Discount/Compression Adj.	10,464	14,821	17,893	18,693	18,147	18,174	73.7%
Levy Amount	114,264	125,286	140,090	146,352	153,401	160,009	40.0%
M50 Assessed Value	46,293,282	47,589,494	49,040,974	50,634,805	52,280,437	53,979,551	16.6%
M5 Real Market Value (Gross)*	81,163,435	76,965,961	75,426,642	75,803,775	79,593,964	83,573,662	3.0%
M50 AV Rate/\$1000	2.47	2.63	2.86	2.89	2.93	2.96	20.1%
M5 RMV Rate/\$1000	1.41	1.63	1.86	1.93	1.93	1.91	36.0%

^{*}Not adjusted for urban renewal (net RMV estimated to be 10% lower, so RMV levy rate could be 10% higher than shown)



Other Resources

Other revenue includes tax anticipation notes (TANs), cash transfers, beginning balance and miscellaneous and interagency revenue; all are detailed in the Five-Year Forecast Summary on page 2.

TANs are estimated as four months of other requirements, less beginning balance, and so grow as requirements grow; a cash-flow analysis is performed each spring to size the borrowing. Because of regulations for TANs, the borrowing amount should be slightly less than the amount needed to fund FPDR until current-year tax receipts begin in mid-November. The \$750,000 cash transfer budgeted each year is the FPDR Reserve Fund balance, which is included in FPDR's contingency budget and may be used to keep the FPDR Fund in a positive cash position in November.

Beginning balance is expected to decrease from an actual \$18.2 million in FYE12 to \$13.9 million for FYE13 and to \$9.7 million for FYE17 as out-year contingency levels drop.

The key components of other revenue are interest income, interagency revenue and other miscellaneous income, of which subrogation and recovery of overpayments are the largest part. Interest income is declining from \$310,097 in FYE11 to \$195,000 projected in FYE12 and \$158,000 budgeted for FYE13. The 2008 financial crisis has dramatically lowered the interest rate the City can earn on its investments; interest rates for borrowing have also declined. While the forecast spreads between borrowing rates and investment returns are unfavorable compared to FYE12, the actual spreads may be better.

Interest Rate Spread

			FYE13				
	FYE11	FYE12	Request	FYE14	FYE15	FYE16	FYE 17
	Actuals	Projection	Budget	Forecast	Forecast	Forecast	Forecast
Interest on TANs	0.31%	0.20%	1.00%	1.00%	1.00%	1.00%	1.00%
Interest on Investments	0.64%	0.45%	0.35%	0.50%	0.50%	0.50%	0.50%
Interest Rate Spread	-0.33%	-0.25%	0.65%	0.50%	0.50%	0.50%	0.50%

Both interagency (IA) revenue and recovery/subrogation are expected to increase for FYE13. The IA revenue represents the Police Bureau's phased-in sharing of what it has been receiving for pension and disability benefits for contracted work such as the transit police contract with TriMet, as well as the comparable revenue from Portland Fire & Rescue. Recovery/subrogation revenue is unusually high in FYE12 through FYE14 due to the recovery of the pension tax offset benefit overpayment through holding back the annual adjustments for FPDR 2 payees who were overpaid until the held-back adjustment recoups the payees' overpayment. The overpayment recovery is part of FPDR's Voluntary Correction Program filing with the Internal Revenue Service for the correction of the additional tax offset benefits which were overpaid from 1991 through most of 2008 and corrected in October 2008.

Miscellaneous & Interagency Revenue (\$000)

		FYE12		FYE13				
	FYE11	Adopted	FYE12	Request	FYE14	FYE15	FYE16	FYE 17
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast
Interest on Investments	\$310	\$300	\$195	\$158	\$231	\$237	\$243	\$249
Interagency Revenue	7	142	142	360	559	747	815	827
Recovery/Subrogation	221	1,038	1,027	1,350	350	50	50	50
Total Misc/IA Revenue	\$539	\$1,480	\$1,364	\$1,868	\$1,140	\$1,034	\$1,108	\$1,126

Requirements

Retirement Benefits

Retirements benefits are FPDR's largest requirements. They consist of benefits paid to FPDR 1 and 2 members, and reimbursements to the Police and Fire Bureaus for the contributions made to the Oregon Public Employees Retirement System (PERS) on behalf of their FPDR 3 employees who were sworn in 2007 or later. FPDR 1 and 2 are closed plans funded on a pay-as-you-go basis. FPDR 3 was created by Portland voters in November 2006 to begin prefunding the retirements of new police officers and firefighters.

