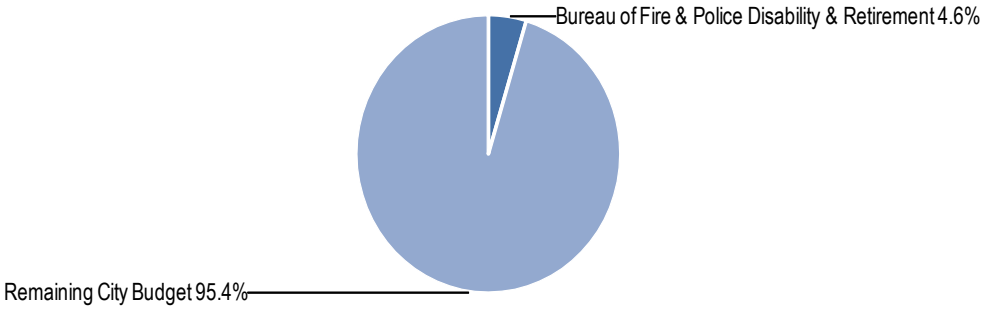
Bureau of Fire & Police Disability & Retirement

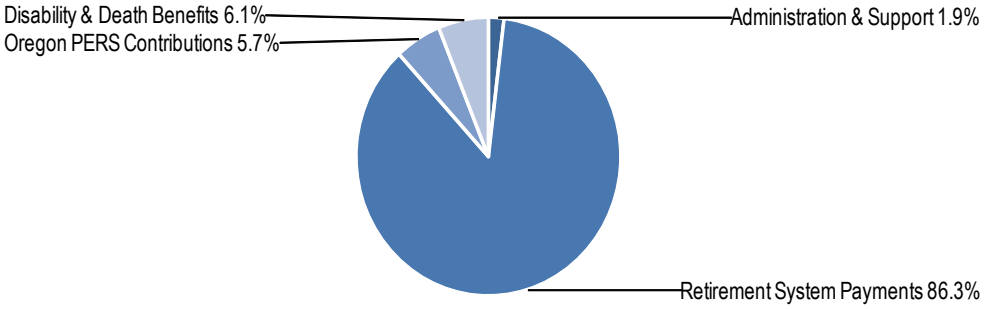
Public Safety Service Area

Mayor Charlie Hales, Commissioner-in-Charge
Samuel Hutchison, Director

Percent of City Budget

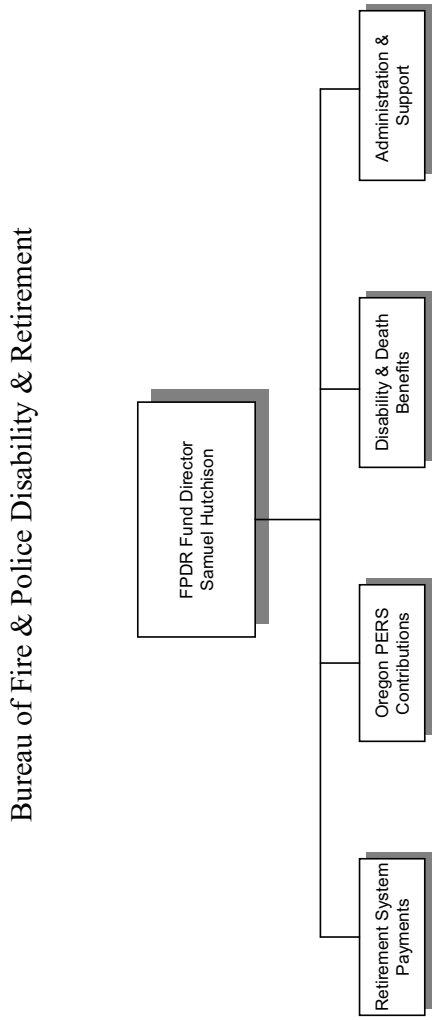


Bureau Programs



Bureau Overview

Requirements	Revised FY 2013-14	Adopted FY 2014-15	Change from Prior Year	Percent Change
Operating	162,758,816	168,413,402	5,654,586	3.47
Capital	95,000	43,300	(51,700)	(54.42)
Total Requirements	**162,853,816**	**168,456,702**	**5,602,886**	**3.44**
Authorized Positions	16.20	16.20	0.00	0.00


