



CITY OF
PORTLAND, OREGON

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Date: March 30, 2012

To: Office of Management & Finance, Financial Planning Division

From: Commissioner Dan Saltzman

Dan

Re: FPDR FY 2011-12 Spring BuMP Submittal

Attached please find the FY 2011-12 spring BuMP submittal from the Bureau of Fire & Police Disability & Retirement.

FPDR has two requests in the spring BuMP:

- Return \$750,000 to the FPDR Reserve Fund that was transferred to the FPDR Fund in the fall to maintain a positive cash position prior to the arrival of tax revenues.
- Technical adjustments that move \$15,000 to the interagency agreement with the Bureau of Technology Services to cover costs associated with the database migration project, reduce the interagency agreement with Portland Fire & Rescue by \$200,000 to better align the budget with expected spending for OPSRP contributions and light duty, and move the budgeted pension overpayment recovery revenue to the new account that was created for this purpose.

The following major object categories were addressed in the fund projection report for the FPDR Fund:

- Bond expense and revenue are below budget, because the actual tax anticipation note issue was less than the budgeted authority.
- Capital outlay will be below budget because part of the planned work will be completed in FY 2012-13 and is rebudgeted there.
- Miscellaneous income will be below budget because of interest income and pension overpayment recovery income projected to be below budget. Some of the recovery income that was expected in FY 2011-12 was in fact booked in FY 2010-11.

Unappropriated ending balance is projected to be \$14.06 million. This is slightly above the \$13.93 beginning balance included in the FY 2012-13 Requested Budget.

If you have any questions or need more information, you may contact FPDR directly at 503.823.6823.

BUDGET AMENDMENT REQUEST

Bureau of Fire & Police Disability & Retirement

PERIOD Spring BuMP

FISCAL YEAR FY 2011-12

DR_001 - Return Transfer to FPDR Reserve Fund

FPDR transferred the FPDR Reserve Fund balance of \$750,000 to the FPDR Fund in November 2011. The funds were used to maintain a positive cash balance until sufficient FPDR property tax revenue had been received, which is one purpose of the FPDR Reserve Fund balance. This request will return the \$750,000 to the FPDR Reserve Fund.

FPDR budgets this transfer each year, although it is not always needed. When the transfer is needed, FPDR must budget and execute the return transfer in the spring BuMP.

Dollar Amount: \$750,000

Type: Technical Adjustment

Resources: Internal Transfer

DR_002 - Technical Adjustments

This request includes three technical adjustments. The first increases the BTS interagency agreement by \$15,000 to cover costs associated with FPDR's database migration project. The second makes a \$200,000 reduction in OPSRP contributions and light duty reimbursements paid to the Fire Bureau, to more closely align the budget with projected spending. The third adjustment shifts the revenue associated with the tax offset overpayment recovery process from a miscellaneous revenue account to a new account, pension recovery revenue (489100). The new account was created so that budget and actuals for the recovery revenue will be reflected in the proper place in City and FPDR financial statements.

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Internal Transfer

**Fund Projection Report
FPDR Fund**

	Spring BuMP Revised Budget	FY 2011-12 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Fire & Police Disability & Retirement Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$0	\$0	\$14,055,237	
Personnel Services	\$1,718,200	\$1,126,494	\$1,700,000	99%
External Materials and Services	\$106,606,111	\$59,942,558	\$102,500,000	96%
Internal Materials and Services	\$5,740,724	\$1,458,255	\$5,700,000	99%
Capital Outlay	\$275,000	\$500	\$140,000	51%
Bond Expenses	\$27,012,042	\$18,925	\$17,000,000	63%
Fund Transfers - Expense	\$1,087,008	\$224,673	\$1,087,008	100%
Contingency	\$9,299,815	\$0	\$0	0%
TOTAL EXPENDITURES	\$151,738,900	\$62,771,405	\$142,182,245	94%
REVENUES				
Budgeted Beginning Fund Balance	\$17,005,428	\$0	\$18,179,294	107%
Taxes	\$105,700,575	\$98,911,037	\$105,100,000	99%
Interagency Revenue	\$142,000	\$4,800	\$142,000	100%
Fund Transfers - Revenue	\$753,970	\$753,970	\$753,970	100%
Bond and Note	\$26,799,000	\$16,922,981	\$16,922,981	63%
Miscellaneous	\$1,337,927	\$668,899	\$1,084,000	81%
TOTAL REVENUES	\$151,738,900	\$117,261,687	\$142,182,245	94%

Fund Projection Narrative

Overall, FPDR projects that fund revenues and expenditures will be within 10% of budget.

Over-expenditures of more than 10% are not anticipated in any major object category. FPDR does project under-expenditures of more than 10% in the capital and bond expense categories. We expect to spend less than budgeted on our single capital project in the current year because of a slight shift in the go-live date. The variance in the bond repayment budget is attributable to the fact that the annual tax anticipation note (TAN) budget is based on a January projection of ending fund balance and expenses in July - November, whereas the actual TAN issue is based on a cash flow analysis completed in June. These timing and methodology differences increase the likelihood of a budget variance. In addition, FPDR budgets conservatively for the TAN issue as the borrowing must occur before the fall supplemental budget process is available.

