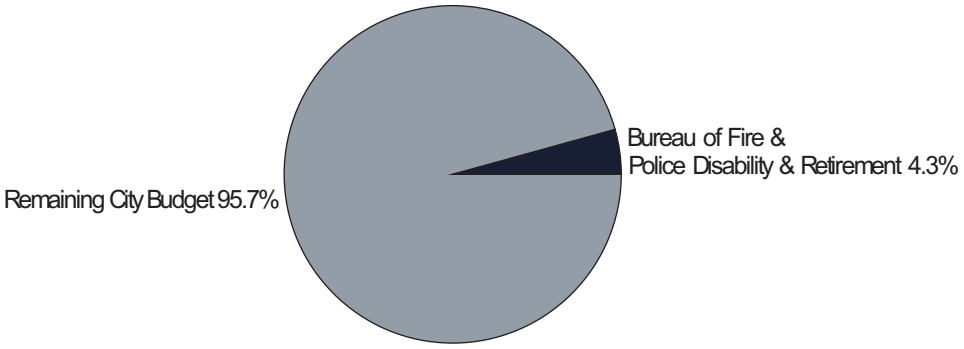
Bureau of Fire & Police Disability & Retirement

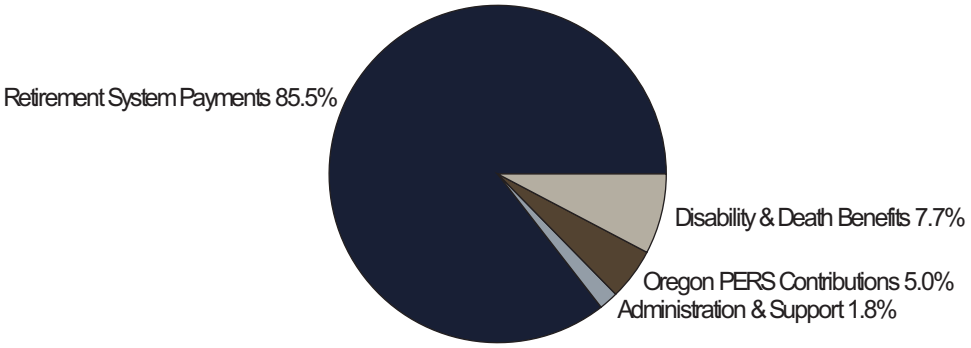
Public Safety Service Area

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

Percent of City Budget

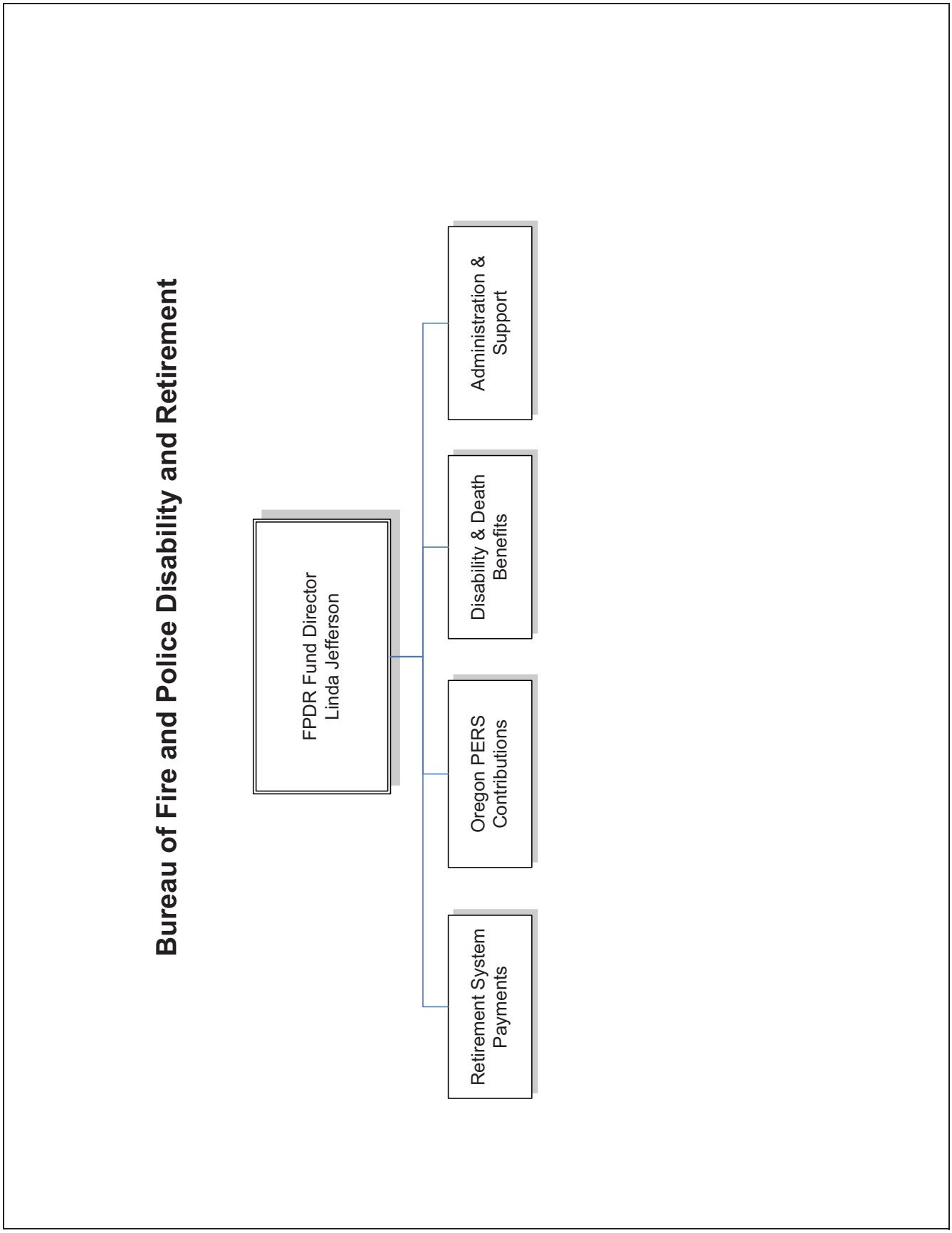


Bureau Programs



Bureau Overview

Requirements	Revised FY 2011-12	Adopted FY 2012-13	Change from Prior Year	Percent Change
Operating	152,998,900	154,486,036	1,487,136	0.97
Capital	240,000	95,500	(144,500)	(60.21)
Total Requirements	**153,238,900**	**154,581,536**	**1,342,636**	**0.88**
Authorized Positions	16.70	16.20	(0.50)	(2.99)


Bureau of Fire and Police Disability and Retirement
FPDR Fund Director
Linda Jefferson
Retirement System Payments
Oregon PERS Contributions
Disability & Death Benefits
Administration & Support

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 $100.0 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 $1.0 million or 20.1% 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 for FY 2012-13 total $9.0 million, a decrease of $0.7 million or 7.4% from the FY 2011-12 Revised Budget. The program budget includes $927,000 of costs related to program delivery.

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 $0.2 million from the FY 2011-12 Revised Budget. The Administration and Support budget represents 1.8% of total bureau requirements. Including delivery costs allocated to the retirement and disability programs, the percentage is 2.7%.

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 to members during the period of 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 and total repayment is expected to be substantially complete by the end of FY 2013-14.

Service Improvement Plan

The goals of the FY 2012-13 SIP include completion of the migration of the benefits database to the new platform, and the development and dissemination of educational materials to FPDR members. The explanatory pamphlets will provide information regarding independent medical examinations and on post-retirement medical benefits related to disability claims approved prior to retirement.

Summary of Budget Decisions

Cut Packages

Eliminate Half-time Program Coordinator Position

This decision package eliminates 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.

Non-Represented Merit Freeze

The package reflects a decrease of $10,767 in personnel services costs resulting from a freeze on merit increases in FY 2012-13 for non-represented employees making more than $45,000 per year.

