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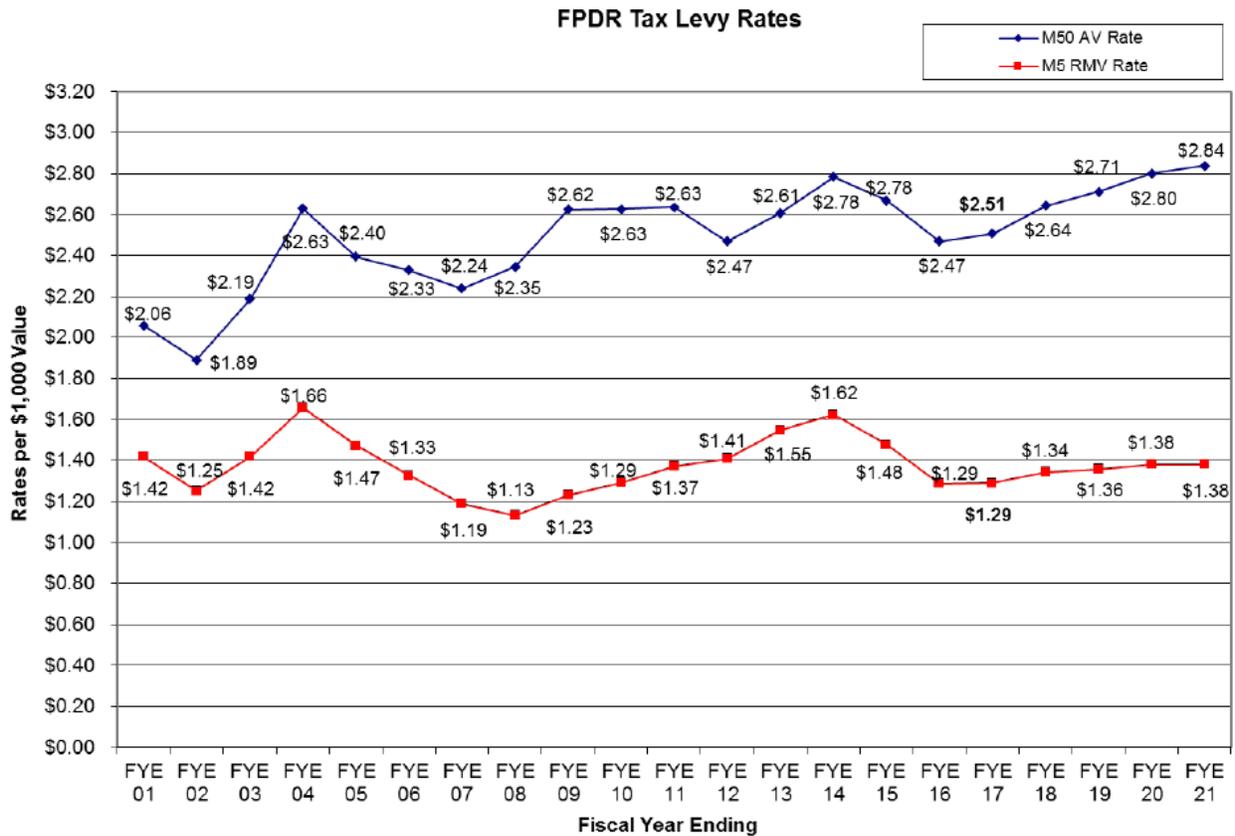
FIRE & POLICE DISABILITY & RETIREMENT

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Beginning Fund Balance	\$19,215,039	\$16,444,047	\$0	\$16,444,047	-14.4%
Taxes	121,159,002	128,047,674	24,144	128,071,818	5.7%
Interagency Revenue	952,200	898,000	0	898,000	-5.7%
Fund Transfers - Revenue	1,500,000	1,500,000	0	1,500,000	0.0%
Bond and Note Proceeds	31,885,000	34,476,000	0	34,476,000	8.1%
Miscellaneous Sources	296,200	443,200	0	443,200	49.6%
Total Resources	\$175,007,441	\$181,808,921	\$24,144	\$181,833,065	3.9%
Expenditures					
Personnel Services	\$1,953,000	\$2,062,768	\$24,144	\$2,086,912	6.9%
External Materials and Services	116,071,215	120,655,000	0	120,655,000	3.9%
Internal Materials and Services	9,510,091	11,042,240	0	11,042,240	16.1%
Capital Outlay	72,400	46,000	0	46,000	-36.5%
Debt Service	32,277,309	34,899,037	0	34,899,037	8.1%
Fund Transfers - Expense	1,612,426	1,650,876	0	1,650,876	2.4%
Contingency	12,761,000	10,703,000	0	10,703,000	-16.1%
Unappropriated Fund Balance	750,000	750,000	0	750,000	0.0%
Total Requirements	\$175,007,441	\$181,808,921	\$24,144	\$181,833,065	3.9%
Total Bureau FTE	16.20	16.50	0.50	17.00	4.9%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues**Fund Financial Position and Levy Forecast**

The Bureau of Fire & Police Disability & Retirement (FPDR) is responsible for managing the pensions and disability programs for sworn police and fire personnel. The bureau receives all revenues from a separate property tax levy on a pay-as-you-go basis where the levy is set to cover the anticipated requirements for one fiscal year. The FY 2016-17 Requested Budget estimates a levy of \$2.51 per \$1,000 Assessed Value (AV), which is an increase from the current rate of \$2.47 per \$1,000 AV. The implied Real Market Value rate in the Requested Budget is \$1.29 per \$1,000. The chart below is from the bureau's Five Year Financial Plan and illustrates the change in both tax levy rates over time, and the projected future rates. The levy is capped at \$2.80 per \$1,000 of Real Market Value, but in the short term the fund is not forecasted to exceed that threshold and the long-term risk (forecasted out to 2034) is very low. The following chart provide the history and forecasted levy rates for both the Assessed Value Rate per \$1,000 and the Real Market Rate Value Rate per \$1,000.



