

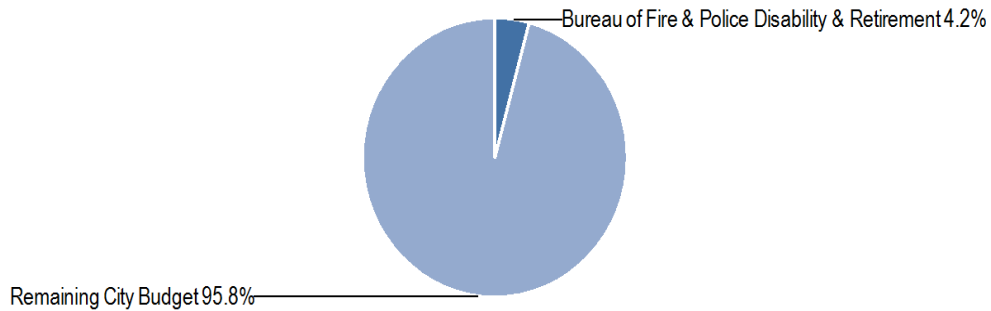
Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

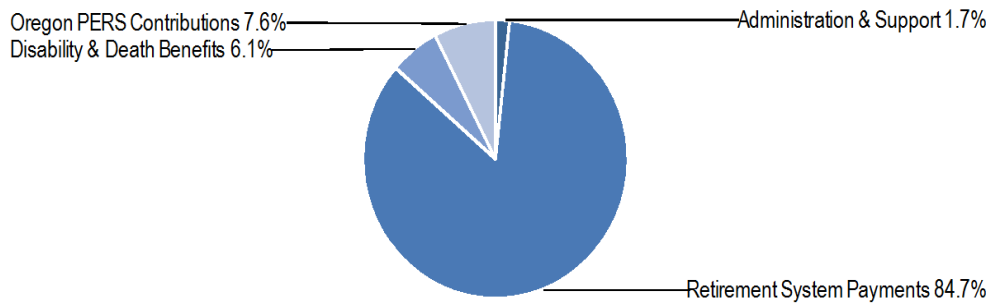
Mayor Charlie Hales, Commissioner-in-Charge

Samuel Hutchison, Director

Percent of City Budget



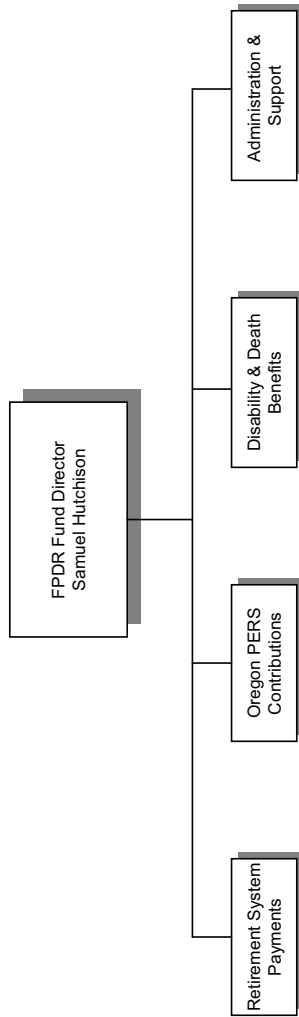
Bureau Programs



Bureau Overview

Requirements	Revised FY 2015-16	Adopted FY 2016-17	Change from Prior Year	Percent Change
Operating	175,911,939	178,688,312	2,776,373	1.58
Capital	80,320	46,000	(34,320)	(42.73)
Total Requirements	175,992,259	178,734,312	2,742,053	1.56
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 Adopted Budget is \$113.3 million, including \$104,000 for program delivery. This is an increase of \$4.6 million or 4.2% 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 \$10.1 million for FY 2016-17, an increase of \$0.7 million or 7.5% 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 \$2.9 million or 27% from the FY 2015-16 Revised Budget. The decrease is largely the result of a \$2.8 million claim settlement in the FY 2015-16 Revised Budget. The program budget includes \$1.1 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 \$129,000 or 6.0% 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.