The FYE12 projection for retirement benefits is 97% of budget. FPDR 1 benefits, as expected, are on target. FPDR 2 benefits are projected to be 96% of budget because of fewer than estimated retirements in FYE11 and July 2011. The estimate was for 75 retirements, but the actual was 69. Police and Fire retirements were each three fewer than estimated. FPDR 3 contributions are projected at 93% of budget due to fewer hires and lower average pay than expected.

FPDR 1 members are almost all retired; a few remain on long-term disability. This tier's benefits increase in accordance with the labor contracts for the Portland Fire Fighters Association (PFFA) and the Portland Police Association (PPA), as the Charter defines the benefits in relation to the top-step pay for a firefighter or police officer. For FYE13, FPDR 1 pension expenses are expected to decline, as deaths exceed new retirees. The PFFA contract ends June 30, 2012; no increases above the projected 3.8% cost of living adjustment (COLA) are budgeted, although this is a risk to the forecast discussed below. In addition to their FPDR 1 benefits, some members receive a supplemental pension through Standard Insurance that FPDR funds. Supplemental pensions provide a greater salary replacement for high-ranking members than only a base pension tied to firefighter or police officer pay could do.

FPDR 2 benefits increase as more members retire. Once retired, members' benefits increase by no more than the PERS increase, a 2% maximum annual adjustment. While the Board of Trustees is reviewing the annual benefit adjustment practice, the forecast increases in the Consumer Price Index (CPI) are 2% or greater for all five years, so the adjustment has been budgeted and forecast at 2% for each year. Retirements are driven by Fire and Police Bureau demographics as well as labor agreements. In September 2008, FPDR changed its retirement benefit calculation to use received, rather than earned, final pay. This change means that retirement benefits are based on the number of pay dates in the 12 calendar months preceding the month in which the member retires. Most 12-month lookback periods include 26 pay dates, but some, including July 2011 and June and December 2012, have 27. While the full effect of the 27th pay date on retirement decisions is not yet known, the experience to date appears to indicate a significant effect: there are 45 service retirements to date in FYE12, almost all of them with 27 pay dates in their final pay, compared to 41 service retirements in the last two fiscal years combined. In addition any retro payments, such as PFFA members received in August 2008, are included in the final pay calculation.

The FYE13 budget is based on 95 FPDR 2 retirements (55 of whom have retired through mid-January or are vested terminations or members on disability who are due to retire) in FYE12. This compares to a low of 20 in FYE10 and a high of 105 in FYE07. The number of retirements is based on the actuarial estimate plus a "cushion" of 10 additional retirements in the current year, reflecting the fact that actuarial estimates are not intended to be used as short-term predictors. FPDR's practice is to apply the cushion to the current year estimate, as those retirees will receive a full year of pension benefits in the budget year.

FPDR 2 Retirement Projections for FYE12

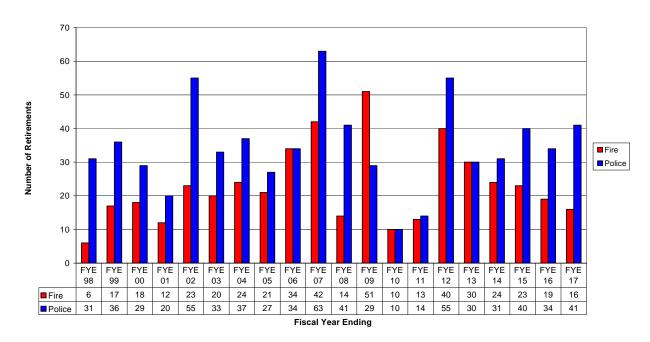
						Actives	Service +	
	Actuarial					Eligible to	Cushion as	Service
	Service		Disability	Vested	Total	Retire	Percent of	Retirements
	Retirements	Cushion	Retirements	Retirements	Retirements	FYE12	Eligibles	to Date
Fire	33	5	1	1	40	102	37%	20
Police	42	5	5	3	55	94	50%	25
Total	75	10	6	4	95	196	43%	45