The largest expense category is retirement benefits, estimated to be \$115.0 million dollars in FY 2016-17. The most recent levy actuarial analysis was completed in 2015, and this analysis includes short-term and long-term forecasting for retirement payments, the ability of the dedicated tax levy to provide adequate resources to meet projected expenses, and potential risks to the forecast.

Current projections provided in the bureau’s five-year plan for pension payments continue to grow through FY 2020-21. Members in the FPDR 1 category are mostly retired, and the percent of retired members who are FPDR 2 members has increased in the past two years as more of these members have separated from service. The majority of current members are in the FPDR 2 tier; however the projected number of new hires in FPDR 3 suggests that FPDR 3 members will be 36% of active sworn employees by the end of FY 2016-17, and the Portland Police Bureau and Portland Fire & Rescue are both anticipating a significant number of new hires to be joining the bureaus to fill these newly vacated positions.

Key Performance Measures and Targets for FY 2016-17

The bureau’s six Key Performance Measures (KPMs) together provide a complete picture of the effectiveness and sustainability of the operation for FPDR. The bureau’s KPMs include measures where FPDR has no direct control of the outcomes, workload measures, and measures where the bureau has greater management control of the outcomes. The following are key data points from the bureau’s FY 2014-15 year-end reporting:

- The number of disability claims filed increased by 5% in FY 2014-15, when compared to the close of FY 2012-13. FPDR's current year projections forecast the number of disability claims to be trending higher than the previous year.
- As the Portland Police Bureau and Portland Fire & Rescue are hiring new personnel to fill vacancies created through attrition, the percent of the workforce in FPDR 3 is anticipated to continue to increase accordingly and this trend will continue until the entire workforce is enrolled in FPDR 3.
- FPDR projects the City will experience an increased number of retirements from FPDR 2 members in the current and future fiscal years when compared to recent years. This is consistent with the projected retirement separations provided by Portland Police Bureau and Portland Fire & Rescue.
- The bureau reports to the public that administrative costs for managing FPDR are kept within, and often below the target amount of 2%. CBO recommends the bureau continue to report this measure as a KPM to provide fiscal transparency to the public.

Since the 2007 charter reform, FPDR has continued to experience the positive outcomes associated with changes to the disability and claims management process. Additionally, by handling the medical bill payment in-house, FPDR has continued to realize savings, which in turn lessens the requirement of tax resources used to meet obligated payments.

Decision Package Analysis & Recommendations

Reclassify Positions: Finance & Business Systems, DR_01 \$24,144, .50 FTE

Approval of this request will convert and reclassify two .75 FTE Sr. Financial Analyst positions into 2.0 full-time FTE in the Administration and Support program in the bureau. The net change in position authority requested is an increase of .50 FTE. The bureau has identified an operational need for one position to remain classified as a Sr. Financial Analyst, and the second position would be classified as a Management Analyst.

The Administration and Support program manages the disability and retirement claims payment process to ensure recipients receive their pension or disability payments. The requested position authority for the full-time management analyst will provide back-up information technology support for the existing Sr. Business Systems Analyst position responsible for administering the bureau's payment program. FPDR utilizes a separate claims and pension payment program, and it is recommended for continuity of operations that there is sufficient knowledge back-up of this core bureau function. The management analyst will also perform some financial duties, to maintain the financial analysis function at 1.5 FTE.

The Sr. Financial Analyst position supports the bureau's finance manager, providing financial support for sworn members in determining the retirement estimates, in preparing the bureau's operating budget and annual financial statements, in projecting cash flow, and in conducting the biannual plan valuation. The position is responsible for ongoing core services to members, of which many are approaching retirement eligibility in the coming five years, and plays a key role in FPDR financial management.

CBO recommends this package as requested. In FY 2014-15 the bureau completed a strategic plan and this position supports the goals outlined in the bureau's long-term goals. In FY 2016-17 the Administration and Support program budget will be 1.69% of the total bureau costs, which is 0.02% of a projected increase without the decision package. The impact of adding this position authority does not change the FPDR Tax Levy Rate from the current amount in the FY 2015-16 Revised Budget of \$1.29 per \$1,000 of Real Market Value.

CBO Recommendation: \$24,144, 0.50 FTE

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Requested					CBO Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Fire & Police Disability & Retirement											
<i>Adds</i>											
DR_01 - Reclassify Positions: Finance & Business Sys	01	0.50	0	0	24,144	24,144	0.50	0	0	24,144	24,144
<i>Total Adds</i>		<i>0.50</i>	<i>0</i>	<i>0</i>	<i>24,144</i>	<i>24,144</i>	<i>0.50</i>	<i>0</i>	<i>0</i>	<i>24,144</i>	<i>24,144</i>
Total Bureau of Fire & Police Disability & Retirement		0.50	0	0	24,144	24,144	0.50	0	0	24,144	24,144