City of Portland Bureau of Fire and Police Disability and Retirement
Agenda for Regular Meeting – Board of Trustees
Tuesday, January 25, 2022 – 1:00 p.m.

Please note, City Hall is closed to the public due to the COVID-19 Pandemic. Under Portland City Code and state law, the Board of Trustees is holding this meeting electronically. All members of the board are attending remotely. The meeting is available to the public on the City's eGov PDX channel on YouTube, Channel 30, and www.portlandoregon.gov/video

The FPDR is taking these steps as a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing. The pandemic is an emergency that threatens the public health, safety and welfare which requires us to meet remotely by electronic communications. Thank you for your patience, flexibility and understanding as we manage through this difficult situation to do the FPDR's business.

ADMINISTRATION

The following consent item(s) are considered to be routine and will be acted upon by the Board in one motion, without discussion, unless a Board member, staff member or the public requests an item be held for discussion.

1 Introduction of New Elected Fire Trustee – T. Kyle MacLowry

2 Approval of Minutes – November 16, 2021 Meeting

INTRODUCTION OF VISITORS

PUBLIC COMMENT PERIOD

Public comments will be heard by electronic communication (internet connection or telephone). If you wish to sign up for public comment, please register at the following link: **https://us06web.zoom.us/webinar/register/WN_1wlSF_IwRmSq3hmEPM5qfw**
You will be asked to provide your name, phone number, email address, agenda item number(s) you wish to provide comment on and zip code. After registering, you will receive a confirmation email containing information about joining the electronic/virtual meeting. Individuals will have three minutes to provide public comment unless otherwise stated at the meeting. ***The deadline to sign up for the January 25, 2022 electronic board meeting is Monday, January 24, 2022 at 3:00 p.m. Individuals can also provide written testimony to the Board by emailing the FPDR Director Sam Hutchison at sam.hutchison@portlandoregon.gov by January 21, 2022.***

ACTION ITEMS

1 Adopt 2022-2023 Budget
   - Issue: Review FY 2022-2023 Recommended Budget and Five-Year Forecast for FYE 2023-2027.
   - Expected Outcome: Board passes motion to adopt Recommended Budget as FPDR Requested Budget.

2 Resolution No. 543 – FPDR Office Space
   - Issue: FPDR office lease will be expiring in April 2022.
   - Expected Outcome: Board will adopt resolution authorizing the FPDR Director to enter into an agreement for FPDR office space in the current building.

INFORMATION ITEMS

The following information items do not require action by the Board and are solely for informational purposes unless a Board member, staff member or the public requests an item be held for discussion.

1 FPDR Summary of Expenditures

2 Future Board Meeting Location/City Vaccine Policy for Volunteers

3 FPDR Updates

4 Future Meeting Agenda Items

Copies of materials supplied to the Board before the meeting, except confidential items and those referred to Executive Session, are available for review by the public on the FPDR website at www.portlandoregon.gov/fpdr or at the FPDR offices located at: 1800 SW First Avenue, Suite 450, Portland, Oregon 97201. ***NOTE****: If you have a disability that requires any special materials services or assistance call (503) 823-6823 at least 48 hours before the meeting.*

[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WERE NO PORTIONS OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

A regular meeting of the Board of Trustees of the Fire and Police Disability and Retirement Fund was called to order on the 16th day of November 2021 at 1:02 p.m. As a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing, the meeting was held remotely via a Zoom webinar platform.

Board Members Present Included:

Jason Lehman, Fire Trustee - Chair Pro Tempore
Catherine MacLeod, Citizen Trustee
Christopher Kulp, Police Trustee

Board Members Absent:

James Huang, Citizen Trustee
Margaret Carter, Board Chair

Also present were:

Sam Hutchison, FPDR Director
Kimberly Mitchell, FPDR Claims Manager
Stacy Jones, FPDR Deputy Director/Finance Manager
Julie Crisp, FPDR Business Systems Analyst
Julie Hall, FPDR Office Specialist
Franco A. Lucchin, Sr. Deputy City Attorney
Lorne Dauenhauer, Outside Legal Counsel
OpenSignal, Pdx
Keith Simovic, Moss Adams
Amanda McCleary-Moore, Moss Adams

Chair Pro Tem Jason Lehman (Trustee Lehman) called the meeting to order and asked for approval of the minutes.

