

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

Mayor Charlie Hales, Commissioner-in-Charge

Samuel Hutchison, Director



FY 2016-17

Requested Budget & Five-Year Financial Forecast



Office of Mayor Charlie Hales
City of Portland

Date: February 1, 2016

To: Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Auditor Mary Hull Caballero

From: Mayor Charlie Hales 

Re: Fire & Police Disability & Retirement's FY 2016-17 Requested Budget

Enclosed are the FY 2016-17 Requested Budget and FYE 2017-21 Financial Forecast for the Bureau of Fire & Police Disability & Retirement. The FPDR Board of Trustees approved the Requested Budget at its January 26, 2016 meeting. The budget does not yet reflect the recently released inflation numbers; incorporating them will reduce it by approximately \$180,000.

There is one decision package to adjust FPDR's staffing. The package combines two part-time Senior Financial Analyst (SFA) positions, now staffed at a total of 1.5 FTE, into one full-time SFA and adds a Management Analyst position, for a net increase of 0.5 FTE and a first-year cost of \$24,144. The change will address a serious risk to the bureau's continuity of operations by adding a position whose duties will include serving as a backup to FPDR's only Senior Business Systems Analyst.

For FY 2016-17, total bureau requirements are 4.8% above the current year's budget; total requirements net of tax anticipation notes (TANs) are increasing 3.0%. Over the five-year forecast, bureau requirements are up 29.8%, and total requirements net of TANs are up 26.2%. 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 the FPDR 3 membership and PERS contribution rates increase.

Current-year property taxes increase 5.7% in the Requested Budget and 36.6% over the five-year forecast. The Measure 50 Assessed Value rate increases from \$2.47 per \$1,000 in the current year to \$2.51 in FYE17 and is projected to be \$2.84 in FYE21. The implied Real Market Value rate per \$1,000 remains at \$1.29 in FYE17 and is projected to be \$1.38 in FYE21.

c: Audit Services
City Budget Office

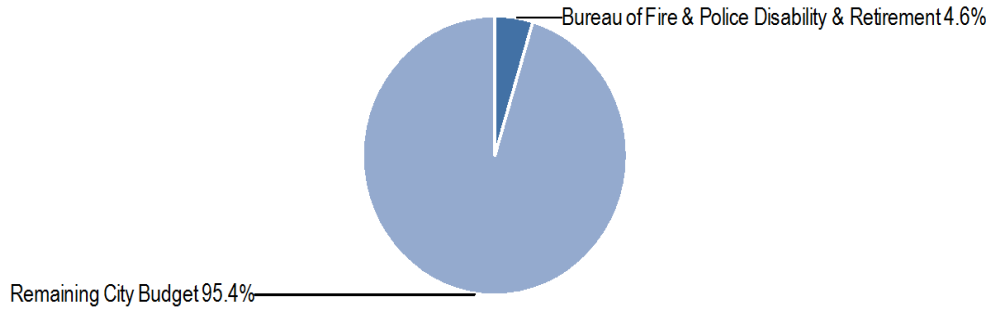
Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

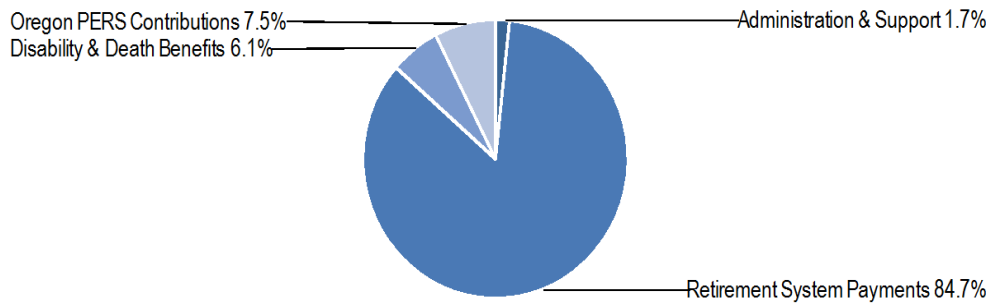
Mayor Charlie Hales, Commissioner-in-Charge

Samuel Hutchison, Director

Percent of City Budget



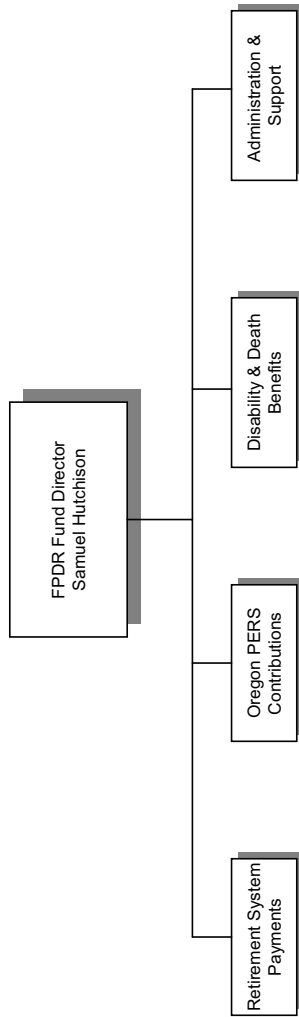
Bureau Programs



Bureau Overview

Expenditures	Revised FY 2015-16	Requested FY 2016-17	Change from Prior Year	Percent Change
Operating	174,927,121	181,787,065	6,859,944	3.92
Capital	80,320	46,000	(34,320)	(42.73)
Total Requirements	175,007,441	181,833,065	6,825,624	3.90
Authorized Positions	16.50	17.00	0.50	3.03

Bureau of Fire & Police Disability & Retirement



Bureau Summary

Bureau Mission

The mission of the Bureau of Fire & Police Disability & Retirement is to 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 2016-17 Requested Budget is \$113.4 million, including \$104,000 for program delivery. This is an increase of \$4.8 million or 4.4% over the FY 2015-16 Revised Budget. It is estimated that there will be 2,252 pension recipients in FY 2016-17.

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 \$10.0 million for FY 2016-17, an increase of \$1.4 million or 16.3% over the FY 2015-16 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 2016-17 total \$8.1 million, a decrease of \$104,000 or 1.3% from the FY 2015-16 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, an increase of \$160,000 or 7.6% from the FY 2015-16 Revised Budget. The Administration and Support budget represents 1.7% of total bureau requirements. Including delivery costs allocated to the retirement and disability programs, the percentage is 2.6%.

Strategic Direction

Citywide plans and policies, such as the Portland Plan or Comprehensive Plan, do not contain FPDR-specific goals. However, as a provider of pension and disability benefits for the City's sworn workforce, FPDR's work contributes to the City goal to prioritize human and environmental health and safety. Benefits play an important role in recruiting and retaining the most qualified police officers and fire fighters.

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

FPDR adopted a new three-year strategic plan in fall of 2015. The plan has five major themes:

Disability Program Development

To reduce on-the-job injuries and return employees to work as quickly as possible, FPDR will work with the Fire and Police Bureaus to identify high-frequency injury causes, create injury reduction programs, and expand transitional duty and vocational rehabilitation opportunities.

Member Service Improvement

To improve members understanding of their benefits, FPDR will publish a Plan Summary document, develop and distribute new instructions for filing disability claims, and offer a wider array of retirement planning services.

Technology Investment

FPDR will enhance technology associated with continuity of operations plans, expand a self-service web portal, and continue efforts to transition from paper-based to electronic processes.

Investment in Staff

FPDR will identify opportunities for cross-training and career development that will both prepare employees for advancement and ensure backup availability for critical tasks. FPDR will also encourage staff participation in diversity activities and trainings.

Board Development

FPDR will create a new education program for both new and experienced trustees, and work with the Mayor's office to identify diverse candidate pools for future vacancies in appointed positions.

Summary of Budget Decisions

FPDR has one decision package in the FY 2016-17 Requested Budget, to convert two part-time positions (1.5 FTE) to two full-time positions (2.0 FTE) at a cost of \$24,144. One position will remain a senior financial analyst, while the second will be down-classed from a senior financial analyst to a management analyst. The package will allow FPDR to address the most critical staffing risk to continuity of operations, the bureau's dependence on a single employee (the senior business systems analyst) to operate and maintain the FPDR database. The database is used to make all benefit payments and to track vital member and survivor data. The new management analyst will back up the senior business systems analyst half-time and assist with finance tasks half-time.