Bureau of Fire & Police Disability & Retirement
FPDR Fund Director
Samuel Hutchison
Retirement System Payments
Oregon PERS Contributions
Disability & Death Benefits
Administration & Support

Bureau Summary

Bureau Mission

We deliver peace of mind to our fire and police members and their survivors by providing disability and retirement benefits in a timely, compassionate and fiscally responsible manner.

Bureau Overview

The Bureau of Fire & Police Disability & Retirement (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

The Retirement System Payments program governs direct pension benefits to members hired before January 1, 2007 and their survivors and alternate payees. The FY 2014-15 Adopted Budget is $106.3 million, including $92,000 for program delivery. This is an increase of $1.8 million or 1.8% over the FY 2013-14 Revised Budget. It is estimated that there will be 2,024 pension recipients in FY 2014-15.

Oregon PERS Contributions

The Oregon PERS Contributions program 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 $7.0 million for FY 2014-15, an increase of $0.8 million or 13.5% over the FY 2013-14 Revised Budget.

Disability and Death Benefits

The Disability and Death Benefits program administers all direct benefit costs for disability (i.e. lost time from work), medical claims, vocational rehabilitation, and death benefits. Estimated expenditures for FY 2014-15 total $7.5 million, a decrease of $0.9 million or 10.5% from the FY 2013-14 Revised Budget. The program budget includes $1.0 million of costs related to program delivery.

Administration and Support

The Administration and Support program includes all other costs of operating the bureau. Budgeted expenditures in the Administration and Support program total $2.3 million, which is unchanged from FY 2013-14 Revised Budget. The Administration and Support budget represents 1.9% of total bureau requirements. Including delivery costs allocated to the retirement and disability programs, the percentage is 2.7%.

Strategic Direction

FPDR completed a number of major initiatives last year, including the upgrade of the FPDR database and implementation of City Charter changes approved by the voters in November 2012. Another significant project to update the bureau's records retention plan and processes, particularly with respect to electronic documents, should be complete in 2014. Moving forward, the bureau's new director has identified several focus areas:

- Complete the bureau continuity of operations plan, to ensure FPDR can make pension and disability payments and continue other critical functions in case of disaster or technological failure
- Continue to improve the bureau's use of technology by creating a five-year technology roadmap and exploring electronic document management options
- Apply process mapping techniques to improve controls, efficiency, and knowledge sharing among staff, and to help in assessing technology needs

Summary of Budget Decisions

FPDR has no FY 2014-15 budget decision packages.

Capital Budget

Capital Summary

CIP Highlights

The bureau's only capital project is for minor improvements to FPDR's new database. Capital improvements are budgeted at $43,300 in FY 2014-15 and $188,900 in total for the five-year period beginning with FY 2014-15.

Major Issues

FPDR awaits the implementation of the Office of Management & Finance's new risk management software to determine if additional improvements are required to the FPDR database to meet the City Charter requirement for comparable recordkeeping with the City's Workers' Compensation records.

Changes from Prior Year

FPDR failed to capitalize internal labor costs associated with the development and continued improvement of the database in FY 2011-12 and FY 2012-13. Internal labor costs has been budgeted and capitalized in the proper period beginning in FY 2013-14. FPDR's independent auditors have deemed the prior year expenses immaterial to the financial statements.

