CITY OF

PORTLAND, OREGON

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Date: April 14, 2011

To: Office of Management & Finance, Financial Planning Division

From: Commissioner Dan Saltzman

Re: FPDR FY 2010-11 Spring BuMP Submittal

Attached please find the FY 2010-11 spring BuMP submittal from the Bureau of Fire & Police Disability & Retirement.

FPDR has two requests in the spring BuMP:

- Reducing interagency agreements with the Police and Fire Bureaus by $1.2 million: The bureaus' sworn hires have been less than expected, so the OPSRP contributions for their employees have been less. In addition, the subsidies for members returning to work after an injury or illness are also expected to be below budget.
- Transferring $82,000 from contingency to prevent over-expenditure of major object categories: $52,000 will be transferred to personal services, $10,000 to internal materials and services and $20,000 to capital.

The fund projection reports show that:

- The FPDR Fund projects revenue, excluding the tax anticipation note, of $3.2 million above budget. This is primarily due to beginning balance being $2.8 million above budget, but property tax revenue is also projected to be above budget.
- Ending balance is projected to be $17.0 million. In addition to above-budget revenue, we do not expect to spend the budgeted contingency (now at $9.7 million), and materials and services will be $3.8 million below budget. The $1.0 million increase in ending balance from the winter projection means that the FY 2011-12 property tax levy can be lowered from what was in the Requested Budget.
- The FPDR Reserve Fund was not needed to maintain a positive cash balance before the November property tax turnover and will end the year with its normal $750,000 balance.

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 2010-11

DR_001 - Reduce Interagency Agreements with Police & Fire

This request reduces FPDR's interagency agreements with the Police and Fire Bureaus to align them with anticipated spending. FPDR reimburses the Police and Fire Bureaus for OPSRP contributions made on behalf of sworn employees hired after December 31, 2006; those contributions are projected to be less than budgeted because of fewer sworn hires than predicted at the Police and Fire Bureas. FPDR also provides wages subsidies for some sworn Police and Fire employees returning to work after an injury or illness; those subsidies are variable from year to year and will be less than anticipated in the current year. $1.2 million is added to contingency.

Dollar Amount:	$0
Type:	Technical Adjustment
Resources:	Internal Transfer

DR_002 - Prevent Overexpenditure in Major Categories

This requests transfers $82,000 out of fund contingency to prevent over-expenditure in major object categories. $52,000 will be transferred to personal services, and $10,000 will be transferred to the BTS interagency agreement in internal materials and services. In addition, $20,000 will be used to create a capital budget in the current year for spending related to FPDR's database. There is a new GASB requirement to budget and account for capital expenses associated with intangible assets such as FPDR's database. FPDR's FY 2011-12 Requested Budget also includes a capital project to migrate the database to a new software platform.

Dollar Amount:	$0
Type:	Technical Adjustment
Resources:	Bureau Contingency

Fund Projection Report

	Spring BuMP Revised Budget	FY 2010-11 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	$17,008,478	
Personal Services	$1,636,867	$1,062,933	$1,636,867	100%
External Materials and Services	$103,173,727	$57,796,600	$99,291,129	96%
Internal Materials and Services	$4,028,860	$1,525,588	$4,028,860	100%
Capital Outlay	$20,000	$0	$20,000	100%
Bond Expenses	$32,844,224	$21,707	$22,277,124	68%
Fund Transfers - Expense	$383,671	$255,278	$384,734	100%
Contingency	$9,719,963	$0	$0	0%
TOTAL EXPENDITURES	**$151,807,312**	**$60,662,107**	**$144,647,192**	**95%**
REVENUES				
Budgeted Beginning Fund Balance	$8,793,144	$0	$11,591,042	132%
Taxes	$109,330,290	$99,782,778	$110,560,000	101%
Interagency Revenue	$7,200	$4,800	$7,200	100%
Fund Transfers - Revenue	$751,678	$0	$1,678	0%
Bond and Note	$32,450,000	$22,170,272	$22,170,272	68%
Miscellaneous	$475,000	$193,513	$317,000	67%
TOTAL REVENUES	**$151,807,312**	**$122,151,362**	**$144,647,192**	**95%**

