

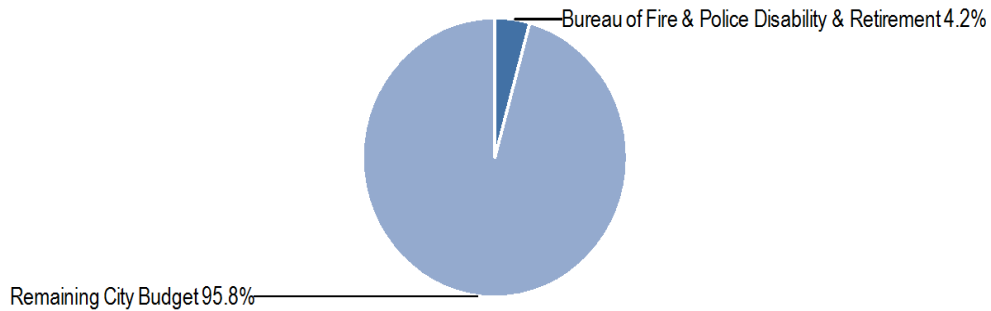
Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

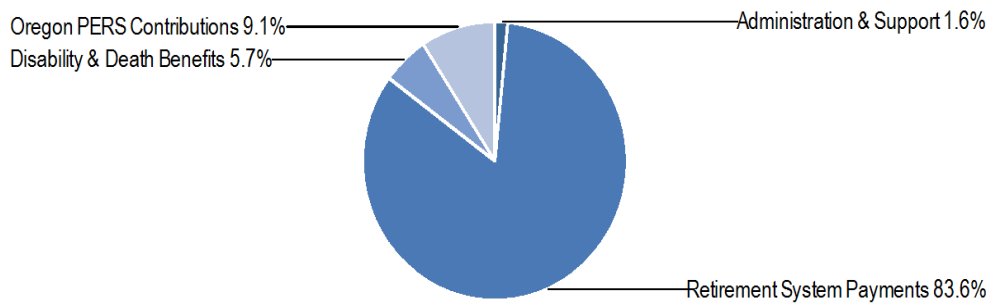
Dan Saltzman, Commissioner-in-Charge

Samuel Hutchison, Director

Percent of City Budget



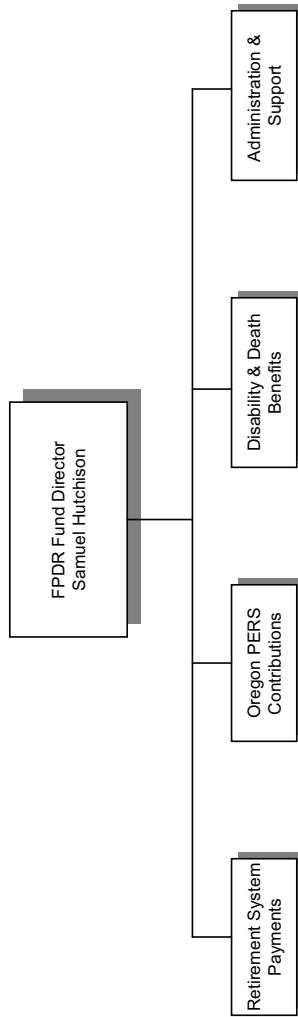
Bureau Programs



Bureau Overview

Requirements	Revised FY 2016-17	Adopted FY 2017-18	Change from Prior Year	Percent Change
Operating	178,658,312	201,866,376	23,208,064	12.99
Capital	76,000	46,451	(29,549)	(38.88)
Total Requirements	178,734,312	201,912,827	23,178,515	12.97
Authorized Positions	17.00	17.00	0.00	0.00

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: two retirement programs - Retirement System Payments and Oregon Public Employees Retirement System (PERS) Contributions - Disability and Death Benefits, and Administration and Support.

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 2017-18 Adopted Budget is \$120.9 million, including \$106,000 for program delivery. This is an increase of \$6.8 million or 6.0% over the FY 2016-17 Revised Budget. It is estimated that there will be 2,060 pension recipients in FY 2017-18.