Trustee Kulp made a motion that was seconded by Trustee MacLeod and unanimously passed to approve the September 28, 2021 minutes. (Trustees Huang and Carter were absent from the vote).

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Aye	*Trustee Lehman, Trustee MacLeod, Trustee Kulp*
Nay	*None*
Abstain	*None*

There were no General Public Comments.

Before proceeding with the Financial Audit, Director Sam Hutchison (Director Hutchison) announced that it was Trustee Lehman's last meeting and Director Hutchison wanted to personally give thanks for Trustee Lehman's service on the board. Director Hutchison stated that Trustee Lehman had been a trustee since August 2012, was always engaged and on top of all the issues, was on the Charter Review Commission, provided input on the 2007 Charter change, has done an excellent job of representing the members, and appropriately challenged Director Hutchison on issues. Director Hutchison then read a plaque that recognized Trustee Lehman's commitment and service as a trustee of the FPDR Board of Trustees. Director Hutchison stated that it would normally be presented in person to Trustee Lehman, but because of the virtual nature of Zoom meetings, that they will have it delivered to Trustee Lehman. FPDR staff, Trustee MacLeod and Sr. Deputy City Attorney Franco Lucchin all added words of appreciation to Trustee Lehman and stated what a pleasure it has been to work with Trustee Lehman and that Trustee Lehman will be missed. Trustee Lehman was surprised and stated that thank you's or accolades are not what Trustee Lehman was ever looking for in serving on the board but appreciated the kind words. Trustee Lehman was there for the members but really appreciated hearing from everyone.

<u>Information Item No. 1 – FY 2020-21 Financial Audit – Presentation by Moss Adams</u>

FPDR Deputy Director/Finance Manager Stacy Jones (Stacy) introduced Keith Simovic and Amanda McCleary-Moore from Moss Adams. Stacy added that Moss Adams is the firm that conducts the FPDR's annual financial audit, and they will be giving an overview of the audit from the prior fiscal year that ended on June 30, 2021 and present their findings.

Amanda McCleary-Moore (Amanda) began with a brief introduction and stated that they are independent auditors and will be reporting on the financial statements of the Fire and Police Disability and Retirement Fund, but they do have some additional requirements as part of their auditing standards and will also be sharing that information and their conclusions. Amanda also

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went over the members of their Engagement Team and what they are responsible for. With regard to nature of services provided, Amanda stated that they have to comply with GASB 67 and putting all the information together in note disclosures so that they can be presented in the City's financial statements as well. Amanda also stated that as part of their engagement, they do a technical review of the financial statements making sure that they are materially correct and explained what "materiality" means when you see that in their report of the financial statements. In addition, because they do follow governmental auditing standards as well, they issue a second report which is the Report of Independent Auditors' on Internal Control Over Financial Reporting and on Compliance. This is not an opinion over the internal controls but is a report that if they identified any sort of significant gaps in the internal controls that rose to a level of significant deficiency, it would get reported in that report. To ease everyone's minds, Amanda stated that they did not have anything to communicate or was included in that report, but if they did, that is the report it would be included in.

Keith Simovic (Keith) then continued with the presentation and stated that they did not have any material internal control deficiencies to identify so very good news there and that FPDR continues to have a very strong set of internal controls. Keith added that it is a very important piece of their risk assessment process to analyze those and evaluate how those have been impacted or have changed especially during the last year or so where many people are working remotely which could impact how internal controls are administered. Keith stated that on the completeness and accuracy of the financial statements their audit opinion is unmodified or what is known as a clean audit report, so very good news. Keith went on to say that not only did FPDR have a good set of internal controls, but those internal controls are working and that there are good checks and balances to catch any potential errors before they happen, before they get recorded in the system, and they have a staff that is able to put together a very strong and materially accurate and complete set of financial statements that is in accordance with the governmental accounting standards rules. Keith added that it is something they see each and every year, but not to be understated by any means because it is a lot of work that goes into that throughout the year. Keith also wanted to touch on how they got through the audit because it was entirely in a remote environment again this year and explained how documents were shared and reviewed. Keith stated that there were no significant changes in the application of the accounting rules from last year that would impact how financial statements are prepared, and that they did not note any material errors in their audit process and had no recommendations on best practices so a very clean audit. Keith concluded by thanking everyone involved in the audit process and

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stated that everything moved smoothly right in line with the contract and timeframe that was set out.

