

## IMPACT STATEMENT

**Legislation title:**

Amend the Fire and Police Disability, Retirement and Death Benefit Plan in order to comply with an arbitration decision regarding final pay calculation for members of the Portland Firefighters Association and the Portland Police Commanding Officers Association.

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**Presenter name:** Samuel Hutchison

**Purpose of proposed legislation and background information:**

To restore pension benefits as required by law to members of the Portland Firefighters Association and the Portland Police Commanding Officers Association for compliance with the requirements of the arbitrators' opinions and awards regarding the Associations' final pay calculation grievances.

**Financial and budgetary impacts:**

This ordinance will change the definition of final pay used to calculate FPDR Two pension benefits for member of the Portland Firefighters Association (PFFA) and Portland Police Commanding Officers Association (PPCOA) only. PFFA and PPCOA members will now receive the higher of: 1) their pay for a 12-month period, which occasionally includes 27 rather than 26 pay checks as a result of the City's biweekly pay structure or 2) their pay for 365 days (or 366 days in a leap year), which is equivalent to 26.07 or 26.14 pay checks. Council approved an identical change for Portland Police Association (PPA) members in October 2016, to comply with a similar arbitrator's opinion and award. Based on an earlier analysis prepared by independent actuaries, FPDR estimates that the change for PFFA and PPCOA members will increase costs over the life of the FPDR Two plan by \$16 million to \$23 million. This is in addition to the estimated cost increase of \$23 million to \$34 million for PPA members.

As the ordinance is retroactive to January 1, 2013, FPDR will need to pay approximately \$86,516 in one-time retroactive payments shortly after the ordinance is approved. In addition, ongoing monthly pension expenses will increase by \$9,465 per month. These figures are in addition to \$86,380 in retroactive payments and \$6,879 in an additional ongoing monthly pension expenses for PPA members as a result of the earlier PPA ordinance. FPDR can fund the additional costs in FY 2016-17 from fund contingency. Over time, FPDR will fund the additional benefit cost from the dedicated FPDR tax levy.

**Community impacts and community involvement:**

None

### Budgetary Impact Worksheet

**Does this action change appropriations?**

YES: Please complete the information below.

NO: Skip this section