Disability and Death Benefits

The Disability and Death Benefits program administers all direct benefit costs for disability (i.e., wage replacement for lost time from work), medical claims, vocational rehabilitation, and death benefits. Estimated expenditures for FY 2017-18 total \$8.2 million, an increase of \$0.1 million or 1.2% from the FY 2016-17 Revised Budget. The program budget includes \$1.1 million of costs related to program delivery.

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 \$13.2 million for FY 2017-18, an increase of \$2.8 million or 27.0% over the FY 2016-17 Revised Budget. The growth is due to the rising proportion of the sworn workforce hired after 2006, as well as to an increase in the PERS contribution rate.

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, a decrease of \$61,022 or 2.6% from the FY 2016-17 Revised Budget. The Administration and Support budget represents 1.6% of total bureau requirements. Including delivery costs allocated to the retirement and disability programs, the percentage is 2.4%.

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 three-year strategic plan in fall of 2015 and updated the FPDR Board on progress in the fall of 2016. 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.

Progress: FPDR has identified the top three injury types and is now working to classify the most common injury causes. FPDR and Portland Fire & Rescue (PF&R) are partnering on a new training and exercise program designed to reduce injuries, begun in May 2016. The Portland Police Bureau (PPB) has doubled the number of transitional duty positions available to police officers who would otherwise be on disability, and FPDR has hired a vocational consultant to help disabled members find nonsworn employment when appropriate.

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.

Progress: In addition to publishing the new Plan Summary, FPDR redesigned pension estimates to make them more useful to younger members further from retirement. FPDR staff and bureau liaisons also began proactively contacting members who are at or near retirement but don't have a recent pension estimate; this increased the percent of those members with updated estimates from 50% to 71%.

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.

Progress: FPDR went live with a new self-service web portal in January 2017. The new portal can be used on non-City devices, which means retirees can now access the portal and active employees can access the portal from home. Members can update basic information, change key parameters (like their tax withholding), and print out documents (such as deposit notices and tax reports) from the convenience of their own homes.

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.

Progress: FPDR has completed a skills review for each position and documented core knowledge and essential functions for most positions. A management analyst was hired in fall of 2016 to address the most critical gap in backup roles, for the business systems analyst who maintains the database used to pay all FPDR benefits and to track member information. Staff participation in diversity trainings and events has increased notably, including a new FPDR equity book club, new monthly diversity presentations at staff meetings, and attendance at City-sponsored diversity events.

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.

Progress: A new Board of Trustees handbook was written and published in the fall of 2016. Two new trustees were trained by FPDR staff, also in the fall of 2016.

Summary of Budget Decisions

FPDR's FY 2017-18 budget does not include any decision packages.

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>The number of retirements increased from 40 in FY 2014-15 to 57 in FY 2015-16 and is expected to remain at about 50 in the near-term. An unusually large number of FPDR members are retirement eligible however, and actual retirements could be higher. Retirement rates are notoriously unstable. They are influenced by collective bargaining agreements, the state of the local economy, and bureau changes as well as an individual member's age and years of service.</p> <p>FPDR prepared almost double the number of usual pension estimates in FY 2015-16 and has continued to calculate far more estimates than usual. Similarly, attendance at retirement workshops increased 132% in FY 2015-16 and is anticipated to remain above normal. Despite the increase in demand, the percentage of estimates prepared within one week has remained in the 75% to 80% range, primarily because FPDR increased the number of staff working on estimates. FPDR's goal is to process 80% of estimates within one week.</p> <p>The percent of members eligible for retirement now or within two years who have a recent pension estimate is expected to drop from 71% to 64%. To manage the pension estimate workload increase, FPDR has suspended its outreach activities to this group. The percent of attendees who rate the retirement workshop as helpful and pension estimate accuracy remain high.</p>
Changes to Services and Activities	<p>In fall of 2016, City Council amended the City Charter to comply with arbitrators' orders related to the definition of final pay used to calculate FPDR Two pension benefits. The amendments defined final pay as the greater of two methods, either pay received during a 12-month period (which occasionally includes 27, rather than 26, pay checks) or pay received for 365 or 366 days (which includes 26.07 or 26.14 pay checks). The amendments were retroactive to January 1, 2013. FPDR recalculated over 100 pensions and issued \$175,000 in retroactive payments. FPDR also adjusted its pension calculation and pension estimate methodology to reflect the new final pay definition going forward.</p> <p>In January 2017 FPDR revised its tax offset policy to make it simpler for members subject to Oregon personal income tax to qualify for an additional benefit mandated by Oregon Revised Statutes. FPDR can now accept a notarized affidavit of residency and tax status in certain circumstances.</p> <p>In FY 2017-18, FPDR hopes to explore options for automating at least some portions of the pension estimate process. The current process has not been updated in decades and is labor-intensive, although it produces highly accurate results. With a doubling in the volume of pension estimate requests, this approach is less sustainable. FPDR will investigate both programming options (through the existing database) and Excel improvements.</p>