The CIP originally anticipated that post go-live capital improvements would be made at a relatively even pace over several years. Instead many improvements were made in FY 2013-14, primarily because of vendor availability and the programming required to implement unanticipated benefit changes mandated by the 2013 Oregon Legislature. FPDR now expects capital spending on the database to taper down significantly beginning in FY 2014-15.

Council Goals and Priorities

By providing for consistent tracking and management of pension data for the City's public safety sworn employees, the database project contributes to the City's goal to ensure a safe and peaceful community.

Criteria FPDR ranks the database project as a high priority because it is critical to delivering benefits.

Capital Planning and Budgeting

Capital Planning Process FPDR staff reviewed the previous estimates for database capital improvements and operating and maintenance costs and determined that two changes needed to be made to previous estimates. Those changes are to begin capitalizing appropriate internal labor costs and to reflect those costs in the capital budget for FY 2013-14 and beyond, and to shift some capital spending from out-years into FY 2014-15.

City Comprehensive Plan FPDR's capital program is not intended to address the City's Comprehensive Plan as FPDR's only capital asset is an intangible asset. The Comprehensive Plan addresses only tangible assets.

Financial Forecast Overview FPDR's five-year financial forecast projects an 18.9% increase in total fund requirements, net of tax anticipation notes, over the life of the plan. Increased requirements are primarily attributable to growth in the Retirement System Payments and Oregon PERS Contributions programs. The database capital project will increase total fund requirements by less than 0.1% in each year of the forecast. All capital costs, as well as the associated maintenance and support expenses, are reflected in the five-year financial forecast.

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 approximately $35,000 until the database warranty expires in fall 2015, when maintenance and operating costs are expected to rise to roughly $45,000 per year. In addition, capital enhancements of approximately $20,000 per year are anticipated for the five-year period beginning in FY 2014-15. The useful life of the new database is estimated at ten years. No funding will be set aside for future replacement. All maintenance, improvement, and future replacement costs will be funded from the dedicated FPDR property tax levy.

Capital Programs and Projects

Capital Program Descriptions FPDR has one capital program for acquisitions, within which there is one capital project: capital improvement of the bureau's database.

Funding Sources The funding source for this capital project, as with most FPDR expenses, is property taxes generated by the dedicated FPDR property tax levy.

Major Projects FPDR's FY 2014-15 capital improvement plan includes one project, capital improvements to FPDR’s new database. The new database went live in October 2012, after which all expenses charged to the project are for capital improvements to the new database. Capital improvement expenses are expected to decline beginning in FY 2014-15 as opportunities for further enhancements diminish.

Net Operating and Maintenance Costs FPDR estimates the new database's total operating and maintenance costs at roughly $35,000 per year until the warranty expires in FY 2015-16, then costs are expected to rise to approximately $45,000 per year. These costs include $15,000 per year for the two servers required to operate the new database.

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 and alternate payees.

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

Based on actuarial assumptions, FPDR expects the number of service retirements to decline slightly in FY 2014-15. More members than usual retired in FY 2011-12 because retirement in some months of that year allowed the inclusion of an extra pay date in the final pay calculation. The inclusion of an extra pay date is prohibited by charter changes implemented in 2013, which may smooth retirements somewhat. However, demographics of the membership and collective bargaining agreements will continue to produce variability in retirement patterns.

The timeliness of estimates declined to 65% of requests completed within one week in FY 2012-13. This is partly because of one-time projects, such as the database conversion, that reduced staff availability to complete estimates. FPDR expects this measure to improve in FY 2014-15 and beyond, but timeliness may not return to 80% of requests completed within one week as the estimate process has become increasingly complex.

All other performance measures for this program are stable or exhibiting routine variability.

Changes to Services and Activities

FPDR and the Internal Revenue Service agreed to a legal settlement that will allow FPDR to recover just 60% of state tax offset benefits overpaid to members from 1991 to 2008. Recovery will now be complete in FY 2013-14 instead of FY 2014-15. This program also experienced significant change in FY 2013-14 as staff implemented the new City Charter provisions and amendments to Oregon Revised Statutes made by the 2013 Oregon Legislature. No further modifications are currently planned, but an external programmatic audit of the pension program will be conducted in FY 2014-15 and may lead to additional changes.