With the cushion, FPDR budgets for 47 active Police members (25 of whom have retired to date), or 50% of those eligible to retire, and 38 active Fire members (20 of whom have retired), or 37% of those eligible, to retire in FYE12. The budget for the cushion is \$786,000.

FPDR 2 Retirements

Actuals (FYE 98-11), FYE 12 Projection with Cushion of 10 & Five-Year Forecast (FYE 13-17)

Includes Service, Disability and Vested Retirements



FPDR 3 contributions to PERS are determined by the number of FPDR 3 members, their pay and the PERS contribution rates. The forecast is based on the bureaus' hiring projections, which reflect their retirement assumptions and budget constraints. FPDR 3 costs are forecast to increase by 178% over the five years. New hires are much of the increase, but contribution rates are also expected to continue to increase. FYE12 and FYE13 rates are almost 16% higher than FYE11's, and double-digit increases are forecast for FYE14 and FYE16.

Retirement Summary (\$000)

		FYE12		FYE13				
	FYE11	Adopted	FYE12	Request	FYE14	FYE15	FYE16	FYE17
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast
FPDR 1 Benefits/Supplemental	\$ 25,360	\$ 24,692	\$ 24,674	\$ 24,096	\$ 23,301	\$ 22,642	\$ 21,879	\$ 21,055
FPDR 2 Benefits	65,105	72,687	69,924	76,263	82,054	87,532	93,195	98,667
FPDR 3 PERS Contributions	2,866	4,980	4,655	5,750	7,500	9,200	12,000	13,850
Total Retirement Benefits	\$93,331	\$102,359	\$99,253	\$106,109	\$112,855	\$119,375	\$127,074	\$133,572

Disability & Death Benefits

This program includes payments to members on short- and long-term disability, medical payments on approved claims, vocational rehabilitation expenses, funeral benefits and payments to the Fire and Police Bureaus for return to work, whereby FPDR pays 75% of the salary of members who would otherwise be on disability for a certain period of time. These subprograms are generally budgeted using trend data. Return to work, however, is managed as interagency agreements with Fire and Police and is budgeted as other interagencies are. No above-COLA increases are included in the budget for time loss benefits. Medical expense uses a medical inflator, and vocational rehabilitation uses the inflator for external materials and services.

Short-term disability benefits, which are paid every two weeks, are paid to members who cannot work at their positions due to approved claims for service-connected injuries and illnesses and occupational disabilities in the first year of their injury or illness. Long-term disability benefits, which are paid monthly, are paid to members who have been on short-term disability for a year or who cannot work at their positions due to approved claims for nonservice-connected injuries or illnesses. Short-term benefit expenses are more volatile than long-term expenses, which are declining as members reach their mandatory retirement dates and few new members are added.

Medical benefits include medical and hospitalization expenses, as well as prescription costs, associated with approved claims. Medical benefits are paid for both active members and members who retired either from disability or from active service in 2007 or later. These are the most volatile expenses in the Disability & Death Benefits program; large claims – those costing more than \$50,000 in a year – can create large year-to-year swings. House Bill 2420, which became effective January 1, 2010, establishes the presumption that 12 cancers are occupational disabilities for firefighters. No claims have been approved to date based on that presumption.

Vocational rehabilitation expenses include vocational assessments and other related services to members on disability who have been permanently restricted from their required duties in Portland Fire & Rescue or the Police Bureau. Members who earn other income have their disability benefits reduced by a portion of any outside income, so investing in vocational rehabilitation programs can lead to savings in disability benefits.