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

FTE & Financials	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Adopted FY 2017-18
FTE	1.00	1.00	1.00	1.00	1.00
Expenditures					
Pension Benefits	103,355,638	107,073,584	113,996,636	120,783,123	120,783,123
Retirement Administration and Support	94,704	97,022	104,241	106,157	106,157
Total Expenditures	103,450,342	107,170,606	114,100,877	120,889,280	120,889,280
Performance	Actual FY 2014-15	Actual FY 2015-16	Yr End Est. FY 2016-17	Base FY 2017-18	Target FY 2017-18
Key Performance Measure					
Number of FPDR 2 retirements from active service	40	57	59	52	52
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%	91%	91%	100%	100%
Percentage of FPDR 2 members now or soon-to-be retirement eligible who received a pension estimate in the last two years	50%	71%	63%	65%	65%
Efficiency					
Percentage of pension estimates processed within one week	73%	82%	75%	80%	80%
Workload					
Number of pension estimates	240	424	348	348	348
Number of Fire & Police Disability & Retirement 1 and 2 pension recipients	1,972	1,981	2,036	2,060	2,060
Number of pre-retirement workshop participants	53	123	78	75	75

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

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 return to about 4.0% in FY 2016-17 and FY 2017-18 after dropping slightly in FY 2015-16. This measure can be volatile, since it reflects the number of members out on disability on a particular day of the year. Roughly 90% of claims decisions are still made within the bureau's target of 60 days, a rate that has been stable for the last several years. Nearly all claims receive a decision within 90 days. The amount of medical savings (medical fee reductions negotiated by FPDR staff or a contracted managed care organization, or obtained via FPDR's access to the Oregon Fee Schedule) are projected to drop because total medical expenses are expected to decline in the short-term. However, savings as a percent of total medical costs are actually expected to increase slightly.

All other performance and workload measures are essentially stable.

Changes to Services and Activities The Disability Program will focus on improving return-to-work programs and services in the current and upcoming year. FPDR staff are working with both the Police and Fire Bureaus to increase the number of transitional positions available to members who are temporarily unable to perform full-duty sworn work but can still contribute to their bureaus in some capacity. Staff are also working to enhance vocational rehabilitation services for members who can never return to sworn work but may be able to find nonsworn employment.

Disability staff also created a new application process for retirees seeking reimbursement for medical expenses associated with service-related disability claims approved before their retirement.

FTE & Financials	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Adopted FY 2017-18
FTE	8.00	8.00	8.00	8.00	8.00
Expenditures					
Disability & Death Benefits	83,047	855,484	0	0	0
Disability Administration and Support	942,307	1,148,433	1,084,982	1,088,870	1,088,870
Funeral	17,693	40,348	73,400	81,900	81,900
Long-term Disability	2,074,293	3,652,368	1,745,000	1,779,000	1,779,000
Medical	2,128,131	2,222,857	3,063,000	2,776,200	2,776,200
Return to Work	453,743	409,584	388,000	469,000	469,000
Short-term Disability	1,545,785	1,923,571	1,760,000	2,024,000	2,024,000
Vocational Rehabilitation	0	2,486	10,300	10,600	10,600
Total Expenditures	7,244,999	10,255,131	8,124,682	8,229,570	8,229,570