FTE & Financials	Actual FY 2011-12	Actual FY 2012-13	Revised FY 2013-14	Proposed FY 2014-15	Adopted FY 2014-15
FTE	1.00	1.00	1.00	1.00	1.00
Expenditures					
Pension Benefits	94,708,985	99,466,314	104,361,878	106,186,000	106,186,000
Retirement Administration and Support	82,304	84,048	89,624	91,605	91,605
Total Expenditures	**94,791,289**	**99,550,362**	**104,451,502**	**106,277,605**	**106,277,605**

Performance	Actual FY 2011-12	Actual FY 2012-13	Yr End Est. FY 2013-14	Base FY 2014-15	Target FY 2014-15
Effectiveness					
Percentage of workshop participants who rated workshop helpful	100%	100%	100%	100%	100%
Percentage of members whose final pay was 99% or more of last estimate	100%	100%	100%	100%	100%
Efficiency					
Percentage of pension estimates processed within one week	80%	65%	71%	71%	71%
Workload					
Number of retirements from active service	74	45	63	54	54
Number of pension estimates	225	228	206	206	206
Number of Fire and Police Disability and Retirement 1 and 2 pension recipients	1,936	1,953	1,990	2,024	2,024
Number of pre-retirement workshop participants	25	49	32	32	32

Disability & Death Benefits

Description

This program provides disability 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 receiving disability benefits for more than a year continues to decline from its peak in FY 2007-08. The timeliness of disability claims decisions is expected to improve slightly in FY 2014-15 and beyond, with the percent of claims receiving a decision within 60 days increasing from 89% to 94%. Nearly all claims continue to receive a decision within 90 days.

All other performance and workload measures are essentially stable. Savings as a percentage of medical costs increased in FY 2013-14 because of a methodology change for that measure.

Changes to Services and Activities

In the wake of significant changes to implement new City Charter provisions and to bring medical bill processing in-house, further changes to this program are not currently anticipated. However, an external programmatic audit of the disability program will be completed in FY 2014-15, in accordance with the FPDR Board of Trustees' goal to audit the disability and pension programs every five years. Additional program alterations may arise from the audit.

FTE & Financials	Actual FY 2011-12	Actual FY 2012-13	Revised FY 2013-14	Proposed FY 2014-15	Adopted FY 2014-15
FTE	7.00	8.00	8.00	8.00	8.00
Expenditures					
Disability & Death Benefits	0	148,311	12,000	0	0
Disability Administration and Support	897,591	749,897	924,921	957,763	957,763
Funeral	35,827	33,445	60,600	71,700	71,700
Long-term Disability	3,455,248	2,856,262	2,909,621	2,210,000	2,210,000
Medical	2,207,626	2,523,901	3,320,052	2,786,600	2,786,600
Return to Work	229,518	295,883	255,000	294,000	294,000
Short-term Disability	1,127,019	1,007,507	935,078	1,218,000	1,218,000
Vocational Rehabilitation	8,949	8,712	14,534	10,300	10,300
Total Expenditures	**7,961,778**	**7,623,918**	**8,431,806**	**7,548,363**	**7,548,363**

Performance	Actual FY 2011-12	Actual FY 2012-13	Yr End Est. FY 2013-14	Base FY 2014-15	Target FY 2014-15
Effectiveness					
Amount of medical cost savings	$1,171,007	$1,072,069	$992,341	$992,341	$992,341
Savings as a percentage of total medical costs	36.5%	35.9%	44.6%	44.6%	44.6%