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 prioritize human and environmental health and safety.
Performance	<p>Actuarial assumptions based on prior experience predict that the number of service retirements will increase significantly in FY 2015-16. However retirement patterns, which are influenced by the demographics of the membership and collective bargaining agreements among other factors, are highly variable and somewhat unpredictable. Both the number of pension estimates and the number of members participating in pre-retirement workshops have increased significantly over the last two years, which may foretell increased retirements in the near future but may also be the result of FPDR's increased member outreach in this area.</p> <p>Despite the increase in pension estimates, the percentage of estimates prepared within one week is expected to increase from 73% to 82%, above FPDR's goal of 80%. This is primarily because both senior financial analysts now prepare pension estimates.</p>
Changes to Services and Activities	<p>In response to a recommendation of the 2015 pension program audit, FPDR has expanded its efforts to support retirement readiness among working members. FPDR has begun proactively contacting members who are eligible to retire now or within two years but have not received a recent pension estimate. As a result the percentage of such members who have a recent pension estimate has increased from 50% to 60% over the last six months. FPDR has also revised its pension estimate presentations to highlight the percent of wages replaced by an FPDR pension, a perspective that may be useful for members still several years from retirement.</p> <p>Annual benefit adjustments for FPDR 2 retirees are at the discretion of the FPDR Board of Trustees, although City Charter prohibits the Board from granting adjustments in excess of those awarded to public safety Oregon Public Employees Retirement System (PERS) retirees. In the past the Board has made adjustments in step with PERS. The PERS adjustment methodology will change beginning July 1, 2016 to a service-based blend of adjustment rates: 1.23% - 2.00% (depending on the year of retirement) for the percentage of service prior to October 2013 and, for later service, 1.25% on the first \$60,000 of base annual pension and 0.15% for any amount over \$60,000. The FPDR Board is expected to make a decision about July 1, 2016 benefit adjustments for FPDR 2 retirees in the spring.</p>

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

FTE & Financials	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
FTE	1.00	1.00	1.00	1.00	1.00
Expenditures					
Pension Benefits	103,127,052	103,355,638	108,553,215	113,316,000	113,316,000
Retirement Administration and Support	89,362	94,704	98,226	104,241	104,241
Retirement System Payments	(1,213)	0	0	0	0
Total Expenditures	103,215,201	103,450,342	108,651,441	113,420,241	113,420,241
Performance	Actual FY 2013-14	Actual FY 2014-15	Yr End Est. FY 2015-16	Base FY 2016-17	Target FY 2016-17
Key Performance Measure					
Number of FPDR 2 retirements from active service	26	40	72	59	59
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%
Percentage of FPDR 2 members now or soon-to-be retirement eligible who received a pension estimate in the last two years	NA	50%	60%	65%	65%
Efficiency					
Percentage of pension estimates processed within one week	69%	73%	82%	80%	80%
Workload					
Number of pension estimates	219	240	293	293	293
Number of Fire & Police Disability & Retirement 1 and 2 pension recipients	2,106	1,972	2,225	2,252	2,252
Number of pre-retirement workshop participants	30	53	99	75	75

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 prioritize human and environmental health and safety.

Performance The percentage of the sworn workforce on disability at June 30 is expected to decline again in FY 2015-16 and remain at about 4%, reflecting the fact that fewer members are on long-term disability. The number of members on long-term disability has decreased by 27% over the last two years as members currently on long-term disability retire and fewer members transition from short-term to long-term disability. While fewer disability claims are receiving a decision within 30 days, about 90% of claims decisions are still made within the bureau's target of 60 days, and nearly all claims receive a decision within 90 days.

All other performance and workload measures are essentially stable with the exception of medical cost savings, which fluctuates with medical bills (a highly variable figure).

Changes to Services and Activities None

FTE & Financials	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
FTE	8.00	8.00	8.00	8.00	8.00
Expenditures					
Disability & Death Benefits	93,518	83,047	0	0	0
Disability Administration and Support	939,925	942,307	998,270	1,084,982	1,084,982
Funeral	47,400	17,693	77,600	73,800	73,800
Long-term Disability	2,541,037	2,074,293	1,990,000	1,756,000	1,756,000
Medical	2,981,890	2,128,131	3,238,000	3,063,000	3,063,000
Return to Work	325,216	453,743	316,000	388,000	388,000
Short-term Disability	1,515,929	1,545,785	1,622,000	1,772,000	1,772,000
Vocational Rehabilitation	720	0	10,000	10,300	10,300
Total Expenditures	8,445,635	7,244,999	8,251,870	8,148,082	8,148,082

Performance	Actual FY 2013-14	Actual FY 2014-15	Yr End Est. FY 2015-16	Base FY 2016-17	Target FY 2016-17
Key Performance Measure					
Number of disability claims filed	343	360	356	356	356
Percentage of workforce on disability at June 30	4.6%	4.2%	4.0%	4.0%	4.0%

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

Performance	Actual FY 2013-14	Actual FY 2014-15	Yr End Est. FY 2015-16	Base FY 2016-17	Target FY 2016-17
Effectiveness					
Amount of medical cost savings	\$2,005,553	\$1,306,255	\$1,615,464	\$1,298,046	\$1,298,046
Savings as a percentage of total medical costs	44.7%	38.8%	41.4%	42.4%	42.4%
Efficiency					
Percentage of disability claims decisions in 90 days	99%	100%	97%	97%	97%
Percentage of disability claims decisions in 60 days	93%	93%	90%	90%	90%
Percentage of disability claims decisions in 30 days	65%	67%	55%	55%	55%
Workload					
Number of members on short-term disability	230	243	243	243	243
Number of medical bills	4,351	4,114	4,164	4,159	4,159
Number of long-term disability recipients	55	48	40	40	40

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 prioritize human and environmental health and safety.
Performance	For FY 2016-17 administrative costs as a percentage of the total bureau budget are expected to increase slightly from 1.65% to 1.69%. This is primarily because of the addition of 0.5 FTE to the program at a cost of \$24,144.
Changes to Services and Activities	<p>The bureau continues to implement member service improvements. A new web portal for current sworn employees came online in 2015; these members can now complete a number of tasks online, such as updating their personal information or viewing past benefit payments. Currently the portal can only be accessed from a City of Portland device; FPDR's goal is to expand portal access to non-City devices and retirees in the coming year.</p> <p>FPDR has a decision package in this budget to reclassify two part-time senior financial analyst positions to one full-time senior financial analyst and one full-time management analyst. One of the current part-time positions will soon be vacant. This change will allow FPDR to hire a management analyst to serve as back-up FPDR database administrator, thereby addressing a serious threat to the bureau's continuity of operations. The finance function will retain its current staffing levels, as the management analyst will be devoted to finance duties half time.</p>

FTE & Financials	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
FTE	7.20	7.80	7.50	7.50	8.00
Expenditures					
Administration & Support	2,697,283	2,116,205	2,102,263	2,237,685	2,261,829
Total Expenditures	2,697,283	2,116,205	2,102,263	2,237,685	2,261,829
Performance	Actual FY 2013-14	Actual FY 2014-15	Yr End Est. FY 2015-16	Base FY 2016-17	Target FY 2016-17
Key Performance Measure					
Administrative cost as a percentage of bureau budget	2.20%	1.57%	1.65%	1.67%	1.69%
FPDR Tax Levy Rate (Per \$1,000 of Real Market Value)	\$1.62	\$1.48	\$1.29	\$1.29	\$1.29

Oregon PERS Contributions

Description This program reimburses the Police and Fire Bureaus for the contributions they make to the Oregon Public Employees Retirement System (PERS) 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 prioritize human and environmental health and safety.

Performance FPDR does not have performance measures for this program, which simply reimburses the Police and Fire Bureaus for actual expenses. The measure below shows the percentage of the sworn workforce covered by PERS each year, expected to be than one-third by FY 2016-17. As this percentage grows, expenditures for the Oregon PERS Contributions program will also increase, until they eventually overtake FPDR direct pension benefits (under the Retirement Systems Payment program) as the bureau’s single largest expense.

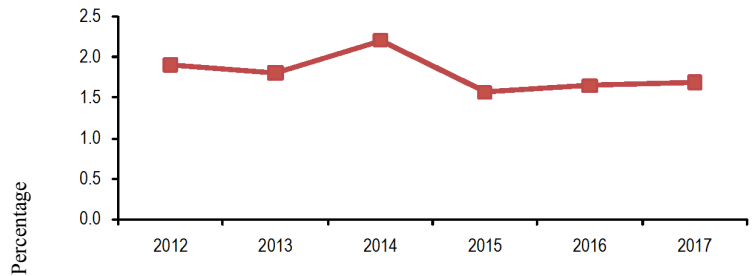
Changes to Services and Activities None

FTE & Financials	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
Expenditures					
Oregon PERS Contributions	5,998,321	6,952,685	8,601,132	10,000,000	10,000,000
Total Expenditures	5,998,321	6,952,685	8,601,132	10,000,000	10,000,000
Performance	Actual FY 2013-14	Actual FY 2014-15	Yr End Est. FY 2015-16	Base FY 2016-17	Target FY 2016-17
Key Performance Measure					
Percent of workforce who are FPDR 3	25%	27%	32%	36%	36%

Performance Measures

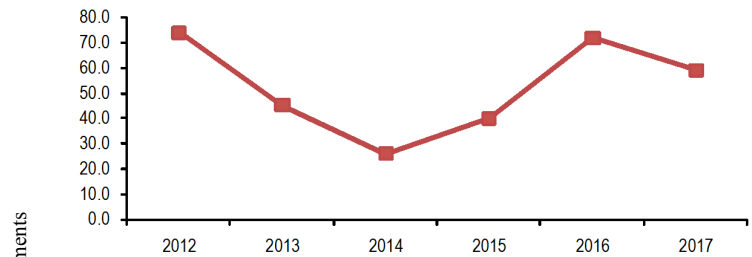
Administrative Cost as a Percentage of Bureau Budget

Administrative costs have hovered between 1.6% and 2.0% of bureau requirements in recent years with a brief spike in FY 2013-14, when the bureau had significant one-time legal expenses and the overall FPDR budget did not grow substantially. Administrative costs are projected to remain at about 1.7% of bureau requirements in FY 2016-17. If program delivery costs allocated to the retirement and disability programs are included, administrative costs in FY 2016-17 would be approximately 2.6% of the bureau budget.