Bureau CIP Summary

CIP Highlights

The rebuild of FPDR's FoxPro database is the bureau's single capital project in FY 2012-13. The project is budgeted at $95,500 in FY 2012-13 and total project costs are estimated at $240,000.

Major Issues

The impetus to rebuild the bureau's database that tracks all FPDR member information and processes all member and vendor payments is that the current platform is increasingly obsolete.

Changes from Prior Year

The bureau budgeted $240,000 in FY 2011-12 for the database platform rebuild, but project schedule was adjusted with completion of the project estimated in fall 2012. The FY 2012-13 budget is $95,500 and the ongoing operations and maintenance costs are estimated at $30,000 in FY 2013-14 and FY 2014-15, with ongoing costs declining in the out-years.

Strategic Direction

Council Goals and Priorities

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

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 and the plan deals with tangible assets.

Criteria

FPDR's database platform rebuild project was ranked as a high priority to accomplish based upon the risks of maintaining their current software system, which is increasingly obsolete and will not have vendor support in the near future.

Capital Planning and Budgeting

Capital Planning Process

The plan to rebuild FPDR's database in current technology consisted of staff identifying the need to do so, evaluating options, and making a recommendation to, and seeking funding from, the FPDR Board of Trustees as part of the budget process.

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 improvements 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 and Projects

Capital Program Description

FPDR has one capital program for acquisitions, within which there is one capital project; the project is the replacement 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 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.

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.

FTE & Financials	Actual FY 2009-10	Actual FY 2010-11	Revised FY 2011-12	Proposed FY 2012-13	Adopted FY 2012-13
FTE	1.00	1.00	1.00	1.00	1.00
Expenditures					
Pension Benefits	89,047,489	90,483,472	97,379,355	99,938,137	99,938,137
Retirement Administration and Support	72,076	74,380	79,362	84,522	84,522
Retirement System Payments	109,569	8	0	0	0
Total Expenditures	**89,229,134**	**90,557,860**	**97,458,717**	**100,022,659**	**100,022,659**

Performance	Actual FY 2009-10	Actual FY 2010-11	Yr End Est. FY 2011-12	Base FY 2012-13	Target FY 2012-13
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	92%	94%	100%	100%	100%
Efficiency					
Percentage of pension estimates processed within one week	80%	79%	84%	84%	84%
Workload					
Number of retirements from active service	20	22	85	56	56
Number of pension estimates	207	256	256	256	256
Number of FPDR 1 & 2 pension recipients	1,871	1,882	1,952	1,985	1,985
Number of pre-retirement workshop participants	50	56	42	42	42

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.

FTE & Financials	Actual FY 2009-10	Actual FY 2010-11	Revised FY 2011-12	Proposed FY 2012-13	Adopted FY 2012-13
FTE	7.00	7.00	7.00	7.00	7.00
Expenditures					
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	337,000	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 Expenditures	**9,812,973**	**8,733,653**	**9,694,333**	**8,981,450**	**8,981,450**

Performance	Actual FY 2009-10	Actual FY 2010-11	Yr End Est. FY 2011-12	Base FY 2012-13	Target FY 2012-13
Effectiveness					
Medical cost savings	$1,190,224	$1,157,980	$1,082,178	$1,184,985	$1,184,985
Savings as a percentage of total medical costs	29.6%	32.9%	38.1%	38.1%	38.1%

Performance	Actual FY 2009-10	Actual FY 2010-11	Yr End Est. FY 2011-12	Base FY 2012-13	Target FY 2012-13
Efficiency					
Percentage of disability claims decisions in 90 days	99%	98%	100%	100%	100%
Percentage of disability claims decisions in 60 days	95%	86%	91%	91%	91%
Percentage of disability claims decisions in 30 days	75%	70%	67%	67%	67%
Workload					
Number of new no-time-loss claims	139	121	125	125	125
Number of new time-loss claims	155	165	172	172	172
Number of members on short-term disability	253	227	227	227	227
Number of medical bills	6,336	5,657	6,002	6,002	6,002
Number of long-term disability recipients	100	92	83	70	70

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.