Performance	Actual FY 2011-12	Actual FY 2012-13	Yr End Est. FY 2013-14	Base FY 2014-15	Target FY 2014-15
Efficiency					
Percentage of disability claims decisions in 90 days	98%	98%	100%	100%	100%
Percentage of disability claims decisions in 60 days	89%	89%	94%	94%	94%
Percentage of disability claims decisions in 30 days	63%	67%	68%	68%	68%
Workload					
Number of members on short-term disability	196	215	215	215	215
Number of medical bills	5,337	4,089	4,006	4,006	4,006
Number of long-term disability recipients	90	61	58	48	48
Number of disability claims filed	298	315	338	338	338

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

For FY 2014-15 administrative costs as a percentage of the total bureau budget are expected to decline from 2.0% to 1.9%, largely because the database replacement project is complete. This measure does not include the program delivery support services assigned to the Retirement System Payments and Disability and Death Benefits programs.

Changes to Services and Activities

No change

FTE & Financials	Actual FY 2011-12	Actual FY 2012-13	Revised FY 2013-14	Proposed FY 2014-15	Adopted FY 2014-15
FTE	8.70	7.80	7.20	7.20	7.20
Expenditures					
Administration & Support	2,083,643	2,051,210	2,336,390	2,327,432	2,326,762
Total Expenditures	**2,083,643**	**2,051,210**	**2,336,390**	**2,327,432**	**2,326,762**

Performance	Actual FY 2011-12	Actual FY 2012-13	Yr End Est. FY 2013-14	Base FY 2014-15	Target FY 2014-15
Efficiency					
Administrative cost as a percentage of bureau budget	1.90%	1.80%	2.00%	1.90%	1.90%

Oregon PERS Contributions

Description

This program reimburses the Portland Police Bureau and Portland Fire & Rescue 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

FPDR does not have performance measures for this program, which simply reimburses the Police and Fire Bureaus for actual PERS contribution expenses.

Changes to Services and Activities

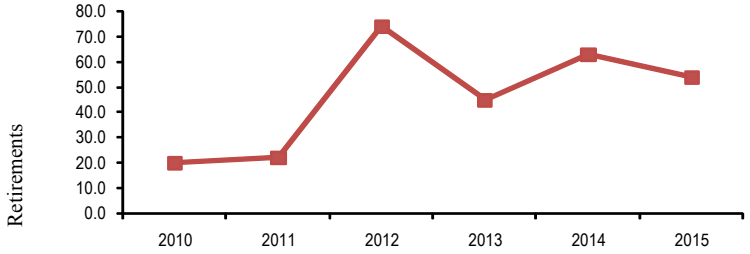
No change

FTE & Financials	Actual FY 2011-12	Actual FY 2012-13	Revised FY 2013-14	Proposed FY 2014-15	Adopted FY 2014-15
Expenditures					
Oregon PERS Contributions	4,735,637	5,265,815	6,180,116	7,000,000	7,012,648
Total Expenditures	**4,735,637**	**5,265,815**	**6,180,116**	**7,000,000**	**7,012,648**

Performance Measures

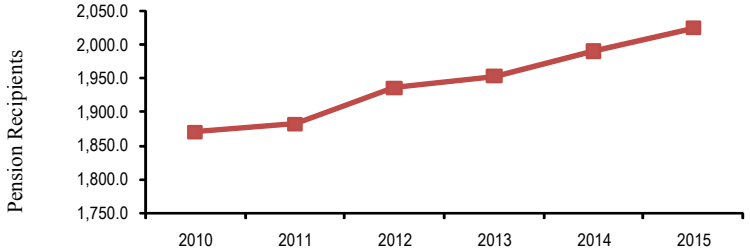
Number of Retirements from Active Service

The number of retirements fluctuates from year to year largely due to the demographics of Portland Fire & Rescue and the Portland Police Bureau. Labor negotiations also affect retirement patterns. Occasional periods with an extra pay date in the final pay calculation have contributed to more retirements recently; there were two such periods in FY 2011-12 and one in FY 2012-13. The November 2012 plan amendments have eliminated these periods going forward.