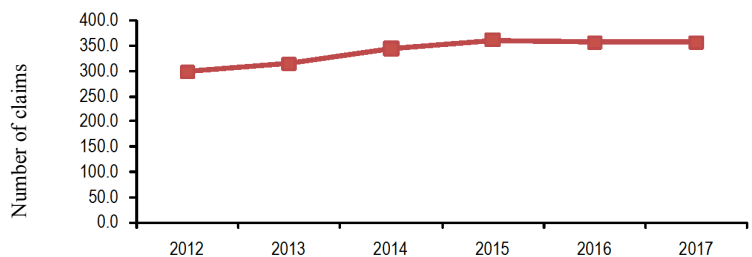
Number of FPDR 2 Retirements from Active Service

The number of retirements fluctuates from year to year, largely due to the demographics of the sworn workforce. Labor negotiations also affect retirement patterns. Projections based on actuarial assumptions (which take into account the age and length of service of the current workforce and past retirement patterns) predict a wave of retirements in FY 2015-16. The large number of retirements in FY 2011-12 can be partly attributed to the fact that there were two periods in that fiscal year when the final pay calculation included an extra pay date; the November 2012 plan amendments have eliminated these periods going forward.



Disability Claims Filed

The number of disability claims filed varies from year to year but has averaged 339 over the last three years. FPDR predicts there will be about 350 claims filed in both FY 2015-16 and FY 2016-17.

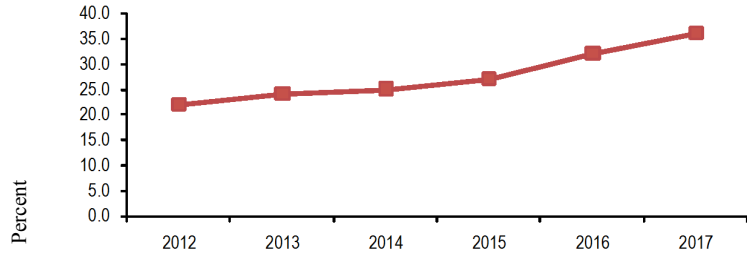


Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

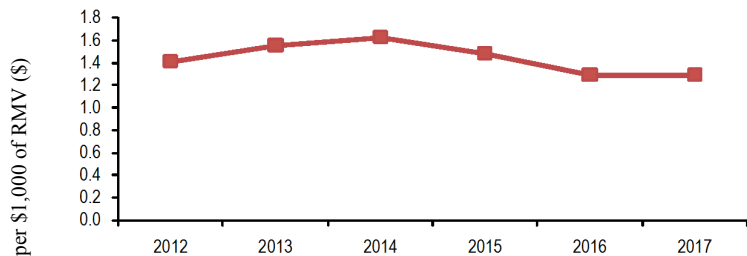
Percentage of Workforce Who are FPDR 3

FPDR 3 members are those hired on or after January 1, 2007 and are members of the Oregon Public Public Employee Retirement System (PERS) for retirement benefits. FPDR reimburses the Fire and Police Bureaus for the PERS contributions they make on behalf of these members. The percent of the workforce who are FPDR 3 is expected to grow annually until it reaches 100% over the next several decades. In time, FPDR will spend more on PERS contributions for FPDR 3 members than it does on direct pension benefits for FPDR 1 and 2 members.



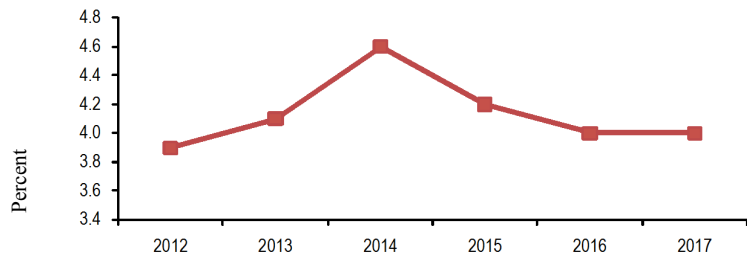
FPDR Tax Rate Per \$1,000 of RMV (\$)

Chapter 5 of the Portland City Charter provides FPDR with dedicated property tax levy authority of up to \$2.80 per \$1,000 of Real Market Value (RMV). The rate continues to be well below this limit and is projected to be \$1.29 in FY 2016-17. The most recent tax levy adequacy analysis, prepared by independent actuaries, estimates there is less than a five percent probability that FPDR requirements will exceed the levy limit over the next 20 years.



Percentage of Workforce on Disability at June 30

The percent of the sworn workforce on disability has declined since the Charter reforms of 2007, and has again declined from a brief peak in FY 2013-14. The percentage shown includes those on short-term disability as well as long-term disability. While the number of members on short-term disability fluctuates widely from pay period to pay period, the number of members on long-term disability has decreased steadily since 2007.



	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
Resources					
External Revenues					
Taxes	119,378,897	122,814,273	121,159,002	128,047,674	128,071,818
Charges for Services	34	26	0	0	0
Bond & Note	26,930,235	25,815,144	31,885,000	34,476,000	34,476,000
Miscellaneous	579,603	348,880	296,200	443,200	443,200
Total External Revenues	146,888,769	148,978,323	153,340,202	162,966,874	162,991,018
Internal Revenues					
Fund Transfers - Revenue	9,046	254	1,500,000	1,500,000	1,500,000
Interagency Revenue	542,200	796,492	952,200	898,000	898,000
Total Internal Revenues	551,246	796,746	2,452,200	2,398,000	2,398,000
Beginning Fund Balance	14,949,476	14,511,433	19,215,039	16,444,047	16,444,047
Total Resources	\$162,389,491	\$164,286,502	\$175,007,441	\$181,808,921	\$181,833,065
Requirements					
Bureau Expenditures					
Personnel Services	1,757,833	1,849,884	1,953,000	2,062,768	2,086,912
External Materials and Services	112,035,728	109,869,239	116,071,215	120,655,000	120,655,000
Internal Materials and Services	6,873,482	7,967,855	9,510,091	11,042,240	11,042,240
Capital Outlay	69,040	77,253	72,400	46,000	46,000
Total Bureau Expenditures	120,736,083	119,764,231	127,606,706	133,806,008	133,830,152
Fund Expenditures					
Debt Service	27,032,276	25,908,928	32,277,309	34,899,037	34,899,037
Contingency	0	0	12,761,000	10,703,000	10,703,000
Fund Transfers - Expense	109,699	145,911	1,612,426	1,650,876	1,650,876
Total Fund Expenditures	27,141,975	26,054,839	46,650,735	47,252,913	47,252,913
Ending Fund Balance	14,511,433	18,467,432	750,000	750,000	750,000
Total Requirements	\$162,389,491	\$164,286,502	\$175,007,441	\$181,808,921	\$181,833,065
Programs					
Administration & Support	2,697,283	2,116,205	2,102,263	2,237,685	2,261,829
Disability & Death Benefits	8,445,635	7,244,999	8,251,870	8,148,082	8,148,082
Oregon PERS Contributions	5,998,321	6,952,685	8,601,132	10,000,000	10,000,000
Retirement System Payments	103,215,201	103,450,342	108,651,441	113,420,241	113,420,241
Traffic Safety	379,643	0	0	0	0
Total Programs	120,736,083	\$119,764,231	\$127,606,706	\$133,806,008	\$133,830,152

Public Safety Service Area

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

Bureau Capital Program Project	Prior Years	Revised	Requested	Capital Plan					5-Year Total
		FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21		
Maintenance and Reliability									
Database Capital Improvements	309,581	80,320	46,000	20,000	20,000	20,000	20,000	20,000	126,000
Total Maintenance and Reliability	309,581	80,320	46,000	20,000	20,000	20,000	20,000	20,000	126,000
Total Requirements	309,581	80,320	46,000	20,000	20,000	20,000	20,000	20,000	126,000