Return to work expenses are currently limited to early return to work (limited-duty assignments for members who would otherwise be on short-term disability until they can return to their regular positions). The pilot program for restricted duty assignments for members who would otherwise be on long-term disability has ended and not yet been replaced with a permanent program.

Disability & Death Benefits Summary (\$000)

		FYE12		FYE13				
	FYE11	Adopted	FYE12	Request	FYE14	FYE15	FYE16	FYE17
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast
Short-term Disability Benefits	\$1,306	\$1,414	\$1,377	\$1,429	\$1,458	\$1,499	\$1,539	\$1,570
Long-term Disability Benefits	3,817	3,714	3,444	3,106	2,817	2,552	2,342	2,183
Medical Benefits	2,320	3,316	2,840	3,110	3,362	3,634	3,878	4,180
Vocational Rehabilitation	21	41	21	22	23	23	24	25
Return to Work	430	387	319	327	330	336	346	355
Funeral Benefits	45	45	52	57	61	69	74	83
Total Disability/Death Bens	\$7,939	\$8,917	\$8,054	\$8,052	\$8,050	\$8,114	\$8,203	\$8,396

Administration & Delivery

Most of the non-benefit payment expenditures are allocated to the Administration & Support program, but some program delivery expenses are allocated to the retirement (\$0.1 million) and disability (\$0.9 million) programs. Some expenses that are shared between the programs – such as legal services – remain in Administration & Support. The table below includes all bureaulevel, non-benefit expenditures.

Administration & Delivery Summary (\$000)

		FYE12		FYE13				
	FYE11	Adopted	FYE12	Request	FYE14	FYE15	FYE16	FYE17
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast
Personal Services	\$1,598	\$1,718	\$1,714	\$1,831	\$1,951	\$2,042	\$2,150	\$2,220
External Material & Services	794	697	679	764	943	964	808	863
Internal Materials & Services	458	559	538	560	578	600	622	640
Capital	10	275	147	96	30	30	19	15
Total Admin & Delivery	\$2,860	\$3,249	\$3,077	\$3,251	\$3,502	\$3,637	\$3,597	\$3,738

For the FYE13 budget, administration and delivery expense is increasing 0.1% over the FYE12 budget. The FYE13 personal services budget is 6.6% above that for FYE12, due to anticipated step increases and reclassifications, COLA and expected medical inflation for health benefits. The increase is despite the proposed elimination of the half-time program coordinator position, which is no longer required. The original non-City health insurance providers and later Medicare reporting programs have been implemented and can be continued by other staff.

External materials and services is budgeted 9.6% above FYE12, with above-inflation increases in computer consulting, actuarial services, claims investigation and other professional services more than offsetting the decline in rent from the new lease amendment:

- Computer consulting is increasing due to higher maintenance costs under the new contract and some overlap of the two contracts in the first half of the fiscal year.
- Actuarial services are increasing because FYE12 is a valuation year, so the budget includes the cost of the pension valuation and levy adequacy analysis.
- Claims investigation expense increased last year and is expected to continue at this level in the current and budget years due to the investigation needs of the caseload mix.
- Other professional services are budgeted at 147% above the current year's budget because more cases are going to hearings and then to the appeals panel at the Office of Administrative Hearings.
- No program audits are planned in FYE13. Staff recommends that the next disability program audit wait until both phases of the database upgrade have been completed. The most recent program audits were completed in June 2009 (disability) and January 2010 (pension). The forecast includes \$150,000 in program audits in FYE14 and FYE15, for a five-year cycle.

The internal materials and services budget is expected to increase only 0.3% from FYE12 to FYE13. Inflationary increases and additional server costs related to the database replatform project are almost entirely offset by the elimination of the one-time expense for the loss prevention pilot with Portland Fire & Rescue.