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

Performance	Actual FY 2014-15	Actual FY 2015-16	Yr End Est. FY 2016-17	Base FY 2017-18	Target FY 2017-18
Key Performance Measure					
Number of disability claims filed	360	379	360	360	360
Percentage of workforce on disability at June 30	4.2%	3.4%	4.0%	3.8%	3.8%
Effectiveness					
Amount of medical cost savings	\$1,306,255	\$1,382,411	\$1,120,200	\$1,154,000	\$1,154,000
Savings as a percentage of total medical costs	38.8%	38.8%	41.7%	41.7%	41.7%
Efficiency					
Percentage of disability claims decisions in 90 days	100%	98%	98%	98%	98%
Percentage of disability claims decisions in 60 days	93%	88%	87%	87%	87%
Percentage of disability claims decisions in 30 days	67%	54%	53%	53%	53%
Workload					
Number of members on short-term disability	243	257	260	260	260
Number of medical bills	4,114	3,671	4,036	4,036	4,036
Number of long-term disability recipients	48	35	40	38	38

Bureau of Fire & Police Disability & Retirement

Public Safety Service Area

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	Administrative costs as a percentage of the total bureau budget have varied from 1.6% to 1.7% over the last several years, and are expected to decline to 1.5% in FY 2017-18. The drop is attributable to reduced spending on the FPDR database, following several years of upgrades, as well as to a growing budget. FPDR's goal is to keep administrative costs below 2.0% of the total bureau budget.
Changes to Services and Activities	<p>Working closely with the Bureau of Technology Services to ensure the highest level of data security, FPDR made its member web portal available on non-City devices in the fall of 2016. Now retirees and active members can access their FPDR information, make changes, and download documents from their own homes.</p> <p>Also in 2016, FPDR hired a new finance manager and reclassified two part-time senior financial analyst positions to one full-time senior financial analyst and one full-time management analyst. The new management analyst is being trained to back up the FPDR database administrator, thereby addressing a serious threat to the bureau's continuity of operations. The finance function has retained its current staffing levels, as the management analyst is devoted to finance duties half time.</p> <p>No further changes to this program are contemplated for FY 2017-18.</p>

FTE & Financials	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Adopted FY 2017-18
FTE	7.80	7.50	8.00	8.00	8.00
Expenditures					
Administration & Support	2,116,205	2,058,852	2,311,577	2,227,255	2,250,555
Total Expenditures	2,116,205	2,058,852	2,311,577	2,227,255	2,250,555

Performance	Actual FY 2014-15	Actual FY 2015-16	Yr End Est. FY 2016-17	Base FY 2017-18	Target FY 2017-18
Key Performance Measure					
Administrative cost as a percentage of bureau budget	1.57%	1.61%	1.71%	1.54%	1.54%
FPDR tax levy rate (per \$1,000 of Real Market Value)	\$1.48	\$1.30	\$1.14	\$1.16	\$1.16

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, currently about one-third and growing to more than 40% in FY 2017-18. As this percentage increases, 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.

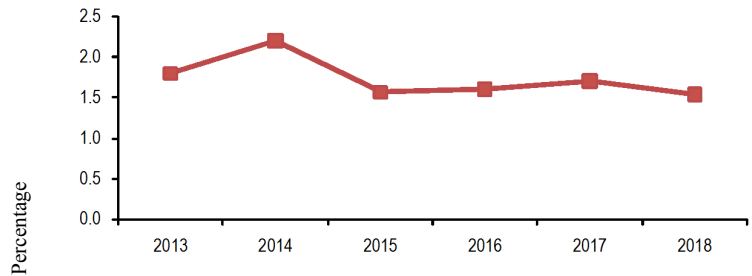
Changes to Services and Activities Contribution rates for public safety employees in the Oregon Public Service Retirement Plan (OPSRP), the PERS tier to which most employees hired after 2006 belong, are growing from 20.64% in FY 2015-16 and FY 2016-17 to 24.64% for the next biennium. This change increases costs for this program significantly, although the increasing proportion of the City’s sworn workforce hired after 2006 is also a major factor in program growth.