Class	Title	Salary Range		Revised FY 2015-16		Requested No DP FY 2016-17		Requested FY 2016-17	
		Minimum	Maximum	No.	Amount	No.	Amount	No.	Amount
30000063	Accountant II	54,371	68,453	1.00	68,448	1.00	68,448	1.00	68,448
30000449	Business Systems Analyst, Sr	69,285	92,498	1.00	92,496	1.00	92,496	1.00	92,496
30000066	Claims Technician	45,427	60,216	1.00	56,784	1.00	59,322	1.00	59,322
30000065	Claims Technician, Assistant	35,256	50,835	1.00	50,832	1.00	50,832	1.00	50,832
30000568	Financial Analyst, Sr	69,285	92,498	0.00	0	0.00	0	1.00	92,496
30000412	FPDR Director	101,962	142,397	1.00	127,188	1.00	132,408	1.00	132,408
30001384	FPDR Financial Manager	88,275	117,562	1.00	117,564	1.00	117,564	1.00	117,564
30000582	FPDR Operations Manager	82,098	109,346	1.00	102,300	1.00	105,092	1.00	105,092
30000592	Legal Assistant, Sr	59,800	79,726	1.00	79,728	1.00	79,728	1.00	79,728
30000451	Management Analyst	62,795	83,720	0.00	0	0.00	0	1.00	62,796
30000450	Management Assistant	49,275	75,899	2.00	137,975	2.00	142,271	2.00	142,271
30000012	Office Support Specialist II	34,445	49,462	1.00	34,440	1.00	34,440	1.00	34,440
30000480	Workers Comp/Disability Analyst, Sr	65,957	87,963	2.00	174,831	2.00	175,920	2.00	175,920
30000479	Workers Compensation/Disability Analyst	59,800	79,726	2.00	148,032	2.00	149,904	2.00	149,904
TOTAL FULL-TIME POSITIONS				15.00	1,190,618	15.00	1,208,425	17.00	1,363,717
30000568	Financial Analyst, Sr	69,285	92,498	1.50	138,744	1.50	138,744	0.00	0
TOTAL PART-TIME POSITIONS				1.50	138,744	1.50	138,744	0.00	0
TOTAL LIMITED TERM POSITIONS				0.00	0	0.00	0	0.00	0
GRAND TOTAL				16.50	1,329,362	16.50	1,347,169	17.00	1,363,717



	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17	Proposed FY 2016-17
Resources						
Taxes	119,378,897	122,814,273	121,159,002	128,047,674	128,071,818	
Charges for Services	34	26	0	0	0	
Bond & Note	26,930,235	25,815,144	31,885,000	34,476,000	34,476,000	
Miscellaneous	579,603	348,880	296,200	443,200	443,200	
Total External Revenues	146,888,769	148,978,323	153,340,202	162,966,874	162,991,018	
Fund Transfers - Revenue	9,046	254	750,000	750,000	750,000	
Interagency Revenue	542,200	796,492	952,200	898,000	898,000	
Total Internal Revenues	551,246	796,746	1,702,200	1,648,000	1,648,000	
Beginning Fund Balance	14,199,476	13,761,433	18,465,039	15,694,047	15,694,047	
Total Resources	161,639,491	163,536,502	173,507,441	180,308,921	180,333,065	
Requirements						
Personnel Services	1,757,833	1,849,884	1,953,000	2,062,768	2,086,912	
External Materials and Services	112,035,728	109,869,239	116,071,215	120,655,000	120,655,000	
Internal Materials and Services	6,873,482	7,967,855	9,510,091	11,042,240	11,042,240	
Capital Outlay	69,040	77,253	72,400	46,000	46,000	
Total Bureau Expenditures	120,736,083	119,764,231	127,606,706	133,806,008	133,830,152	
Debt Service	27,032,276	25,908,928	32,277,309	34,899,037	34,899,037	
Contingency	0	0	12,761,000	10,703,000	10,703,000	
Fund Transfers - Expense	109,699	145,911	862,426	900,876	900,876	
Total Fund Expenditures	27,141,975	26,054,839	45,900,735	46,502,913	46,502,913	
Ending Fund Balance	13,761,433	17,717,432	0	0	0	
Total Requirements	161,639,491	163,536,502	173,507,441	180,308,921	180,333,065	

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 2016-17 are increasing by \$4.2 million or 3.0% from the FY 2015-16 Revised Budget. Direct pension benefits to members hired before 2007, part of external materials and services, continue to increase as more members retire with higher final pay. Oregon Public Employees Retirement System contributions for members hired after 2006, part of internal materials and services, continue to grow as salaries increase and the proportion of the workforce hired after 2006 grows. Personnel services is increasing by \$0.1 million or 6.9% from the FY 2015-16 Revised Budget, slightly above the normal

growth rate for wages and health benefits because of the addition of 0.5 FTE to the Administration program. The capital budget, which is exclusively for upgrades to the FPDR database, will decline further in FY 2016-17 now that programming changes recommended by the disability program and disability payment process audits are complete.

Budgeted property tax collections will increase by \$6.9 million or 5.7% for FY 2016-17. However, FPDR projects actual tax collections for FY 2015-16 will be about \$1.3 million over budget, meaning collections for FY 2016-17 are expected to increase by \$5.6 million or 4.6% over actual FY 2015-16 tax receipts. Despite higher requirements and the resulting need for more tax revenue, continued improvement in the local real estate market and economy will permit the FPDR property tax levy to remain at \$1.29 per \$1,000 of real market value. This follows decreases in the two previous fiscal years. Real market value continues to grow, which in turn reduces property tax compression. Miscellaneous revenue, now primarily interest income and subrogation revenue, is expected to grow as interest rates are predicted to increase after years of remaining at historic lows. Interagency revenue has increased substantially over the last several years, as the Police and Fire Bureaus began passing to FPDR pension and disability overhead rates charged to third parties who contract for fire fighting or police services (such as TriMet). However, this revenue is projected to drop by about 5.7% in FY 2016-17 as staffing shortages at the Police Bureau have reduced the number of transit police, and diminished the bureau's capacity to take on other third-party work.

	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17	Proposed FY 2016-17
Resources						
Total External Revenues	0	0	0	0	0	0
Fund Transfers - Revenue	0	0	750,000	750,000	750,000	
Total Internal Revenues	0	0	750,000	750,000	750,000	
Beginning Fund Balance	750,000	750,000	750,000	750,000	750,000	
Total Resources	750,000	750,000	1,500,000	1,500,000	1,500,000	
Requirements						
Total Bureau Expenditures	0	0	0	0	0	0
Fund Transfers - Expense	0	0	750,000	750,000	750,000	
Total Fund Expenditures	0	0	750,000	750,000	750,000	
Ending Fund Balance	750,000	750,000	750,000	750,000	750,000	
Total Requirements	750,000	750,000	1,500,000	1,500,000	1,500,000	

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. The fund 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



FPDR Five-Year Financial Forecast: FYE 2017-21

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 forecast for the fiscal years ending 2017 through 2021 is detailed below. The first year of the forecast is FPDR’s FY 2016-17 Requested Budget.

Current Service Level and Risks to the Forecast – FPDR Fund

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.

FPDR Fund Five-Year Forecast Summary (\$Million)

	FYE15 Actuals	FYE16 Adopted Budget	FYE16 Projection	FYE17 Request Budget	FYE18 Forecast	FYE19 Forecast	FYE20 Forecast	FYE21 Forecast	FYE16 Budget- FYE21 Change
Resources									
Property Taxes	\$122.81	\$121.16	\$122.50	\$128.07	\$140.11	\$148.32	\$158.00	\$164.84	36.1%
Tax Anticipation Notes	25.82	31.89	24.37	34.48	42.53	45.92	49.05	51.02	60.0%
Miscellaneous	1.15	1.25	0.63	1.34	1.76	1.82	2.01	2.07	65.9%
Cash Transfers	0.00	0.75	0.89	0.75	0.75	0.75	0.75	0.75	0.0%
Beginning Fund Balance	13.76	18.47	17.72	15.69	10.70	9.94	10.43	11.10	-39.9%
Total Resources	\$163.54	\$173.51	\$166.10	\$180.33	\$195.85	\$206.74	\$220.24	\$229.78	32.4%
Requirements									
Retirement Benefits	\$110.31	\$117.15	\$115.29	\$123.32	\$131.24	\$137.81	\$147.08	\$153.84	31.3%
Disability & Death Benefits	6.22	7.25	6.96	7.11	7.25	7.47	7.61	7.73	6.6%
Administration & Delivery	3.24	3.20	3.28	3.41	3.48	3.66	3.91	4.08	27.5%
Fund-Level Requirements	26.05	45.90	24.88	46.50	53.89	57.80	61.65	64.13	39.7%
Ending Fund Balance	17.72	-	15.69	-	-	-	-	-	N/A
Total Requirements	\$163.54	\$173.51	\$166.10	\$180.33	\$195.85	\$206.74	\$220.24	\$229.78	32.4%
Total Net of TANs	\$137.72	\$141.62	\$141.73	\$145.86	\$153.32	\$160.82	\$171.19	\$178.76	26.2%

Resources

Property Taxes

Current-year taxes are increasing \$6.9million, or 5.8%, for the Requested Budget and \$43.4 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 \$6.7 million, or 5.1%, for the Requested Budget. Over the five-year forecast, the certified levy is increasing by \$45.2 million, or 34.2%. Prior-year tax revenue is budgeted at \$2.4 million in FYE17, increasing by \$50,000 in each of the subsequent years.