Capital expenditures for the database replatform project, which the Board last year approved for \$240,000, are projected to be \$147,000 in FYE12 and budgeted at \$95,500 in FYE13. The golive date has been set for September to minimize operational risk by avoiding annual processes FPDR Five-Year Financial Plan

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around fiscal year-end like City health insurance premium changes and annual benefit adjustments. Of the \$200,000 in the Online Business Systems contract for the replatform, FPDR expects to spend \$135,000 (plus an additional \$12,000 for costs outside of the contract) in FYE12 and the remaining \$65,000 for some software development, final acceptance testing and deployment in FYE13. Once the replatform project is completed, development of enhancements to meet the Charter requirements of comparable recordkeeping with Worker's Compensation can begin. The budget for FYE13 is \$22,500 out of the \$100,000 in the contract for enhancements.

Administration	& Dolizioner	Dudget Detail
Administration	& Delivery:	Budget Detail

Administration & Delivery:	Budget Detail				
		FYE 12		FYE13	Adopted-
		Adopted	FYE 12	Requested	Requested
	FYE11 Actuals	Budget	Projection	Budget	Change
Personal Services	\$1,597,808	\$1,718,200	\$1,713,908	\$1,831,263	6.6%
External Materials & Service	ces				
Computer Consulting	26,237	15,000	16,500	22,200	48.0%
Legal Services	94,267	81,916	30,000	51,000	-37.7%
Audit Services	26,600	27,400	27,400	28,000	2.2%
Actuarial Services	74,875	34,372	22,000	50,000	45.5%
Claims Investigation	133,593	86,930	134,000	138,000	58.7%
Other Professional Svs	98,314	75,000	180,000	185,000	146.7%
Medical Bills Processing	38,994	53,813	40,000	41,000	-23.8%
Repair & Maint Svs	660	5,174	2,500	2,500	-51.7%
Miscellaneous Svs	8,383	33,018	5,000	10,000	-69.7%
Office Supplies	7,331	10,000	7,500	10,200	2.0%
Minor Equipment & Tools	3,159	5,000	2,500	2,600	-48.0%
Education, Subscrips, Dues	7,003	11,679	11,700	12,000	2.7%
Travel - Local	2,279	731	500	700	-4.2%
Travel - Out of Town	2,351	5,000	6,400	5,000	0.0%
External Rent	247,616	250,964	189,770	203,122	-19.1%
Miscellaneous	2,476	1,207	3,000	3,100	156.8%
Total External M&S	774,138	697,204	678,770	764,422	9.6%
Internal Materials & Service	es				
Printing & Distribution	40,064	51,545	36,302	48,012	-6.9%
Facilities Services/CityFleet	3,208	2,056	2,800	2,478	20.5%
Technology Services	82,605	82,933	107,809	102,414	23.5%
EBS Services	24,816	28,801	28,801	30,063	NA
Insurance & Claims	18,021	16,685	16,685	17,488	4.8%
Worker's Compensation	11,906	11,636	11,636	11,138	-4.3%
City Attorney	206,190	218,413	218,413	228,988	4.8%
Office of Mgmt & Finance	14,116	20,655	20,655	20,671	0.1%
Fire & Police Bureaus	57,719	126,000	117,523	99,000	-21.4%
Total Internal M&S	458,645	558,724	560,624	560,252	0.3%
Capital	9,900	275,000	147,000	95,500	-65.3%
Total Admin & Delivery	\$2,840,491	\$3,249,128	\$3,100,302	\$3,251,437	0.1%

Fund-Level Requirements

Fund-level requirements include contingency; tax anticipation notes principal, interest and borrowing costs; General Fund overhead and pension obligation bond expense. TANs expenditures were discussed in the Other Resources section above. Interest expense, part of TANs expenditures, is expected to be \$94,000 more than interest revenue in FYE13.

Contingency in the FYE12 Requested Budget includes:

- A 9% base contingency of \$10.6 million
- \$750,000 from the FPDR Reserve Fund in case the base contingency is insufficient

The 9% base contingency, up from 8% in FYE11, reflects additional risks to the forecast described in that section below. Out years are forecast at the 9% level down to 6% as some lawsuit-related risks are expected to be resolved in time.

General Fund overhead (GFOH) is decreasing significantly in FYE13 due to a revision of the City's GFOH model. The new model should also produce more stable GFOH charges for FPDR from year to year. The forecast assumes the FYE13 GFOH amount continues, with inflation.