FTE & Financials	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Adopted FY 2017-18
Expenditures					
Oregon PERS Contributions	6,952,685	8,699,501	10,400,000	13,210,000	13,210,000
Total Expenditures	6,952,685	8,699,501	10,400,000	13,210,000	13,210,000
Performance					
	Actual FY 2014-15	Actual FY 2015-16	Yr End Est. FY 2016-17	Base FY 2017-18	Target FY 2017-18
Key Performance Measure					
Percent of workforce who are FPDR 3	27%	31%	38%	43%	43%

Performance Measures

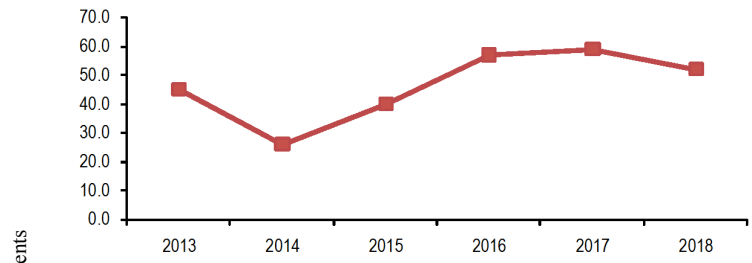
Administrative Cost as a Percentage of Bureau Budget

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 drop to about 1.5% of bureau requirements in FY 2017-18. If program delivery costs allocated to the retirement and disability programs are included, administrative costs in FY 2017-18 would be approximately 2.4% of the bureau budget.



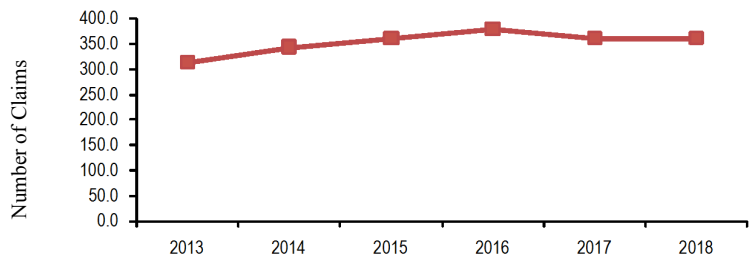
Number of FPDR 2 Retirements from Active Service

The number of retirements fluctuates from year to year, largely due to the demographics of the sworn workforce. Labor negotiations, bureau changes, and the state of the local economy also affect retirement patterns. Retirements dipped in FY 2013-14, the first year in five years when retirement with 27 pay dates in final pay (rather than the usual 26) was not available. Retirements since then have been in the 40 to 60 range each year; 59 are projected in FY 2016-17 and 52 in FY 2017-18. However, an unusually large number of members are retirement eligible and 27 pay dates are again available in the final pay calculation, so actual retirements could easily be higher.



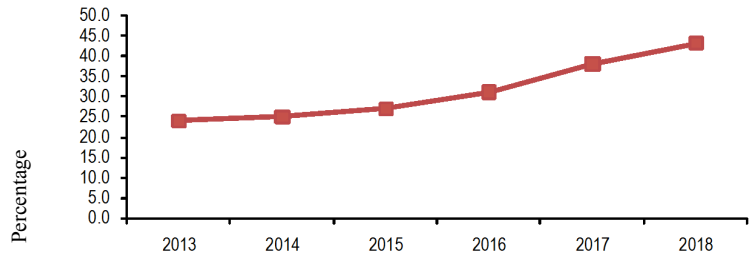
Disability Claims Filed

The number of disability claims filed grew each year for FY 2012-13 through FY 2015-16. FPDR predicts the number of claims will level off at about 360 claims per year going forward.