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 member understanding of benefits, FPDR has published a Plan Summary document. FPDR will also 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 Adopted 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 and FY 2016-17. 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. The number of members participating in pre-retirement workshops tripled in FY 2015-16. The number of pre-retirement pension estimates has also increased significantly over the last two years. These indicators 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 began preparing pension estimates this year.</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 1.25% for later service on the first \$60,000 of base annual pension and 0.15% for any amount over \$60,000. The FPDR Board has elected to do the same for the July 1, 2016 FPDR 2 adjustment, except that 1.25% will be applied to the full base annual pension for the percentage of service after October 7, 2013.</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	Proposed FY 2016-17	Adopted 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	113,153,000	113,153,000
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	113,257,241	113,257,241
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	65	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	2,311	2,311
Number of pre-retirement workshop participants	30	53	147	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	Proposed FY 2016-17	Adopted 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	3,684,338	1,084,982	1,084,982
Funeral	47,400	17,693	77,600	73,400	73,400
Long-term Disability	2,541,037	2,074,293	1,990,000	1,745,000	1,745,000
Medical	2,981,890	2,128,131	3,238,000	3,063,000	3,063,000
Return to Work	325,216	453,743	445,000	388,000	388,000
Short-term Disability	1,515,929	1,545,785	1,622,000	1,760,000	1,760,000
Vocational Rehabilitation	720	0	10,000	10,300	10,300
Total Expenditures	8,445,635	7,244,999	11,066,938	8,124,682	8,124,682

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%
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%

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
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 is 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	Proposed FY 2016-17	Adopted FY 2016-17
FTE	7.20	7.80	7.50	8.00	8.00
Expenditures					
Administration & Support	2,697,283	2,116,205	2,152,263	2,281,577	2,281,577
Total Expenditures	2,697,283	2,116,205	2,152,263	2,281,577	2,281,577

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

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

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 more 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.

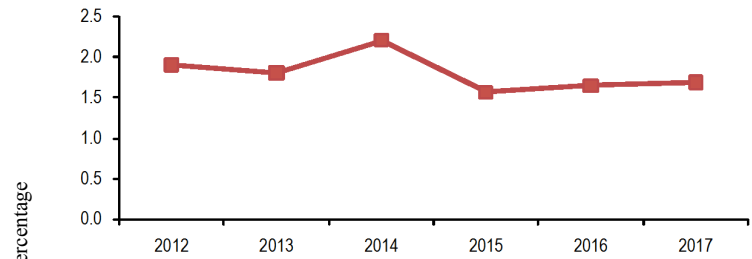
Changes to Services and Activities None

FTE & Financials	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Proposed FY 2016-17	Adopted FY 2016-17
Expenditures					
Oregon PERS Contributions	5,998,321	6,952,685	9,400,000	10,100,000	10,100,000
Total Expenditures	5,998,321	6,952,685	9,400,000	10,100,000	10,100,000
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

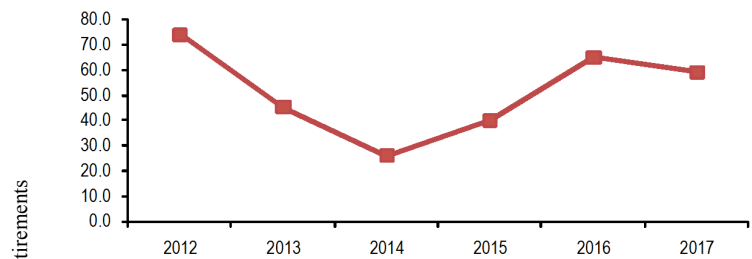
Administrative Cost as a Percentage of Bureau Budget

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.



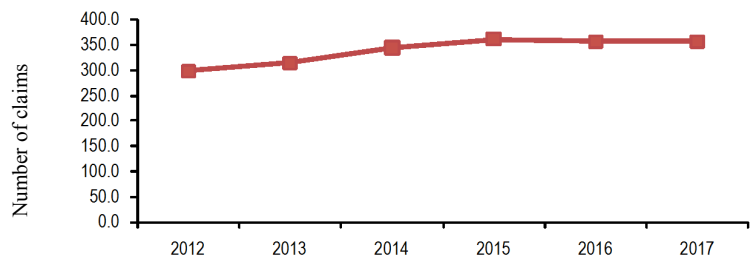
Number of FPDR 2 Retirements from Active Service

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 and FY 2016-17. 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.



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.

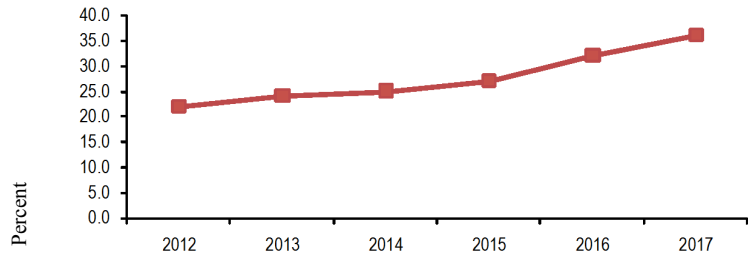


Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

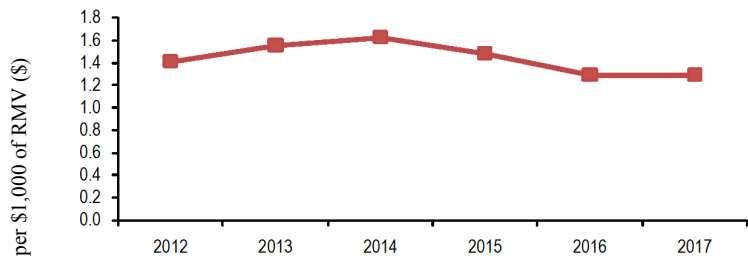
Percentage of Workforce Who are FPDR 3

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.