General Fund Overhead Summary

		FYE12	FYE13	
	FYE11	Adopted	Request	Change
	Actuals	Budget	Budget	Percent
General Fund Overhead	\$377,605	\$330,536	\$64,630	-80.4%

The miscellaneous line in the fund-level requirements table below is primarily pension obligation bonds, but the FYE12 projection includes a \$750,000 fund transfer to the Reserve Fund to return the balance that was transferred to the FPDR Fund in November to insure a positive cash balance until current-year tax revenues are received.

Fund-Level Requirements (\$000)

		FYE12		FYE13				
	FYE11	Adopted	FYE12	Request	FYE14	FYE15	FYE16	FYE17
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast
Contingency	\$0	\$9,865	\$0	\$11,317	\$11,947	\$11,241	\$10,472	\$9,493
TANs Expenditures	22,247	26,980	16,967	25,483	31,233	32,860	36,182	39,257
General Fund Overhead	378	331	331	65	67	70	73	75
Miscellaneous	35	39	789	42	50	56	59	63
Total Fund-Level Reqs	\$22,660	\$37,214	\$18,087	\$36,907	\$43,297	\$44,227	\$46,786	\$48,888

Risks to the Forecast

The following risks to the forecast have been identified.

- Two contract claims totaling \$6.8 million have been filed relating to the return to work program; one is in the Multnomah County Circuit Court, and one is with the State Court of Appeals. A class action suit seeking the addition of apparatus operator pay to the benefits received by Fire FPDR 1 payees is also before the State Court of Appeals; the estimated value of these additional benefits is \$1.8 million through FYE12 and \$0.4 million ongoing. Finally, a class action suit was filed in the Multnomah County Circuit Court challenging FPDR's recovery of \$2.6 million in overpaid tax offset benefits through holding back annual benefit adjustments to FPDR 2 payees who were overpaid.
- The PFFA contract expires June 30, 2012. If a new contract awards above-inflation increases, most benefit expenses will be above the Requested Budget.

- The number of FPDR 2 retirements is the major driver for budget growth. As has been our practice, the Requested Budget is developed using actuarial assumptions plus a cushion of 10 additional retirements for the expected number of service retirements. If the actual number of retirements in FYE12 exceeds the 95 in the budget, FPDR may need to draw on contingency.
- General Fund bureaus have been asked to prepare cut packages of 4%, 6% and 8% for FYE13, and some of the decision packages the Fire and Police bureaus submit could effect FPDR. A possible revenue impact is on interagency revenue from the Police bureau related to its contract employment revenue for disability and pension costs. Position cuts could mean either lower expense, if the number of FPDR 3 members grows more slowly than projected or declines, or higher expense, if more FPDR 2 members decide to retire.
- PERS contribution rates are expected to increase again in FYE14 and FYE16. Significant investment gains in the PERS portfolio could reduce the out-year rates; losses or lower than expected gains could increase the rates further. FPDR's budget will become increasingly sensitive to contribution rate fluctuation as the proportion of members who are in FPDR 3 rises over time.

FPDR Funds

FPDR manages two funds: the Fire & Police Disability & Retirement Fund and the Fire & Police Disability & Retirement Reserve Fund. The Reserve Fund is limited by Charter to \$750,000, which is budgeted as beginning fund balance and a transfer to the FPDR Fund. Interest on the Reserve Fund balance is recorded in the FPDR Fund.

Bureau of Fire & Police Disability & Retirement Capital Improvement Plan

Bureau Summary

BUREAU MISSION

The Bureau of Fire & Police Disability & Retirement (FPDR) administers disability, death, and retirement benefits to Portland firefighters, police officers, and their survivors.

MAJOR ISSUES

FPDR has just one capital project, the rebuilding of a FoxPro database in SQL server. This project will result in significant improvements to an intangible capital asset.