Director Hutchison appreciated Moss Adams conducting the audit because with the amount of money that FPDR has to deal with for retirement and disability benefits, they need to be prudent in making sure that money is being spent in the appropriate places and that they are properly monitoring it and have all the financial controls. Director Hutchison also thanked Stacy and Stacy's staff for their great work keeping the Fund financially sound and financially safe.

Trustee MacLeod stated that as someone that provides technical input for many audits and reads a lot of audit reports, the audit report itself was easy to follow so appreciated that it was clear and concise, but also knows the effort that it takes to get an unmodified opinion and a clean comment about no material deficiencies in internal control so that really does go to the efforts of staff and management so nice work on that.

Trustee Lehman thanked Moss Adams but stated that it is because of the hard work of Sam and Stacy and Kim and their staff that it is consistent every year and it is what Trustee Lehman has come to be used to. Trustee Lehman added that they are doing a great job for the members and taking care of the funds and administering it correctly and to the satisfaction of the professionals that come in and evaluate it and for that wanted to thank everyone at FPDR.

Action Item No. 1 – Resolution No. 540 – MCO Contracts

Director Hutchison stated that before they start on the MCO contract resolution, wanted to let the board know that at the last meeting they discussed a contract with Oregon Business Systems (OBS) for the maintenance of the FPDR database application and the not to exceed amount of $750,000. Director Hutchison stated that they continued to do more negotiating with OBS and the not to exceed amount is now $385,000.

Director Hutchison then began discussion on Resolution No. 540 and stated that the managed healthcare organization (MCO) contracts are due to expire on December 31, 2021 but because the MCO contracts have been in place for 11 or so years, a Request for Proposal process was required. Therefore, FPDR Disability Manager Kim Mitchell (Kim) has implemented the RFP process.

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Kim explained that managed care organizations are a group of providers that are similar to the types of providers and panels that they select for their personal healthcare needs when they are an employee. The MCO grants FPDR access to these providers and these providers are ones who specialize in treatment of persons who have suffered on-the-job injuries. They are familiar with forms and formats and the kinds of information that are needed to administer claims and are also mindful of the importance of return to work so they support FPDR members in every way with the treatment that they provide, with the forms that we need to adjudicate claims, and are supportive of the concept of work as therapy and return to work. Kim added that these panels of providers are really helpful to them. In addition to the treatment and things that they provide for the members, they also provide discounts and by contracting with the MCO and FPDR gets to take advantage of discounts for services. They won't charge over the Oregon Fee Schedule and because of that FPDR gets savings. Kim went on to say that they have contracted with Managed Healthcare Northwest and Kaiser Permanente since 2010 and when the RFP was submitted, they were hoping to attract other providers. The RFP was posted on September 27th and October 21st and they received responses from Managed Healthcare Northwest and Kaiser Permanente and in the second posting, received an additional response from Providence Health Plan. Kim stated that they are in the process of working through the RFP process with the City and the three providers that they received a response from.

Director Hutchison stated that the uniqueness about the RFP is that they don't have to choose one provider. Director Hutchison stated that they are still in the negotiation phase but hope to negotiate three separate contracts with each of the providers and believes the contracts will be about $423,000 in total. Kim then explained the cost savings methodology. Director Hutchison explained that Kim is working with Procurement and it is a complex process with three different contracts, but they hope to have three contracts inked by December 31st. Director Hutchison also stated that they will periodically provide a summary on cost and expenses and how it is progressing.

Trustee Kulp made a motion that was seconded by Trustee MacLeod and unanimously passed to approve Resolution No. 540 - the FPDR Director is authorized to select, negotiate, initiate, and enter into contracts on behalf of the Board of Trustees with one or all three MCOs in an amount not to exceed $425,000 for a five-year period ending December 31, 2026 (Trustees Huang and Carter were absent from the vote).