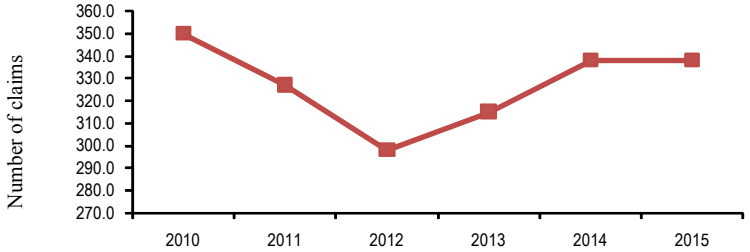
Number of FPDR 1 & 2 Pension Recipients

Longer life expectancies, hiring and retirement patterns affect the size of the retiree membership.



Disability Claims Filed

The number of disability claims filed varies from year to year but has averaged 318 over the last five years. An unusually small number of claims were filed in FY 2011-12.



	Actual FY 2011-12	Actual FY 2012-13	Revised FY 2013-14	Proposed FY 2014-15	Adopted FY 2014-15
Resources					
External Revenues					
Taxes	104,761,974	112,489,717	118,618,232	120,321,535	120,321,535
Charges for Services	34	31	0	0	0
Bond & Note	16,922,981	21,355,124	28,000,000	31,258,000	31,258,000
Miscellaneous	1,291,178	1,597,173	430,000	306,500	306,500
Total External Revenues	**122,976,167**	**135,442,045**	**147,048,232**	**151,886,035**	**151,886,035**
Internal Revenues					
Fund Transfers - Revenue	1,503,970	1,503,009	759,046	1,500,000	1,500,000
Interagency Revenue	142,000	360,200	542,200	657,200	657,200
Total Internal Revenues	**1,645,970**	**1,863,209**	**1,301,246**	**2,157,200**	**2,157,200**
Beginning Fund Balance	18,929,294	15,143,884	14,504,338	14,413,467	14,413,467
Total Resources	**$143,551,431**	**$152,449,138**	**$162,853,816**	**$168,456,702**	**$168,456,702**
Requirements					
Bureau Expenditures					
Personnel Services	1,704,039	1,688,512	1,848,432	1,851,231	1,851,231
External Materials and Services	102,280,642	106,520,788	112,475,263	113,410,200	113,410,200
Internal Materials and Services	5,448,732	6,111,357	6,981,119	7,848,669	7,860,647
Capital Outlay	138,934	170,648	95,000	43,300	43,300
Total Bureau Expenditures	**109,572,347**	**114,491,305**	**121,399,814**	**123,153,400**	**123,165,378**
Fund Expenditures					
Debt Service	16,998,192	21,437,345	28,339,886	31,636,349	31,636,349
Contingency	0	0	12,254,417	12,025,000	12,009,064
Fund Transfers - Expense	1,837,008	1,571,012	859,699	1,641,953	1,645,911
Total Fund Expenditures	**18,835,200**	**23,008,357**	**41,454,002**	**45,303,302**	**45,291,324**
Ending Fund Balance	15,143,884	14,949,476	0	0	0
Total Requirements	**$143,551,431**	**$152,449,138**	**$162,853,816**	**$168,456,702**	**$168,456,702**
Programs					
Administration & Support	2,083,643	2,051,210	2,336,390	2,327,432	2,326,762
Disability & Death Benefits	7,961,778	7,623,918	8,431,806	7,548,363	7,548,363
Oregon PERS Contributions	4,735,637	5,265,815	6,180,116	7,000,000	7,012,648
Retirement System Payments	94,791,289	99,550,362	104,451,502	106,277,605	106,277,605
Total Programs	**109,572,347**	**$114,491,305**	**$121,399,814**	**$123,153,400**	**$123,165,378**

This table summarizes project expenses by capital programs. Only projects that are budgeted within the five-year capital plan are displayed.