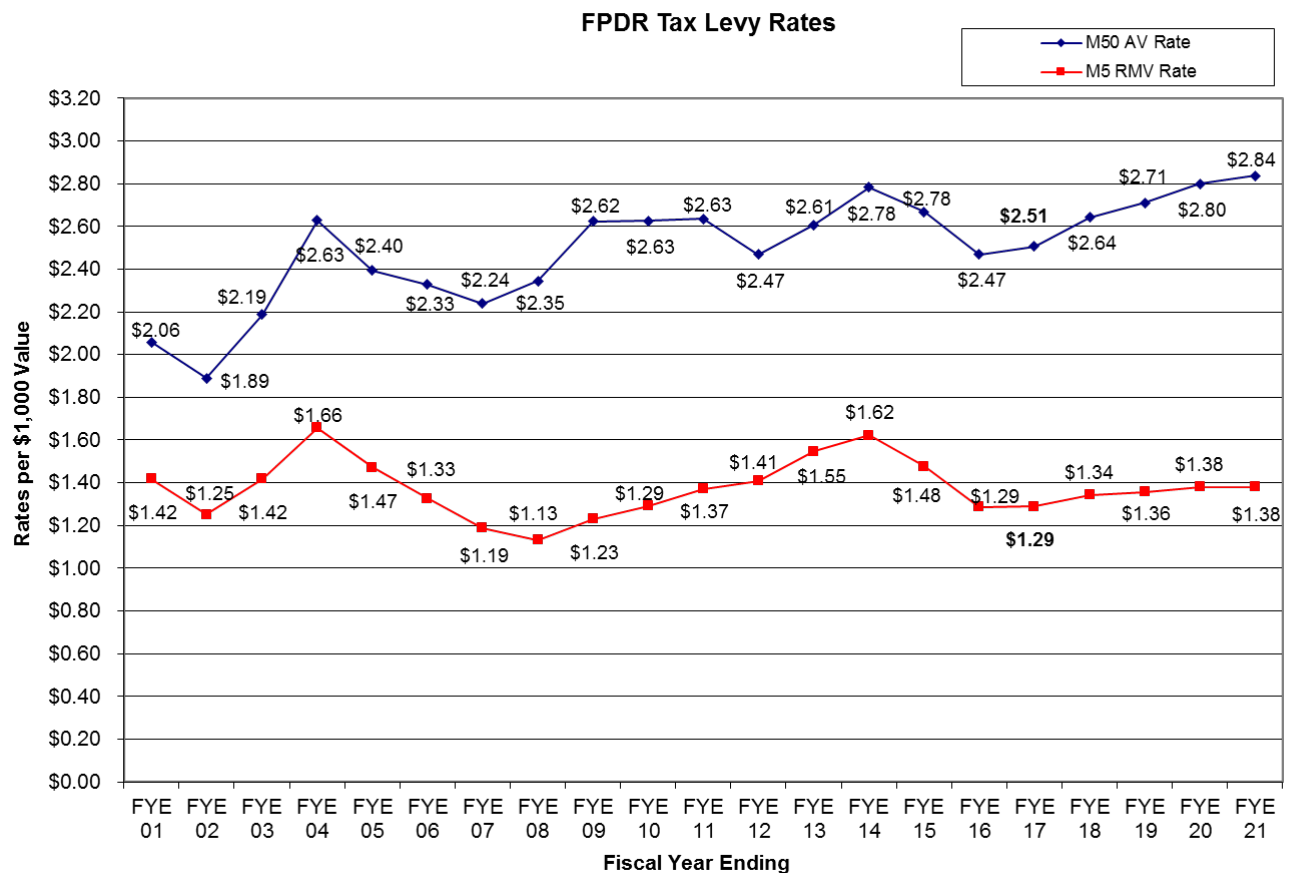
The City Economist expects Measure 50 Assessed Value (M50 AV) to increase annually for a total of 16.7% growth over the five-year forecast. Measure 5 Real Market Value (M5 RMV), is

expected to rise 25.2% over the plan. As a result of growth and lower discount and compression assumptions, the implied M5 RMV rate will remain stable at \$1.29 in FYE17 and rise to \$1.38 for FYE21. The M50 AV rate will increase from \$2.47 in FYE16 to \$2.51 in FYE17 and will rise to \$2.84 over the five-year forecast.

FYE17 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. The five-year forecast RMV average rate of \$1.35 is \$0.06 less than last year's plan. As a result, the FPDR levy will cause less compression on other general government levies.

Property Tax Summary (\$000)

	FYE16 Adopted Budget	FYE17 Requested Budget	FYE18 Forecast	FYE19 Forecast	FYE20 Forecast	FYE21 Forecast	FYE16 - FYE21 Change
Required Current-Year Taxes	\$118,759	\$125,622	\$137,611	\$145,767	\$155,403	\$162,191	36.6%
Discount/Compression Adj.	13,417	13,289	13,546	13,836	14,434	15,151	12.9%
Levy Amount	132,176	138,911	151,157	159,603	169,837	177,342	34.2%
Required CY Tax Gross-up	11.3%	7.0%	6.5%	6.0%	5.5%	5.0%	
M50 Assessed Value	53,537,367	55,411,175	57,184,332	58,899,862	60,666,858	62,486,864	16.7%
M5 Real Market Value	102,628,140	107,759,547	112,608,727	117,676,120	122,971,545	128,505,265	25.2%
M50 AV Rate/\$1000	2.47	2.51	2.64	2.71	2.80	2.84	15.0%
M5 RMV Rate/\$1000	1.29	1.29	1.34	1.36	1.38	1.38	7.2%



Other Resources

Other resources include tax anticipation notes (TANs), cash transfers, beginning balance and miscellaneous and interagency revenue. All are detailed in the Five-Year Forecast Summary on page 1.

TANs are estimated as four and a half 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 so that the FPDR Fund's cash balance in early November is a modest amount for operating capital. The \$750,000 cash transfer budgeted each year is the FPDR Reserve Fund balance, which is also budgeted as a transfer out to return the funds if needed to keep the FPDR Fund in a positive cash position in November.

Beginning balance is expected to decrease from an actual \$17.7 million in FYE16 to \$15.7 million for FYE17 and then decrease to \$11.1 million for FYE21 as out-year contingency levels drop.

The key components of other revenue are interest income, interagency revenue and other miscellaneous income, of which subrogation is the largest part. Interest income is expected to increase slightly: \$298,451 in FYE15 to \$331,000 projected in FYE16 and \$379,000 budgeted for FYE17. The interest rate the City can earn on its investments has bottomed out and begun to increase modestly. While the FYE17 spread between borrowing rates and investment returns is unfavorable compared to FYE16, the actual spread may be better.

Interest Rate Spread	FYE15	FYE16	FYE17	FYE18	FYE19	FYE20	FYE21
	Actuals	Projection	Request Budget	Forecast	Forecast	Forecast	Forecast
Interest on Investments	0.57%	0.67%	0.70%	1.00%	1.00%	1.00%	1.00%
Interest on TANs	0.11%	0.28%	1.00%	1.00%	1.00%	1.00%	1.00%
Interest Rate Spread	0.46%	0.39%	-0.30%	0.00%	0.00%	0.00%	0.00%

Interagency (IA) revenue represents the Police Bureau's sharing of what it receives for pension and disability benefits through contracted work such as the transit police TriMet contract, as well as the comparable revenue from Portland Fire & Rescue. The Requested Budget revenue is expected to be less than the FYE16 Adopted Budget but slightly above the FYE16 projection. Current-year revenue is below budget because of lower than expected Police staffing for TriMet and security at private events.

The subrogation portion of subrogation/miscellaneous revenue is quite variable, with a high of \$91,000 in FYE14 and a low of \$33,000 in FYE15. The FYE16 projection is below budget, because subrogation is expected to be only \$20,000 this year, but the Requested Budget and the out years are based on the five-year average.