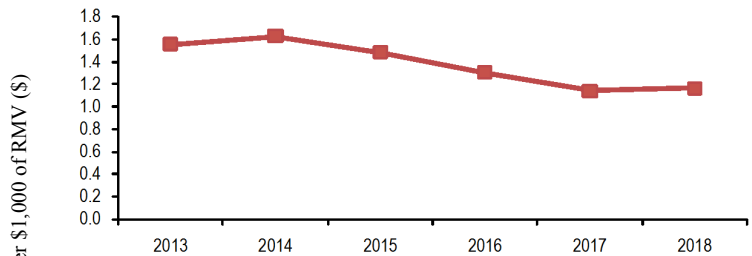
Percentage of Workforce Who are FPDR 3

FPDR 3 members are those hired in 2007 or later 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. Currently, a little over one-third of the sworn workforce is comprised of FPDR 3 members; the percentage is expected to grow to 43% in FY 2017-18. The proportion will grow annually until it reaches 100% over the next 15 - 20 years.



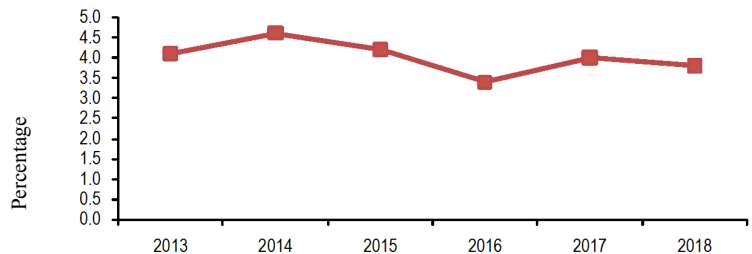
FPDR Tax Rate Per \$1,000 of RMV (\$)

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 has fallen over the last several years, despite increasing FPDR requirements, because of historic RMV growth. It is projected to be \$1.16 in FY 2017-18. The most recent tax levy adequacy analysis, prepared by independent actuaries, estimates a 2.6% 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 is now holding steady at 3.5% to 4.5%. 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.



Bureau of Fire & Police Disability & Retirement

Summary of Bureau Budget

Public Safety Service Area

	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Adopted FY 2017-18
Resources					
External Revenues					
Taxes	122,814,273	122,764,713	128,071,818	144,268,948	144,268,948
Charges for Services	26	44	0	0	0
Bond & Note	25,815,144	24,637,339	34,476,000	44,312,000	44,312,000
Miscellaneous	348,880	495,685	443,200	664,300	664,300
Total External Revenues	148,978,323	147,897,781	162,991,018	189,245,248	189,245,248
Internal Revenues					
Fund Transfers - Revenue	254	0	1,500,000	1,500,000	1,500,000
Interagency Revenue	796,492	1,076,739	905,200	1,359,000	1,359,000
Total Internal Revenues	796,746	1,076,739	2,405,200	2,859,000	2,859,000
Beginning Fund Balance	14,511,433	18,467,432	13,338,094	9,808,579	9,808,579
Total Resources	\$164,286,502	\$167,441,952	\$178,734,312	\$201,912,827	\$201,912,827
Requirements					
Bureau Expenditures					
Personnel Services	1,849,884	1,948,783	2,086,912	2,119,714	2,143,014
External Materials and Services	109,869,239	116,476,183	121,312,236	128,012,797	128,012,797
Internal Materials and Services	7,967,855	9,705,354	11,461,988	14,377,143	14,377,143
Capital Outlay	77,253	53,770	76,000	46,451	46,451
Total Bureau Expenditures	119,764,231	128,184,090	134,937,136	144,556,105	144,579,405
Fund Expenditures					
Debt Service	25,908,928	24,762,001	34,899,037	44,835,166	44,835,166
Contingency	0	0	6,338,111	10,107,854	10,077,878
Fund Transfers - Expense	145,911	112,426	1,810,028	1,663,702	1,670,378
Total Fund Expenditures	26,054,839	24,874,427	43,047,176	56,606,722	56,583,422
Ending Fund Balance	18,467,432	14,383,435	750,000	750,000	750,000
Total Requirements	\$164,286,502	\$167,441,952	\$178,734,312	\$201,912,827	\$201,912,827
Programs					
Disability & Death Benefits	7,244,999	10,255,131	8,124,682	8,229,570	8,229,570
Administration & Support	2,116,205	2,058,852	2,311,577	2,227,255	2,250,555
Retirement System Payments	103,450,342	107,170,606	114,100,877	120,889,280	120,889,280
Oregon PERS Contributions	6,952,685	8,699,501	10,400,000	13,210,000	13,210,000
Total Programs	119,764,231	\$128,184,090	\$134,937,136	\$144,556,105	\$144,579,405