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.

FTE & Financials	Actual FY 2009-10	Actual FY 2010-11	Revised FY 2011-12	Proposed FY 2012-13	Adopted FY 2012-13
FTE	9.70	8.70	8.70	8.20	8.20
Expenditures					
Administration & Support	1,788,951	1,971,176	2,356,985	2,161,433	2,161,433
Total Expenditures	**1,788,951**	**1,971,176**	**2,356,985**	**2,161,433**	**2,161,433**

Performance	Actual FY 2009-10	Actual FY 2010-11	Yr End Est. FY 2011-12	Base FY 2012-13	Target FY 2012-13
Efficiency					
Administrative cost as a percentage of bureau budget	1.74%	1.89%	2.04%	1.91%	1.91%

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

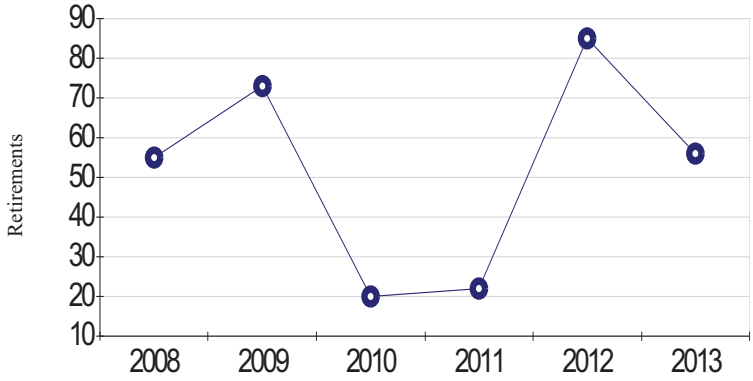
This program will experience substantial expenditure growth for the next 20 to 25 years, as an ever larger proportion of the sworn workforce becomes covered by PERS.

FTE & Financials	Actual FY 2009-10	Actual FY 2010-11	Revised FY 2011-12	Proposed FY 2012-13	Adopted FY 2012-13
Expenditures					
Oregon PERS Contributions	2,210,250	2,865,737	4,830,000	5,798,739	5,798,739
Total Expenditures	**2,210,250**	**2,865,737**	**4,830,000**	**5,798,739**	**5,798,739**

Performance Measures

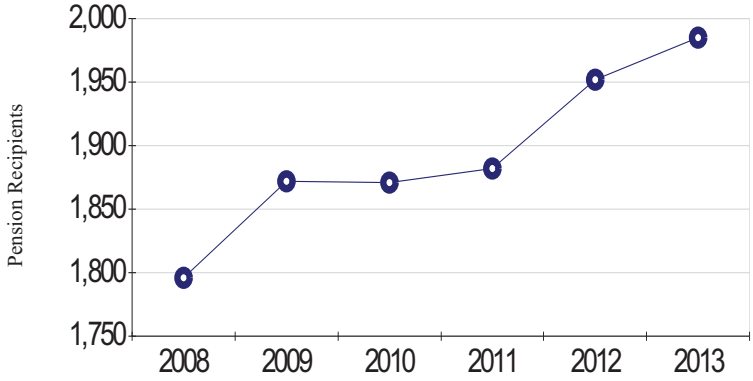
Number of Retirements from Active Service

The number of retirements fluctuates from year to year largely due to the demographics of the Fire and Police Bureaus. Labor negotiations also affect retirement patterns. In FY 2008-09, FPDR changed the retirement benefit calculation to use received, rather than earned, for final pay. This change has also impacted members' retirement decisions.