Miscellaneous & Interagency Revenue (\$000)

	FYE15	FYE16	FYE16	FYE17	FYE18	FYE19	FYE20	FYE21
	Actuals	Adopted Budget	Projection	Request Budget	Forecast	Forecast	Forecast	Forecast
Interest on Investments	\$298	\$234	\$331	\$379	\$601	\$636	\$678	\$707
Interagency Revenue	796	952	887	898	1,089	1,116	1,267	1,293
Subrogation/Other Misc	50	62	30	64	66	67	69	71
Total Misc/IA Revenue	\$1,145	\$1,248	\$1,248	\$1,341	\$1,756	\$1,819	\$2,014	\$2,071

Requirements

FPDR Plan Benefits

The FPDR Plan has three programs. FPDR 1 and 2 are closed plans funded on a pay-as-you-go basis that include disability (service-connected, occupational and nonservice-connected), retirement and death benefits. FPDR 3 was created by Portland voters in November 2006 to begin prefunding the retirement benefits of new police officers and firefighters; the retirement benefits for these members sworn in 2007 or later are through the Oregon Public Employees Retirement System (PERS). Their disability benefits, however, remain with FPDR. The 2012 Charter change delayed FPDR membership for sworn hires starting in 2013; they become FPDR 3 members after completing six consecutive months of sworn employment.

Retirement Benefits

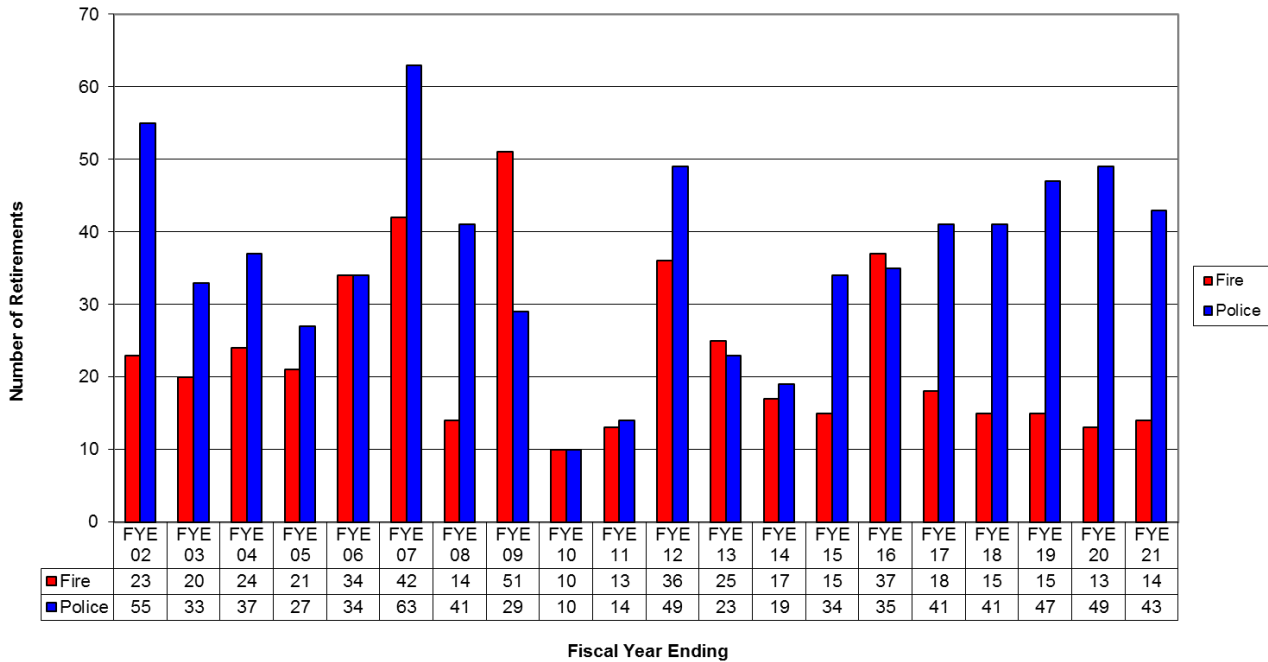
Retirement benefits are the FPDR Fund's largest requirements. They consist of benefits paid to FPDR 1 and 2 members, and reimbursements to the Police and Fire Bureaus for the contributions made to PERS on behalf of their FPDR 3 employees. The FYE16 projection for retirement benefits is 98.2% of budget. FPDR 1 and FPDR 2 benefits are projected at 96.4% of budget and 98.5% of budget, respectively, with fewer FYE15 retirements than expected but a higher FPDR 2 COLA than expected at this time last year. FPDR 3 contributions are projected at 98.8% of budget due to fewer hires than expected.

FPDR 1 members are almost all retired; a few remain on monthly disability. This tier's benefits increase in accordance with the collective bargaining agreements for the Portland Fire Fighters Association (PFFA) and the Portland Police Association (PPA), as the Charter defines the benefits in relation to the pay for a first class firefighter or police officer. For FYE17, FPDR 1 pension expenses are expected to decline, as deaths exceed benefit increases. In addition to their FPDR 1 benefits, some members receive a supplemental pension through Standard Insurance that FPDR funds; the FYE17 budget is \$250,000. 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. Retirements are driven by Fire and Police Bureau demographics as well as labor agreements. Once retired, members' benefits increase by no more than the PERS increase. The Oregon Supreme Court's *Moro* decision reversed the 2013 Legislature's changes to the PERS COLA as they applied to service prior to the legislation's effective dates, and the PERS Board has approved an administrative rule for calculating a service-blended COLA rate for each retiree. The FPDR Two adjustment has been budgeted and forecast using a blend of 2.00% for service prior to October 2013 and 1.25% for later service, in line with the Board of Trustees' direction for the post-*Moro* actuarial assumption on FPDR 2 adjustments. The actual 2016 adjustment will be determined, as usual, by the Board.

The FYE17 budget for FPDR 2 pension expense is driven by an FYE16 retirement projection based on actuarial valuation retirement rate assumptions. The projection of 72 retirements includes 31 active Police members (7 of whom have retired through December), 37 active Fire members (3 of whom have retired) and 4 disability or vested retirements. This compares to a low of 20 in FYE10 and a high of 105 in FYE07. Although staff has historically estimated the number of retirements based on the actuarial estimate plus a "cushion" of 10 or more additional retirements in the current year, there is no cushion in the FYE16 estimate because staff does not expect more than 58 retirements between now and June 30.

FPDR 2 Retirements
Actuals (FYE 02-15), FYE16 Projection & Five-Year Forecast (FYE 17-21)
 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 hiring projections, which reflect retirement assumptions and the bureaus' budget constraints. FPDR 3 costs are forecast to increase by 147% over the five years. New hires are much of the increase, but contribution rates are also expected to continue to increase. FYE16 and FYE17 rates of 20.64% are 7.2% higher than FYE15's 19.25%, and future increases are forecast: 16.1% in FYE18 and 12.6% in FYE20. The out-year rates are higher than those expected a year ago because of the *Moro* decision.

The FPDR 3 PERS contributions budget is negotiated with the Fire and Police Bureaus and assumes 64 new members in both FYE15 and FYE16, despite the requirement that they submit cut packages. The final budgets for Fire and Police could require adjustments to FPDR's PERS contributions interagency agreements with these bureaus.

The FYE17 Requested Budget for retirement benefits is only \$259,000 above last year's forecast for FYE17. The *Moro* decision's impact, however, is felt in the out years of the forecast, with an increase of \$3.6 million in FYE20 compared to last year's number.

Retirement Benefits Summary (\$000)

	FYE15 Actuals	FYE16 Adopted Budget	FYE16 Projection	FYE17 Request Budget	FYE18 Forecast	FYE19 Forecast	FYE20 Forecast	FYE21 Forecast	FYE16 Budget- FYE21 Change
FPDR 1 Benefits/Suppl	\$ 21,052	\$ 20,318	\$ 19,592	\$ 18,905	\$ 18,107	\$ 17,394	\$ 16,761	\$ 16,189	-20.3%
FPDR 2 Benefits	82,303	88,236	86,926	94,411	99,731	105,220	111,019	116,398	31.9%
FPDR 3 PERS Contribs	6,953	8,601	8,500	10,000	13,400	15,200	19,300	21,250	147.1%
Total Retirement Bens	\$110,308	\$117,156	\$115,018	\$123,316	\$131,238	\$137,814	\$147,080	\$153,837	31.3%

Disability & Death Benefits

This program includes disability wage replacement payments to members, medical payments on approved service-connected or occupational claims, vocational rehabilitation expenses, funeral benefits and payments to the Fire and Police Bureaus for return to work, whereby FPDR pays up to 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, with large-claim data factored in. Return to work, however, is managed through interagency agreements with Fire and Police and budgeted as other interagencies are. No above-COLA increases are included in the disability wage replacement budget. Medical expense uses a medical inflator, and vocational rehabilitation uses the inflator for external materials and services.