Bureau Capital Program		Revised	Adopted	Capital Plan				
Project	Prior Years	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	5-Year Total
Maintenance and Reliability								
Database Capital Improvements	309,581	95,000	43,300	34,900	35,400	36,900	38,400	188,900
Total Maintenance and Reliability	**309,581**	**95,000**	**43,300**	**34,900**	**35,400**	**36,900**	**38,400**	**188,900**
Total Requirements	**309,581**	**95,000**	**43,300**	**34,900**	**35,400**	**36,900**	**38,400**	**188,900**

		Salary Range		Revised FY 2013-14		Proposed FY 2014-15		Adopted FY 2014-15	
Class	Title	Minimum	Maximum	No.	Amount	No.	Amount	No.	Amount
30000063	Accountant II	51,397	64,688	1.00	64,692	1.00	64,692	1.00	64,692
30000436	Administrative Supervisor I	56,534	75,338	1.00	67,776	1.00	70,554	1.00	70,554
30000449	Business Systems Analyst, Sr	65,478	87,422	1.00	87,420	1.00	87,420	1.00	87,420
30000066	Claims Technician	42,931	56,888	1.00	48,024	1.00	50,760	1.00	50,760
30000065	Claims Technician, Assistant	33,322	48,048	1.00	48,048	1.00	48,048	1.00	48,048
30000412	FPDR Director	96,366	134,597	1.00	115,476	1.00	120,216	1.00	120,216
30001384	FPDR Financial Manager	83,450	111,114	1.00	111,108	1.00	111,108	1.00	111,108
30000582	FPDR Operations Manager	77,584	103,355	1.00	93,204	1.00	95,748	1.00	95,748
30000592	Legal Assistant, Sr	56,534	75,338	1.00	75,336	1.00	75,336	1.00	75,336
30000450	Management Assistant	46,571	71,739	1.00	55,595	1.00	57,874	1.00	57,874
30000012	Office Support Specialist II	32,552	46,758	1.00	46,764	1.00	46,764	1.00	46,764
30000480	Workers Comp/Disability Analyst, Sr	62,338	83,138	2.00	156,498	2.00	162,717	2.00	162,717
30000479	Workers Compensation/Disability Analyst	56,534	75,338	2.00	132,756	2.00	134,324	2.00	134,324
TOTAL FULL-TIME POSITIONS				15.00	1,102,697	15.00	1,125,561	15.00	1,125,561
30000568	Financial Analyst, Sr	65,478	87,422	1.20	104,904	1.20	104,904	1.20	104,904
TOTAL PART-TIME POSITIONS				1.20	104,904	1.20	104,904	1.20	104,904
TOTAL LIMITED TERM POSITIONS				0.00	0	0.00	0	0.00	0
GRAND TOTAL				16.20	1,207,601	16.20	1,230,465	16.20	1,230,465

This chart shows decisions and adjustments made during the budget process. The chart begins with an estimate of the bureau's Current Appropriations Level (CAL) requirements.

Action	Amount			FTE	Decision
	Ongoing	One-Time	Total Package		
FY 2014-15	125,283,036	0	125,283,036	16.20	FY 2014-15 Current Appropriation Level
CAL Adjustments					
	0	0	0	0.00	None
Mayor's Proposed Budget Decisions					
	(2,129,636)	0	(2,129,636)	0.00	Proposed technical adjustments
Approved Budget Additions and Reductions					
	0	12,648	12,648	0.00	Balance OMF IA's
Adopted Budget Additions and Reductions					
	(479)	(282)	(761)	0.00	OMF IA reduction for ADA program transfer
	91	0	91	0.00	Increase IA with Risk for Flu Shot Program
	(2,130,024)	**12,366**	**(2,117,658)**	**0.00**	**Total FY 2014-15 Decision Packages**
			123,165,378	**16.20**	**Total Adopted Budget**