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 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	
Maintenance and Reliability								
Database Capital Improvements	381,670	76,000	46,451	21,931	22,424	22,929	23,800	137,535
Total Maintenance and Reliability	381,670	76,000	46,451	21,931	22,424	22,929	23,800	137,535
Total Requirements	381,670	76,000	46,451	21,931	22,424	22,929	23,800	137,535

Bureau of Fire & Police Disability & Retirement

FTE Summary

Public Safety Service Area

Class	Title	Salary Range		Revised FY 2016-17		Proposed FY 2017-18		Adopted FY 2017-18	
		Minimum	Maximum	No.	Amount	No.	Amount	No.	Amount
30000063	Accountant II	54,912	69,139	1.00	69,144	1.00	69,144	1.00	69,144
30000449	Business Systems Analyst, Sr	69,971	93,413	1.00	93,408	1.00	93,408	1.00	93,408
30000066	Claims Technician	45,885	60,819	1.00	60,816	1.00	60,816	1.00	60,816
30000065	Claims Technician, Assistant	35,610	51,334	1.00	51,336	1.00	51,336	1.00	51,336
30000568	Financial Analyst, Sr	69,971	93,413	1.00	93,408	1.00	93,408	1.00	93,408
30000412	FPDR Director	102,981	143,811	1.00	143,808	1.00	143,808	1.00	143,808
30001384	FPDR Financial Manager	89,149	118,747	1.00	79,820	1.00	83,091	1.00	83,091
30000582	FPDR Operations Manager	82,909	110,448	1.00	107,556	1.00	109,484	1.00	109,484
30000592	Legal Assistant, Sr	60,403	80,517	1.00	80,520	1.00	80,520	1.00	80,520
30000451	Management Analyst	63,419	84,552	2.00	149,052	2.00	154,105	2.00	154,105
30000450	Management Assistant	49,774	76,648	1.00	76,644	1.00	76,644	1.00	76,644
30000012	Office Support Specialist II	34,798	49,962	1.00	40,638	1.00	42,992	1.00	42,992
30000480	Workers Comp/Disability Analyst, Sr	66,622	88,837	2.00	177,672	2.00	177,672	2.00	177,672
30000479	Workers Compensation/Disability Analyst	60,403	80,517	2.00	152,088	2.00	154,040	2.00	154,040
TOTAL FULL-TIME POSITIONS				17.00	1,375,910	17.00	1,390,468	17.00	1,390,468
TOTAL PART-TIME POSITIONS				0.00	0	0.00	0	0.00	0
TOTAL LIMITED TERM POSITIONS				0.00	0	0.00	0	0.00	0
GRAND TOTAL				17.00	1,375,910	17.00	1,390,468	17.00	1,390,468

	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Approved FY 2017-18	Adopted FY 2017-18
Resources						
Taxes	122,814,273	122,764,713	128,071,818	144,268,948	144,268,948	144,268,948
Charges for Services	26	44	0	0	0	0
Bond & Note	25,815,144	24,637,339	34,476,000	44,312,000	44,312,000	44,312,000
Miscellaneous	348,880	495,685	443,200	664,300	664,300	664,300
Total External Revenues	148,978,323	147,897,781	162,991,018	189,245,248	189,245,248	189,245,248
Fund Transfers - Revenue	254	0	750,000	750,000	750,000	750,000
Interagency Revenue	796,492	1,076,739	905,200	1,359,000	1,359,000	1,359,000
Total Internal Revenues	796,746	1,076,739	1,655,200	2,109,000	2,109,000	2,109,000
Beginning Fund Balance	13,761,433	17,717,432	12,588,094	9,058,579	9,058,579	9,058,579
Total Resources	163,536,502	166,691,952	177,234,312	200,412,827	200,412,827	200,412,827
Requirements						
Personnel Services	1,849,884	1,948,783	2,086,912	2,119,714	2,119,714	2,143,014
External Materials and Services	109,869,239	116,476,183	121,312,236	128,012,797	128,012,797	128,012,797
Internal Materials and Services	7,967,855	9,705,354	11,461,988	14,377,143	14,377,143	14,377,143
Capital Outlay	77,253	53,770	76,000	46,451	46,451	46,451
Total Bureau Expenditures	119,764,231	128,184,090	134,937,136	144,556,105	144,556,105	144,579,405
Debt Service	25,908,928	24,762,001	34,899,037	44,835,166	44,835,166	44,835,166
Contingency	0	0	6,338,111	10,107,854	10,101,047	10,077,878
Fund Transfers - Expense	145,911	112,426	1,060,028	913,702	920,509	920,378
Total Fund Expenditures	26,054,839	24,874,427	42,297,176	55,856,722	55,856,722	55,833,422
Ending Fund Balance	17,717,432	13,633,435	0	0	0	0
Total Requirements	163,536,502	166,691,952	177,234,312	200,412,827	200,412,827	200,412,827