Disability benefits paid to members who cannot work at their positions due to approved claims for service-connected injuries and illnesses and occupational disabilities are paid every two weeks in the first year of their disability. Monthly benefits are generally paid to members who have received biweekly benefits for a year or who cannot work at their positions due to approved claims for nonservice-connected injuries or illnesses. Biweekly benefit expenses are more volatile than monthly expenses, which are declining as members reach their mandatory retirement dates and few new members are added. Biweekly benefits also include interim benefits paid before the service-connected or occupational disability claim decision has been made. Interim benefits were added in the 2012 Charter change and must be repaid if the claim is denied and the denial becomes final.

Medical benefits include medical and hospitalization expenses, as well as prescription and some other costs, associated with approved service-connected and occupational disability claims. Medical benefits are paid for both active members and members who retired either from disability or, starting in 2007, from active service. 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. The FYE14 large-claims cost exceeded \$800,000, while the cost in FYE15 was less than \$200,000.

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. A portion of any outside earned income offsets a member's disability benefits, so investing in vocational rehabilitation programs can lead to lower benefit payments.

Return to work expenses are limited to early return to work (limited-duty assignments for members who would otherwise be on disability until they can return to their regular positions). The return to work budget is part of the Fire and Police interagency agreements.

Disability & Death Benefits Summary (\$000)	FYE16		FYE17						FYE16
	FYE15	Adopted	FYE16	Request	FYE18	FYE19	FYE20	FYE21	Budget-
	Actuals	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast	FYE21
Biweekly Disability Bens	\$1,546	\$1,622	\$1,743	\$1,772	\$1,815	\$1,862	\$1,912	\$1,964	21.1%
Monthly Disability Bens	2,074	1,990	1,857	1,756	1,725	1,700	1,582	1,430	-28.1%
Medical Benefits	2,128	3,238	2,903	3,063	3,231	3,409	3,596	3,794	17.2%
Vocational Rehabilitation	0	10	10	10	11	11	11	12	15.0%
Return to Work	454	316	380	388	393	404	414	430	36.1%
Funeral Benefits	18	78	66	74	75	84	94	100	29.1%
Total Disability/Death Bens	\$6,220	\$7,254	\$6,959	\$7,063	\$7,250	\$7,470	\$7,609	\$7,730	6.6%

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 and disability programs. Some expenses that are shared between the programs – such as legal services – remain in Administration & Support. The table below includes all bureau-level, non-benefit expenditures.

Administration & Delivery Summary (\$000)

	FYE15	FYE16	FYE16	FYE17	FYE18	FYE19	FYE20	FYE21	FYE16
	Actuals	Adopted	Projection	Request	Forecast	Forecast	Forecast	Forecast	Budget-
		Budget		Budget					FYE21
									Change
Personnel Services	\$1,850	\$1,953	\$1,968	\$2,087	\$2,190	\$2,287	\$2,435	\$2,522	29.1%
External Material & Svs	748	580	676	664	642	701	773	832	43.3%
Internal Materials & Svs	561	593	591	654	627	649	678	704	18.8%
Capital	77	72	45	46	20	20	20	20	-72.4%
Total Admin & Delivery	\$3,236	\$3,199	\$3,280	\$3,451	\$3,479	\$3,657	\$3,906	\$4,078	27.5%

The administration and delivery budget is 7.9% higher in the FYE17 Requested Budget than in the FYE16 Adopted Budget. The FYE17 personnel services budget is 6.9% above FYE16, with an expected wage COLA of 1.7%, a 5.5% health benefit increase and an add package to adjust FPDR's staffing. The add package, which requires Council's approval as well as the Board's, combines two part-time Senior Financial Analyst positions into one full-time position in response to the FPDR Financial Manager transition and uses these savings to partially fund a new Management Analyst position. Adding the Management Analyst position will address a serious risk to our continuity of operations by serving as a backup to the Senior Business Systems Analyst. The position will also support the Finance team, which will have fewer FTEs after the transition. The first-year net expense for the add package is about \$24,144, because the 0.5 increase in FTE is largely offset by the lower salary for the Management Analyst.

External materials and services is budgeted 14.4% above FYE16, as FYE17 is an actuarial valuation year and claims investigation expense is increasing after a low in FYE15. The internal materials and services budget is expected to increase 10.3% from FYE16 to FYE17, with the largest dollar increases coming from Technology Services, Risk Management and the Bureau of Revenue and Financial Services. Also part of the internal materials and services increase is \$43,050 in support for Portland Fire & Rescue's injury prevention program.

Capital expenditures for the database are expected to be \$45,000 in FYE16. \$46,000 is budgeted for FYE17 to expand the portal to retirees and fund some unspecified technology enhancements that may not all be capitalized.

Administration & Delivery: Budget Detail

	FYE15 Actuals	FYE16 Adopted Budget	FYE16 Projection	FYE17 Requested Budget	Adopted- Recom Change
Personnel Services	\$1,849,886	\$1,953,000	\$1,967,918	\$2,086,912	6.9%
External Materials & Services					
Consulting Services	121,464	-	25,600	-	-
Computer Consulting	20,000	29,500	30,000	34,500	16.9%
Legal Services	43,948	51,900	53,300	54,900	5.8%
Audit Services	25,056	27,800	27,700	28,500	2.5%
Actuarial Services	93,089	15,000	32,100	60,000	300.0%
Claims Investigation	116,697	120,000	175,700	140,000	16.7%
Other Professional Services	101,216	98,500	92,600	104,900	6.5%
Repair & Maint Services	4,871	2,700	4,100	3,000	11.1%
Miscellaneous Services	8,783	10,200	7,700	7,900	-22.5%
Office/Computer Supplies	11,147	12,200	17,700	12,000	-1.6%
Minor Equipment & Tools	1,292	1,000	1,000	1,000	0.0%
Education, Subscrip, Dues	12,677	11,900	11,900	12,300	3.4%
Travel - Local	387	500	500	500	0.0%
Travel - Out of Town	2,316	5,000	2,500	5,000	0.0%
External Rent	184,182	193,200	193,200	198,900	3.0%
Miscellaneous	572	1,000	250	500	-50.0%
Total External M&S	747,697	580,400	675,850	663,900	14.4%
Internal Materials & Services					
Printing & Distribution	\$38,928	\$44,506	\$38,500	\$42,488	-4.5%
Facilities Services/Fleet	1,638	1,714	1,950	1,482	-13.5%
Technology Services	111,230	97,451	101,900	106,888	9.7%
EBS Services	29,040	34,820	34,820	31,501	-9.5%
Risk Management	26,045	30,604	30,604	35,179	14.9%
City Attorney	223,732	240,164	240,164	242,173	0.8%
Bureau of Revenue/Fin Svcs	19,753	20,700	20,000	24,979	20.7%
Fire & Police Bureaus	111,061	123,000	123,100	169,550	37.8%
Total Internal M&S	561,427	592,959	591,038	654,240	10.3%
Capital	\$77,254	\$72,400	\$45,000	\$46,000	(\$0)
Total Admin & Delivery	\$3,236,264	\$3,198,759	\$3,279,806	\$3,451,052	7.9%

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. Budgeted interest expense, part of TANs expenditures, is \$61,000 more than interest revenue in FYE17 if the full amount of the TANs budget is issued.

The 8% contingency reflects risks to the forecast described in that section below. Out years are forecast at 7% as some legal challenges are expected to be resolved in time.

General Fund overhead (GFOH) increases in FYE17, due to true-up adjustments. The forecast assumes the FYE15 GFOH amount continues, with inflation.

General Fund Overhead Summary

	FYE15 Actuals	FYE16 Adopted Budget	FYE17 Recom Budget	Change Percent
General Fund Overhead	\$137,931	\$104,127	\$142,149	36.5%

Fund transfers in the fund-level requirements table below include a \$750,000 fund transfer to the Reserve Fund to return the balance that may be transferred to the FPDR Fund in November to insure a positive cash balance until current-year tax revenues are received. Through FYE14, the return was not budgeted unless the transfer from the Reserve Fund to the FPDR Fund was made. At the suggestion of the external auditor, it is now budgeted as a fund transfer rather than in contingency. Other debt expenditures are FPDR's share of the City's pension obligation bonds; in the actuals and budget columns a small part of this shows in fund transfers.