FPDR expects to under-collect revenue by more than 10% in only two categories: bond and note proceeds and miscellaneous revenue. The variance in bond and note proceeds is explained above. The variance in miscellaneous revenue is attributable to interest income lower than expected, as well as the receipt in FY 2010-11 of some of the tax offset overpayment recovery revenue budgeted in FY 2011-12.

**Fund Projection Report
FPDR Reserve Fund**

	Spring BuMP Revised Budget	FY 2011-12 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Fire & Police Disability & Retirement Res Fund				
EXPENDITURES				
Fund Transfers - Expense	\$750,000	\$750,000	\$750,000	100%
Contingency	\$750,000	\$0	\$750,000	100%
TOTAL EXPENDITURES	\$1,500,000	\$750,000	\$1,500,000	100%
REVENUES				
Budgeted Beginning Fund Balance	\$750,000	\$0	\$750,000	100%
Fund Transfers - Revenue	\$750,000	\$0	\$750,000	100%
TOTAL REVENUES	\$1,500,000	\$0	\$1,500,000	100%

Fund Projection Narrative

FPDR projects no variance between the Revised Budget and actual expenditures and revenues for the FPDR Reserve Fund. This fund will have only two transactions: a transfer of \$750,000 to the FPDR Fund to manage cash flow before sufficient property tax revenues were received in November, and a return transfer of the same \$750,000 at year-end.

**FPDR Add Package Report
FY 2011-12 Spring BuMP**

FPDR Technology Upgrade

The FY 2011-12 budget includes \$240,000 to rebuild FPDR's FoxPro database in SQL server. The database is used to track all member information and to process all beneficiary-related payments. Migration to a modern platform will bring the database into compliance with City technology standards and reduce operational vulnerabilities.

Following the request for proposal and contracting process, the selected vendor began project work in November 2011. The go-live date has been shifted from July 2012 to September 2012, with the result that some of the project budget will now be spent in FY 2012-13. The overall project budget remains unchanged.

The current timeline calls for nine of the project's 14 phases to be complete by June 30, 2012. FPDR anticipates that payment for these phases, as well some other project expenses expected in the current fiscal year, will total about \$160,000. The remaining \$80,000 will be re-budgeted and spent in FY 2012-13.

Customer Service Advisory Committee

The Customer Service Advisory Committee was created in September 2006 to assist all City bureaus in working collaboratively with their employees to improve customer service. Building a culture of customer service will ensure that the City government is seen, both internally and externally, as a reliable partner and steward in running the City.

In 2005 the Bureau Innovation Project #7 was charged with developing recommendations for improving customer service policies and procedures across all City bureaus. In adopting the BIP #7 recommendations, the City Council endorsed an ongoing process of customer service improvement, beginning with clearly defining a culture of customer service, then ensuring employees have the tools to meet those expectations, then surveying customers to assess the effectiveness of improvement efforts.

The Customer Service Advisory Committee (CSAC) has prepared guidance and collected examples in the three priority areas of **defining the culture of customer service, workforce development, and customer service surveying**. That information can be found in the Customer Service Toolkit page of the CSAC webpage:

<http://www.portlandonline.com/index.cfm?c=44197>

During the FY 2007-2008 budget process, the Mayor asked all bureaus to report on implementation of the BIP #7 recommendations. Each year going forward, the CSAC is requesting a status report on customer service efforts in the three priority areas. The intent is to gather information from bureaus on their activities during the current program year, for an annual report to Council. The status report template is attached.

The CSAC intends to be an ongoing resource to assist bureaus in customer service improvement efforts. Bureaus should feel free to contact any member of their committee site team for assistance. A current list of site team members can be found at

<http://www.portlandonline.com/index.cfm?c=44198>

Questions? Please contact Committee Chair John Dutt, Office of Neighborhood Involvement at (503) 865-2625

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.

Spring BuMP update: Database project on track. Survey scheduled for spring 2012.

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

Capital Program Status Report

Fire and Police Disability and Retirement

	FY 2010-11 Adopted Budget	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Variance \$	Variance %	FY 2011-12 Adopted Budget	Spring BuMP Revised Budget	FY 2011-12 Year to Date Actuals	Variance \$	Variance %
CIP Program	\$0	\$20,000	\$9,900	(\$10,100)	(51%)	\$240,000	\$240,000	\$500	\$0	0%
Total	\$0	\$20,000	\$9,900	(\$10,100)	(51%)	\$240,000	\$240,000	\$500	\$0	0%

* Prior Year variances compare Year-End Actuals to Revised Budget

** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

FPDR's only capital project is to migrate the FPDR FoxPro database to a modern technology platform (SQL server). There is a variance of more than 10% between the revised budget and actual expenditures for this project in FY 2010-11. The project budget was deliberately increased in the spring 2011 BuMP to accommodate the highest potential spending level, given uncertainty about the amount of work that would be completed in June 2011 and the fact that this is the only project in FPDR's capital outlay budget. FPDR did not wish to risk an over-expenditure in a major object category.

Current Year Variance Description

There is no variance between the FY 2011-12 Adopted and Revised Budgets. However, FPDR now expects to spend only \$160,000 of the FY 2011-12 project budget by June 30, 2012. The remaining \$80,000 will be re-budgeted and spent in the first quarter of FY 2012-13.