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 2017-18 are increasing by \$13.3 million or 9.3% from the FY 2016-17 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 the proportion of the workforce hired after 2006 grows, PERS contribution rates escalate, and salaries increase. The capital budget, which is exclusively for upgrades to the FPDR database, will level out in FY 2017-18 following additional upgrades in FY 2016-17.

FPDR is reducing fund contingency from eight percent of bureau requirements in FY 2016-17 to seven percent in FY 2017-18, as most of the legal risks facing the fund in the past have now been resolved. However, the growth in bureau requirements means fund contingency will still grow by \$3.7 million. Fund transfers show as higher in current and future years because FPDR always budgets a transfer from the FPDR Reserve Fund, but when the transfer is not required it of course is not reflected in prior year actuals. Debt service (and the offsetting bond and note proceeds in revenues) reflect FPDR's annual issuance of tax anticipation notes (TANs) to cover cash flow needs until property tax revenues are received in mid-November each year. TANs are budgeted as 4.5 months of requirements, less beginning fund balance, and therefore grow as fund requirements grow.

Budgeted property tax collections will increase by \$16.2 million or 12.7% for FY 2017-18. Since property taxes make up roughly 98% of FPDR's resources, taxes grow in accordance with fund requirements. In addition, FPDR needs to rebuild fund balance after spending the balance down in FY 2015-16 and FY 2016-17 on a legal settlement and several unanticipated pension expenses. Despite higher requirements and the resulting need for more tax revenue, very strong growth in Portland real market values (RMV) over the last several years has driven the FPDR RMV property tax levy down to \$1.14 in FY 2016-17, from \$1.30 in FY 2015-16 and \$1.48 in FY 2014-15. The FY 2017-18 forecast RMV levy rate is \$1.16.

Interagency revenue increased substantially in FY 2015-16, as the Police and Fire Bureaus began passing to FPDR 100% of the pension and disability overhead rates charged to third parties who contract for fire fighting or police services (such as TriMet). However, reduced staffing levels have diminished the Police Bureau's capacity to take on third-party work and this revenue is projected to dip again in FY 2016-17, before recovering in FY 2017-18 and beyond. Miscellaneous revenue, which is primarily interest income and subrogation revenue, is expected to grow as interest rates continue their rise after years of remaining at historic lows.

	Actual FY 2014-15	Actual FY 2015-16	Revised FY 2016-17	Proposed FY 2017-18	Approved FY 2017-18	Adopted FY 2017-18
Resources						
Total External Revenues	0	0	0	0	0	0
Fund Transfers - Revenue	0	0	750,000	750,000	750,000	750,000
Total Internal Revenues	0	0	750,000	750,000	750,000	750,000
Beginning Fund Balance	750,000	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	1,500,000
Requirements						
Total Bureau Expenditures	0	0	0	0	0	0
Fund Transfers - Expense	0	0	750,000	750,000	750,000	750,000
Total Fund Expenditures	0	0	750,000	750,000	750,000	750,000
Ending Fund Balance	750,000	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	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