Fund-Level Requirements (\$000)

	FYE15 Actuals	FYE16 Adopted Budget	FYE16 Projection	FYE17 Request Budget	FYE18 Forecast	FYE19 Forecast	FYE20 Forecast	FYE21 Forecast	FYE16 Budget- FYE21 Change
Contingency	\$0	\$12,761	\$0	\$10,703	\$9,938	\$10,426	\$11,102	\$11,595	-9.1%
Fund Transfers	8	758	8	759	750	750	750	750	-1.1%
General Fund Overhead	138	104	104	142	146	150	154	158	51.8%
TANs Expenditures	25,867	32,231	24,724	34,849	42,988	46,404	49,568	51,556	60.0%
Other Debt Expenditures	42	46	46	50	65	69	72	75	61.4%
Total Fund-Level Reqs	\$26,055	\$45,901	\$24,883	\$46,503	\$53,887	\$57,798	\$61,645	\$64,134	39.7%

Risks to the Forecast

The following risks to the forecast have been identified.

- Contract claims totaling \$6.8 million have been filed relating to the return to work pilot program.
- The *Moro* decision means that PERS contribution rate increases in FYE18 and FYE20 will be higher than were expected last year. Significant investment gains in the PERS portfolio could reduce out-year rates; losses or lower than expected gains could increase 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.
- As part of the Portland Building project, Council in October directed the Office of Management & Finance to develop a schedule to achieve equalized downtown office space rates no later than FY 2020-21. FPDR leases 8,060 square feet for its administrative office space; the lease expires July 31, 2017. The current lease rate is \$23 per square foot, while a 2020 equalized rate would be \$10 or more above that rate. Staff will track the rate equalization process and its possible financial impact as we consider whether or not to renew the lease and, if we renew, for how long. The forecast assumes that rent will grow only with inflation.

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.

Decision Package Summary

Bureau: Bureau of Fire & Police Disability & Retirement

Priority: 01

Type: Adds

Decision Package: DR_01 - Reclassify Positions: Finance & Business Systems

Program: Administration and Support

	FY 2016-17 Requested 1 Time DP	FY 2016-17 Requested Ongoing DP	FY 2016-17 Requested Budget	FY 2017-18 Estimated Budget	FY 2018-19 Estimated Budget	FY 2019-20 Estimated Budget	FY 2020-21 Estimated Budget	
EXPENDITURES								
Personnel Services	0	24,144	24,144	0	0	0	0	0
TOTAL EXPENDITURES	0	24,144	24,144	0	0	0	0	0
REVENUES								
Taxes	0	24,144	24,144	0	0	0	0	0
TOTAL REVENUES	0	24,144	24,144	0	0	0	0	0
FTE								
Full-Time Positions	0.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Part-Time Positions	0.00	-1.50	-1.50	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:

This package converts two 0.75 FTE senior financial analyst positions to a 1.0 FTE senior financial analyst position and a 1.0 FTE management analyst position. The net increase is 0.5 FTE and \$24,144. The management analyst will be half-time dedicated to finance and half-time dedicated to business systems (information technology).

Expected Results:

FPDR is dependent on one employee, a senior business systems analyst, to maintain and update the FPDR database used to make all benefit payments and to track member and survivor information. The lack of a backup staff person for this role is a serious threat to FPDR continuity of operations. Converting a part-time senior financial analyst position to a full time (but lower grade) management analyst position will add 0.5 FTE to address this risk, while maintaining finance functions at 1.5 FTE, with minimal additional cost. This package supports the City goal to prioritize human and environmental health and safety by providing retirement and disability benefits important to recruiting and retaining the most qualified police officers and fire fighters. The package also addresses three of five themes in the FPDR Strategic Plan (Technology Investment, Member Service Improvement, and Investment in Staff).



Budget Equity Assessment Tool

CITY POLICY

This Budget Equity Assessment Tool is a general set of questions to guide city bureaus and their Budget Advisory Committees in assessing how budget requests benefit and/or burden communities, specifically communities of color and people with disabilities. As noted in Portland's 25-year strategic plan, the Portland Plan, Goal-Based Budgeting, and page 102:

When fully implemented, the new budget approach will direct City of Portland bureaus and offices to:

- Use an asset management approach to achieve more equitable service levels across communities and geographies.
- Track and report on service levels and investments by community and geography, including expanding the budget mapping process
- Assess the equity and social impacts of budget requests to ensure programs, projects and other investments to help reduce disparities and promote service level equity, improve participation and support leadership development.
- Identify whether budget requests advance equity, represent a strategic change to improve efficiency and service levels and/or are needed to provide for basic public welfare, health and/or meet all applicable national and state regulatory standards.

It is the policy of the City of Portland that no person shall be denied the benefits of, or be subjected to, discrimination in any City program, service, or activity on the grounds of race, color, national origin, English proficiency, sex, age, disability, religion, sexual orientation, gender identity, or source of income. Additionally, the City's Civil Rights Title VI program guidelines obligate public entities to develop systems and procedures that guard against or proactively prevent discrimination, while simultaneously ensuring equitable impacts on all persons. Therefore, City bureaus may find this tool helpful when evaluating equitable impacts on all residents.

The Office of Equity and Human Rights is also available for discussion/training/consultation regarding the use of this document.

Bureau of Fire and Police Disability and Retirement

BUREAU/OFFICE/DEPARTMENT

FPDR EQUITY STATEMENT

The Bureau of Fire and Police Disability and Retirement (FPDR) administers disability, death and retirement benefits to sworn Portland firefighters, police officers and their survivors. FPDR strives to provide the best possible service to members and other stakeholders in a competent, respectful and equitable manner.

Although FPDR has no direct interaction with the public through any public programs or services, FPDR is committed to meet the City mandate to eliminate institutional racism by abiding with the practices, policies and procedures of the City of Portland's Racial Equity Plan.

FPDR is firmly committed to diversity and equity in all areas of its operations. FPDR is committed to encouraging diversity and eliminating discrimination as a bureau and as a provider of services. FPDR aims to create a culture that respects and values each other's differences, that promotes dignity, equality and diversity, and that encourages individuals to maintain, develop and maximize their true potential.

FPDR will strive to provide equity and fairness for all in our employment and in the provision of services and not to discriminate on the grounds of gender, marital status, race, ethnic origin, color, nationality, national origin, disability, sexual orientation, religion or age. FPDR opposes all forms of unlawful and unfair discrimination.

SECTION ONE: BASE BUDGET

What considerations were taken into account in this request to maximize equity?

A: Not applicable, as FPDR's customers are Fire and Police employees or retirees and their beneficiaries. FPDR does not directly serve the public.

SECTION TWO: DECISION PACKAGES

If your bureau or office has multiple decision packages, please address each one separately.

A: FPDR has one decision package, to add 0.5 FTE to assist with business systems (information technology). Adding this position will also address a threat to FPDR's continuity of operations, the current dependence on a single employee to maintain the FPDR payments database.

1. How does this program or service align with the goal of advancing equity?
 - a. Identify all Citywide Goals and or Strategies you are using:
 - i. <http://www.portlandoregon.gov/oehr/article/537589>

A: Not applicable. This decision package enhances FPDR's business systems functions.

2. What areas of the city will be impacted by your program or service and is there a larger than average population of people of color in those areas?

- i. To help you answer this question, the following map link shows where communities of color are greater than average for the city of Portland.
<https://www.portlandoregon.gov/bps/article/508117>

This next link provides information on overall vulnerability, including maps of communities of color, lower income households, renters, and level of educational attainment. Together these four components are indicators of at risk populations.

- ii. <http://www.portlandoregon.gov/bps/66107>

A: No particular area or population of the city will be impacted by this decision package.

3. Identify potential impacts on people living with a disability. (See Attached Worksheet)

A: The new position will address a critical threat to FPDR's continuity of operations by decreasing the risk that FPDR payments would be suspended in an emergency. Since FPDR pays benefits to sworn City employees living with a disability, the decision package would have a positive potential impact on that population.

4. Identify impacts on workforce demographics. (Goal #1)

A: The employee hired into this position could potentially increase the diversity of FPDR's already very diverse workforce. FPDR follows BHR guidance and processes to ensure diversity and equity in hiring, and also evaluates job position descriptions to remove language bias.

Section THREE: EQUITABLE ENGAGEMENT AND ACCESS (Goal #2)

How does this budget build the bureau's capacity to engage with and include communities most impacted by inequities? (e.g., improved leadership opportunities, advisory committees, commissions, targeted community meetings, stakeholder groups, increased outreach, etc.)

A: Not applicable. FPDR serves only Fire and Police employees or retirees and their beneficiaries.

Identifying Impacts Worksheet

Once you have identified the populations/communities impacted, use the following chart to name the potential burdens and benefits.

Populations Impacted	Potential Positive Impacts	Potential Negative Impacts
Permanently or temporarily disabled sworn employees of the City Police and Fire Bureaus	Strengthens FPDR's ability to provide partial wage replacement and pay for disability-related medical expenses in an emergency or other incident	None

Samuel Hutchison
Name of Bureau Director

1/29/16
Date