CHANGES FROM PRIOR YEARS

In October 2011, FPDR entered into a contract with a vendor to complete the database migration and provide maintenance and improvements through 2016. The completed contract lends greater certainty to the project budget and timeline. The overall budget remains unchanged from FY 2011-12; however, the budget for annual maintenance and support has increased, while the budget for additional improvements after the new database goes live has decreased. In addition, a larger portion of the budget is now projected to be spent in FY 2012-13 versus FY 2011-12.

Strategic Direction

COUNCIL GOALS AND PRIORITIES

The benefits provided by FPDR are essential in recruiting and retaining the most qualified individuals for important public safety operations. As these benefits cannot be provided without a secure and technologically supportable database, this capital project will contribute to the City Council's goal to ensure a safe and peaceful community.

Capital Planning & Budgeting

FINANCIAL FORECAST OVERVIEW

FPDR's five-year financial plan projects a 24.7% increase in total fund requirements, net of tax anticipation notes, over the life of the plan. Increased requirements are primarily attributable to direct pension benefits. This capital project will increase total fund requirements by just 0.1% in FY 2012-13, and less than that in out years. Project costs, as well as the associated ongoing maintenance and improvement expenses, are reflected in the five-year financial plan.

ASSET MANAGEMENT AND REPLACEMENT PLAN

FPDR does not have a formal asset management and replacement plan for the database. Ongoing annual asset management costs are estimated at \$35,000 for the first three years after the database goes live, rising to \$45,000 when the warranty expires. In addition, capital enhancements of about \$30,000 a year are anticipated for the first three years after go-live, dropping to roughly \$15,000 a year thereafter. The useful life of the new database is estimated at approximately ten years. No funding will be set aside for its future replacement.

Capital Programs & Projects

FUNDING SOURCES

The funding source for this capital project, as with most FPDR expenses, is property taxes generated by the dedicated property tax for fire and police pension and disability benefits.

MAJOR PROJECTS

FPDR's FY 2012-13 capital improvement plan includes one project, the rebuild of FPDR's FoxPro database in SQL server. FPDR currently uses a custom FoxPro database originally built in 1994 to track all member information and to process all member and vendor payments. The FoxPro platform is increasingly obsolete and does not meet City technology standards. In addition, Microsoft is expected to discontinue FoxPro maintenance in the near future. The new database is expected to go live in fall 2012. The estimated cost to rebuild the database remains \$240,000.

NET OPERATING & MAINTENANCE COSTS

FPDR estimates the new database's total maintenance and improvement costs at \$60,000 to \$65,000 per year. The contract anticipates annual maintenance expenses of \$20,000 and annual capital improvement costs of \$30,000 for the first three years after go-live. At that point, maintenance costs are expected to increase to \$30,000 per year while system upgrades are expected to drop to only \$15,000 per year. In addition, two new servers are required to run the new database, at an additional cost of about \$15,000 per year. It is possible the new database will generate efficiencies that could decrease costs; however these are currently unknown and therefore unquantifiable.

This table summarizes project expenses by capital programs.

Bureau Capital Program Project	Prior Years Capital	FY 2011-12 Revised Budget	FY 2012-13 Requested Budget	FY 2013-14 Estimated Budget	FY 2014-15 Estimated Budget	FY 2015-16 Estimated Budget	FY 2016-17 Estimated Budget	5-Year Total
Bureau of Fire & Police Disability Acquisitions								
Rebuild FoxPro Database in SQI	9,900	240,000	95,500	30,000	30,000	18,750	15,000	189,250
Total Acquisitions	9,900	240,000	95,500	30,000	30,000	18,750	15,000	189,250
Total Bureau of Fire & Police Dis	9,900	240,000	95,500	30,000	30,000	18,750	15,000	189,250
Total City Capital Plan	9,900	240,000	95,500	30,000	30,000	18,750	15,000	189,250

Bureau of Fire & Police Disability & Retirement

Capital Improvement Plan Summaries

Capital Program	Prior	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	
Project	Years	Revised	Requested	Estimated	Estimated	Estimated	Estimated	5-Year
	Capital	Budget	Budget	Budget	Budget	Budget	Budget	Total

Acquisitions

Rebuild FoxPro Database in SQL Server (S00011) Total Project Cost: 316,150 Area: Citywide