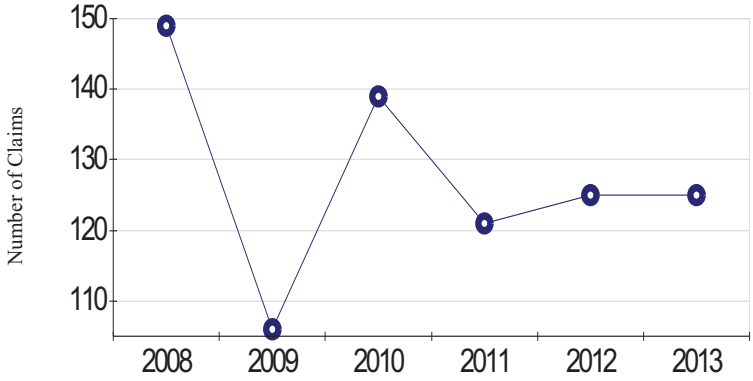
Number of FPDR 1 & 2 Pension Recipients

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



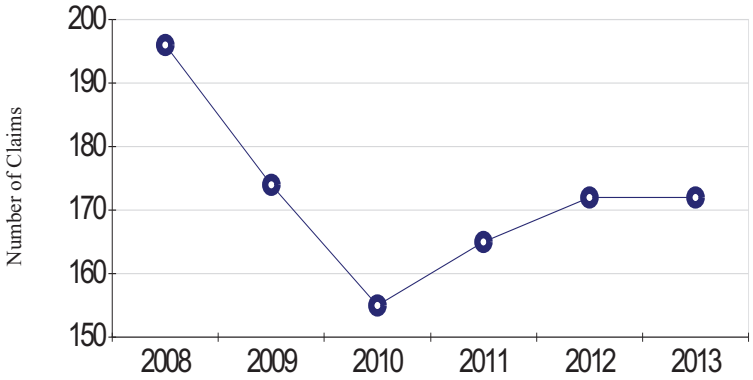
Number of New No-Time-Loss Claims

No-time-loss claims (no lost time from work other than for doctor appointments) incur only medical costs.



Number of New Time-Loss Claims

Time-loss claims incur costs for the time the member was absent from work for the injury or illness, as well as medical costs.



	Actual FY 2009-10	Actual FY 2010-11	Revised FY 2011-12	Proposed FY 2012-13	Adopted FY 2012-13
Resources					
External Revenues					
Taxes	108,077,959	110,665,683	105,700,575	112,072,367	112,072,367
Charges for Services	36	30	0	0	0
Bond & Note	28,349,586	22,170,272	26,799,000	25,211,000	25,211,000
Miscellaneous	593,809	531,444	1,337,927	1,508,000	1,508,000
Total External Revenues	**137,021,390**	**133,367,429**	**133,837,502**	**138,791,367**	**138,791,367**
Internal Revenues					
Fund Transfers - Revenue	2,068	1,678	1,503,970	750,000	752,152
Interagency Revenue	7,200	7,200	142,000	360,200	360,200
Total Internal Revenues	**9,268**	**8,878**	**1,645,970**	**1,110,200**	**1,112,352**
Beginning Fund Balance	7,152,885	12,341,042	17,755,428	14,677,817	14,677,817
Total Resources	**$144,183,543**	**$145,717,349**	**$153,238,900**	**$154,579,384**	**$154,581,536**
Requirements					
Bureau Expenditures					
Personnel Services	1,493,409	1,597,808	1,718,200	1,774,413	1,774,413
External Materials and Services	98,490,571	98,767,264	106,606,111	108,427,421	108,427,421
Internal Materials and Services	3,055,802	3,753,454	5,740,724	6,666,947	6,666,947
Capital Outlay	1,525	9,900	275,000	95,500	95,500
Total Bureau Expenditures	**103,041,307**	**104,128,426**	**114,340,035**	**116,964,281**	**116,964,281**
Fund Expenditures					
Debt Service	28,508,644	22,275,958	27,012,042	25,516,569	25,516,569
Contingency	0	0	10,049,815	11,277,000	11,279,152
Fund Transfers - Expense	292,549	383,671	1,837,008	821,534	821,534
Total Fund Expenditures	**28,801,193**	**22,659,629**	**38,898,865**	**37,615,103**	**37,617,255**
Ending Fund Balance	12,341,042	18,929,294	0	0	0
Total Requirements	**$144,183,543**	**$145,717,349**	**$153,238,900**	**$154,579,384**	**$154,581,536**
Programs					
Administration & Support	1,788,951	1,971,176	2,356,985	2,161,433	2,161,433
Disability & Death Benefits	9,812,973	8,733,653	9,694,333	8,981,450	8,981,450
Oregon PERS Contributions	2,210,250	2,865,737	4,830,000	5,798,739	5,798,739
Retirement System Payments	89,229,134	90,557,860	97,458,717	100,022,659	100,022,659
Total Programs	**103,041,307**	**$104,128,426**	**$114,340,035**	**$116,964,281**	**$116,964,281**