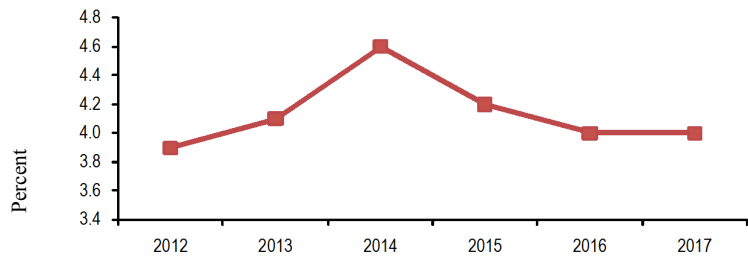
FPDR Tax Rate Per \$1,000 of RMV (\$)

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	Proposed FY 2016-17	Adopted FY 2016-17
Resources					
External Revenues					
Taxes	119,378,897	122,814,273	122,058,820	128,071,818	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	154,240,020	162,991,018	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	1,037,200	905,200	905,200
Total Internal Revenues	551,246	796,746	2,537,200	2,405,200	2,405,200
Beginning Fund Balance	14,949,476	14,511,433	19,215,039	13,338,094	13,338,094
Total Resources	\$162,389,491	\$164,286,502	\$175,992,259	\$178,734,312	\$178,734,312
Requirements					
Bureau Expenditures					
Personnel Services	1,757,833	1,849,884	2,003,000	2,086,912	2,086,912
External Materials and Services	112,035,728	109,869,239	118,750,333	120,468,600	120,468,600
Internal Materials and Services	6,873,482	7,967,855	10,444,909	11,161,988	11,161,988
Capital Outlay	69,040	77,253	72,400	46,000	46,000
Total Bureau Expenditures	120,736,083	119,764,231	131,270,642	133,763,500	133,763,500
Fund Expenditures					
Debt Service	27,032,276	25,908,928	32,277,309	34,899,037	34,899,037
Contingency	0	0	10,081,882	7,668,741	7,668,137
Fund Transfers - Expense	109,699	145,911	1,612,426	1,653,034	1,653,638
Total Fund Expenditures	27,141,975	26,054,839	43,971,617	44,220,812	44,220,812
Ending Fund Balance	14,511,433	18,467,432	750,000	750,000	750,000
Total Requirements	\$162,389,491	\$164,286,502	\$175,992,259	\$178,734,312	\$178,734,312
Programs					
Administration & Support	2,697,283	2,116,205	2,152,263	2,281,577	2,281,577
Disability & Death Benefits	8,445,635	7,244,999	11,066,938	8,124,682	8,124,682
Oregon PERS Contributions	5,998,321	6,952,685	9,400,000	10,100,000	10,100,000
Retirement System Payments	103,215,201	103,450,342	108,651,441	113,257,241	113,257,241
Traffic Safety	379,643	0	0	0	0
Total Programs	120,736,083	\$119,764,231	\$131,270,642	\$133,763,500	\$133,763,500

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	Adopted	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	126,000
Total Maintenance and Reliability	309,581	80,320	46,000	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	126,000

Class	Title	Salary Range		Revised FY 2015-16		Proposed FY 2016-17		Adopted 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	1.00	92,496	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	1.00	62,796	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	17.00	1,363,717	17.00	1,363,717
30000568	Financial Analyst, Sr	69,285	92,498	1.50	138,744	0.00	0	0.00	0
TOTAL PART-TIME POSITIONS				1.50	138,744	0.00	0	0.00	0
TOTAL LIMITED TERM POSITIONS				0.00	0	0.00	0	0.00	0
GRAND TOTAL				16.50	1,329,362	17.00	1,363,717	17.00	1,363,717

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

Action	Amount			FTE	Decision
	Ongoing	One-Time	Total Package		
FY 2015-16	128,255,194	0	128,255,194	16.20	FY 2015-16 Current Appropriation Level
CAL Adjustments					
	0	0	0	0.00	None
Mayor's Proposed Budget Decisions					
	0	(646,703)	(646,703)	0.00	Balance interagencies with Police and Fire Bureaus for additional staff
Approved Budget Additions and Reductions					
	(1,785)	0	(1,785)	0.00	Adjustment to General Fund Overhead Allocation
Adopted Budget Additions and Reductions					
	0	0	0	0.00	None
	0	0	0	0.00	None
	(1,785)	(646,703)	(648,488)	0.00	Total FY 2015-16 Decision Packages
			127,606,706	16.20	Total Adopted Budget