Dollars for Art: 0 **Original Project Cost:** 412,250 **Objective:** Replacement

Project Description

This is a project to rebuild FPDR's FoxPro database in SQL server. FPDR uses a custom FoxPro database originally built in 1994 to track all member information and to process all member and vendor payments. The database does not meet City technology standards and is operationally vulnerable because of the small number of contractors capable of supporting it. In addition, Microsoft is expected to discontinue FoxPro maintenance in the near future. The database replacement is expected to be complete by the fall of 2012. After that time, it is anticipated that some minimal capital improvements will be made to the database each year.

Some project costs will be shifted from FY 2011-12 to FY 2012-13. This shift is reflected in the FY 2012-13 Requested Budget, but not the FY 2011-12 Revised Budget.

Total Requirements	9,900	240,000	95,500	30,000	30,000	18,750	15,000	189,250
Operating and Maintenance Costs			46,590	34,390	34,390	41,890	44,390	

Public Art Eligibility Form

This form is administered by OMF in accordance with Chapter 5.74 and subsequent rules. When submitting CIP budget documents to the Office of Management and Finance, each project in its first budget year shall include a Public Art Eligibility Form. Bureau CIP budgets and budget revisions that do not contain a Public Art Eligibility Form for each Capital Project will not be considered complete by OMF.

Project Title: Rebuild FPDR Database	Bureau: FPDR		
Project Manager: Sheri Miller	Ext: 3-2977		
Is this a preliminary budget or a final budget? If preliminary, please submit the Public Art Eligibility Form as preliminary. If final, please submit the Public Art Eligibility Form as final.	□ Prelim X Final		
Is this project associated with a building, structure, park, public utility, street, sidewalk or parking facility or any portion thereof? If no, you do not need to complete the contribution calculation below.	□ Yes X No		
Is this project maintenance and/or repair? If yes, please breifly describe the maintenance and/or repair:	□ Yes X No		
You do not need to complete the contribution calculation.			
Is this projects's capital cost more than \$50,000? If no, you do not need to complete the contribution calculation.	X Yes □ No		
Is your bureau contributing more than \$50,000 in funding? If no, you do not need to complete the contribution calculation.	X Yes □ No		
Is your project funded wholly by ineligible funds? If yes, you do not need to complete the contribution calculation. Ineligible costs are: Local Improvement District revenue, Water Operating Fund revenue, Water Construction Fund revenue, Sewer Systems Operating Fund revenue, Sewer Systems Construction Fund revenue and revenue from any other funding source subject to legal restrictions which preclude Public Art as an object for expenditure	X Yes □ No		
Is this project debt financed? If yes, please state the revenue source that will pay for art administration costs and maintenance costs.	□ Yes X No		

State and Federal Grants

Expending State and Federal Grants could meet the intent of Chapter 5.74. If grant precludes Public Art, grant language demonstrating preclusion may be requested.

Total Estimated Project Costs (all years)	\$0

Exempt Costs	
Administration Costs	
Building Demolition Costs	
Design Costs	
Engineering Costs	
Environmental Testing Costs	
Fees and Permits	
Indirect Costs (list)	
1.	
2.	
3.	
4.	
Land Acquisition Costs	
Non-construction contingency	
Relocation of Tenants Costs	
Exempt Cost Subtotal	\$0
Net Eligible Costs	\$0
Total Estimated Project Funds (all years)	\$0
Exempt Funds Federal Grants that preclude Public Art as an object for expenditure State Grants that preclude Public Art as an object for expenditure Federal or State Grant local matching funds Local Improvement District (LID) Revenue Private Development Revenue Sewer Systems Operating Fund Sewer Systems Construction Fund System Development Charges Water Operating Fund Water Construction fund Exempt Funds Subtotal	\$0
Net Eligible Funds	\$0
Smaller Amount of the Two Net Values	\$0
To Qualify, Net Value Greater Than or Equal to \$50,000	\$0
Times Percent for Art (2%)	0.0200
Estimated Dollars for Art	\$0