Fund Projection Narrative

Revenues excluding the tax anticipation note (TAN) are forecasted at $122.5 million or $3.2 million above the Revised Budget. The variance is primarily due to the beginning balance being over budget by $2.8 million. Tax receipts are also projected to be above budget by $1.2 million. Due to lower interest income projections, miscellaneous revenues are expected to be $0.2 million below budget. In addition, a fund transfer from the FPDR Reserve Fund budgeted at $0.8 million is not expected this year.

Expenditures net of TAN are projected to be $105.5 million or $13.6 million below the Revised Budget. Most of the variance is in contingency which is now budgeted at $9.7 million but not expected to be needed this year. In addition, external materials and services which include benefit payments are projected to be $3.8 million below the budgeted level due to fewer retirements and lower disability and medical costs. As a result, the ending fund balance is projected to be $17.0 million.

Fund Projection Report

	Spring BuMP Revised Budget	FY 2010-11 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Fire & Police Disability & Retirement Res Fund				
EXPENDITURES				
Unappropriated Fund Balance	$0	$0	$750,000	
Fund Transfers - Expense	$750,000	$0	$0	0%
TOTAL EXPENDITURES	**$750,000**	**$0**	**$750,000**	**100%**
REVENUES				
Budgeted Beginning Fund Balance	$750,000	$0	$750,000	100%
TOTAL REVENUES	**$750,000**	**$0**	**$750,000**	**100%**

Fund Projection Narrative

Each year, FPDR budgets a transfer from the FPDR Reserve Fund to the FPDR Fund to cover a potential cash shortfall prior to the receipt of property tax revenue in November. For FYE11, the proceeds of the tax anticipation notes were sufficient to maintain a positive cash balance in the FPDR Fund. Therefore, the budgeted transfer from the Reserve Fund will not be needed.

FPDR Service Improvement Plan Update

FY 2010-11 Adopted Budget Strategic Direction

Enhancements to Program Areas
Staff will continue to develop and implement enhancements to the FPDR program areas. The emphasis will continue to be improved customer service, efficiency of service delivery, professional program administration, and fiscal responsibility. Significant progress has been made with respect to the disability audit recommendations, and implementation of the pension audit recommendations began in FY 2009-10 and will be completed in FY 2010-11.

Community Conversations
The FPDR Community Conversations, held in September 2009, were an opportunity for members and staff to develop a shared vision of the relationships between members and staff and to discuss what they can do together to create the envisioned relationships. The conversations have led to a series of actions items that also will be completed in FY 2010-11. For example, the FPDR member survey will be conducted in 2010 after a gap of six years, various communication pieces will be developed about accessing FPDR benefits, more retirement workshops will be scheduled, and the FPDR website will be enhanced as part of the Portland Online refresh.

Winter BuMP Update

- Completed the biennial membership survey. The survey was distributed in the quarterly member newsletter, and that may account for the low response rate (6% compared to 18% in 2004, the prior survey). Future surveys will be distributed in a separate mailing to retired and disabled members, and active members will be offered an online survey.
- Reviewed disability packets for easy-to-follow, complete information on filing a claim. Delivered new packets July 1. Brochures have been created and/or updated.
- An informational notice on how to access FPDR benefits to post in Fire and Police offices has been developed, and a business-card size resource guide for members will be printed now that a new Fire liaison has been named.
- We recently conducted an online pulse poll to ask members who are eligible for retirement their format preference for retirement workshops and will continue with the mix of full-day and half-day formats.
- FPDR is still awaiting its turn for the PortlandOnline refresh; more information will be available once that is completed.

Other efforts need to be integrated into FPDR's overall IT strategy and/or to be coordinated with the Police and Fire Bureaus' leadership.

Spring BuMP Update

- We have added point-of-service surveys for pension estimates and retirements.