This table summarizes project expenses by capital programs.

Bureau Capital Program Project	Prior Years	Revised FY 2011-12	Adopted FY 2012-13	Capital Plan FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	5-Year Total
Acquisitions								
Rebuild FoxPro Database in SQL Server	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 Requirements	**9,900**	**240,000**	**95,500**	**30,000**	**30,000**	**18,750**	**15,000**	**189,250**

		Salary Range		Revised FY 2011-12		Proposed FY 2012-13		Adopted FY 2012-13	
Class	Title	Minimum	Maximum	No.	Amount	No.	Amount	No.	Amount
30000063	Accountant II	49,754	60,798	1.00	60,804	1.00	60,804	1.00	60,804
30000436	Administrative Supervisor I	54,725	72,925	1.00	63,030	1.00	65,610	1.00	65,610
30000065	Claims Technician, Assistant	32,261	45,157	1.00	45,156	1.00	45,156	1.00	45,156
30000412	FPDR Director	93,288	130,291	1.00	130,296	1.00	130,296	1.00	130,296
30001384	FPDR Financial Manager	80,787	107,557	1.00	107,556	1.00	107,556	1.00	107,556
30000582	FPDR Operations Manager	75,109	100,048	1.00	98,052	1.00	99,712	1.00	99,712
30000592	Legal Assistant, Sr	54,725	72,925	1.00	72,924	1.00	72,924	1.00	72,924
30000452	Management Analyst, Sr	63,378	84,635	1.00	84,636	1.00	84,636	1.00	84,636
30000450	Management Assistant	45,074	69,451	1.00	51,702	1.00	53,825	1.00	53,825
30000012	Office Support Specialist II	31,512	43,950	1.00	43,956	1.00	43,956	1.00	43,956
30000480	Workers Comp/Disability Analyst, Sr	60,341	80,475	3.00	220,800	3.00	229,074	3.00	229,074
30000479	Workers Compensation/Disability Analyst	54,725	72,925	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	63,378	84,635	1.20	92,244	1.20	93,238	1.20	93,238
30000464	Program Coordinator	60,341	80,475	0.50	40,236	0.00	0	0.00	0
TOTAL PART-TIME POSITIONS				1.70	132,480	1.20	93,238	1.20	93,238
TOTAL LIMITED TERM POSITIONS				0.00	0	0.00	0	0.00	0
GRAND TOTAL				16.70	1,257,240	16.20	1,232,635	16.20	1,232,635

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				
	Ongoing	One-Time	Total Package	FTE	Decision
FY 2012-13	117,018,656	0	117,018,656	16.70	FY 2012-13 Current Appropriation Level
CAL Adjustments					
	0	0	0	0.00	None
Mayor's Proposed Budget Decisions					
	(43,608)	0	(43,608)	(0.50)	Eliminate Program Coordinator position
	(10,767)	0	(10,767)	0.00	Non-represented merit freeze
Approved Budget Additions and Reductions					
	0	0	0	0.00	None
Adopted Budget Additions and Reductions					
	0	0	0	0.00	None
	(54,375)	**0**	**(54,375)**	**(0.50)**	**Total FY 2012-13 Decision Packages**
			116,964,281	**16.20**	**Total Adopted Budget**