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Aye	*Chair Lehman, Trustee MacLeod, Trustee Kulp*
Nay	*None*
Abstain	*None*

Action Item No. 2 – Resolution No. 541 – Amendment to Sections 5.4 and 5.5 of the FPDR Administrative Rules

Director Hutchison explained that in 2013 voters passed a modification to the definition of Final Pay for the purpose of calculating pension benefits. The unions grieved the modification feeling that it should have been bargained and the unions were successful in those grievances. Director Hutchison stated that despite multiple changes to the Charter by various ordinances passed by City Council, the administrative rules have not been updated with the changes. The last grievance was resolved in 2020 and there are currently no legal or union grievances impacting the definition of Final Pay. Director Hutchison added that the rules are being updated for the definition of Final Pay to mirror the latest ordinance passed by City Council and instead of trying to cut and paste the whole ordinance into the administrative rules, a reference to the ordinance was inserted. Also, at the Q&A Session that was held to discuss the administrative rule amendments, Attorney Anil Karia requested that a link be provided in the rule amendment to the City Council ordinance that the rule refers to and that is now included within the amendment. Director Hutchison stated that the amendment to Sections 5.4 and 5.5 are strictly housekeeping and nothing has changed because they have been administering all pension calculations pursuant to Ordinance No. 190092. The rule amendment just brings the rules into compliance with the City ordinance.

Trustee Lehman asked why a link was used and expressed concern that the City website is not very user friendly. Director Hutchison stated that using a link is rare and it is the only link they have used. Director Hutchison explained that it is best practices for administrative rules when duplicate text is found in other areas such as the Charter. Trustee Lehman wanted to make sure that it is easily accessible somewhere. Director Hutchison stated that in the FPDR printed copy of the Charter, copies of all the ordinances are included. Stacy also added that they have a Plan Summary book that is easier to understand.

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Trustee MacLeod made a motion that was seconded by Trustee Kulp and unanimously passed to adopt Resolution No. 541 where Sections 5.4 and 5.5 of the Administrative Rules be amended as shown in Exhibit "A". (Trustees Huang and Carter were absent from the vote)

Aye	*Chair Lehman, Trustee MacLeod, Trustee Kulp*
Nay	*None*
Abstain	*None*

Action Item No. 3 – Resolution No. 542 – Administrative Rule Amendment to Section 5.14

Stacy explained that this amendment to the administrative rules is in response to House Bill 2875 in the 2021 Oregon Legislature which tweaked the Oregon Revised Statutes governing administration of the tax offset benefit that FPDR and PERS are required to offer. The proposed changes to the administrative rule will just bring the rules into accord with the new statutory requirements which will become effective on January 1, 2022. Stacy explained that the tax offset benefit is an additional benefit mandated by Oregon Revised Statutes that is intended to wholly or partially offset Oregon personal income tax for some public pension beneficiaries. It was created in the 1990's following Oregon's decision to start taxing state and municipal pensions and following subsequent litigation related to that decision so it is intended to make those with state or municipal service before taxation began or their survivors either wholly or partially whole. Stacy added that you have to be a member of PERS or FPDR before July 14, 1995, you have to be an Oregon resident to qualify for the benefit, the benefit ranges from an additional 1.00 percent to 9.89 percent, and about three quarters of FPDR pension beneficiaries currently qualify for the tax offset benefit. Stacy explained what was changing and stated that the hard part of one of the changes was going to be turning the benefit on and off depending on whether the person is or will remain or will become an Oregon resident because people do move around so that is the more administratively complex part of administering the tax offset benefit. Except for new beneficiaries, the current process in Oregon Revised Statutes requires FPDR and PERS to turn that additional benefit on and off only on January 1 each year. So, currently, if someone moves into Oregon after January 1st, they have to wait until the following January 1st to start their additional tax offset benefit and likewise if someone moves out of Oregon after January 1st, then FPDR has to wait until the following January 1st to stop their tax offset benefit. However, the new law requires FPDR to start and stop the tax offset benefit right away if someone moves into or out of Oregon before April 15th. So, FPDR would start and stop right away for folks who move and get their documentation to staff between January 1st and April 15th. If it is after April

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15th, they would still have to wait until the next January 1st. Stacy also explained the appeal language in the administrative rules and stated that it is being eliminated because it is no longer necessary since the statute now gives beneficiaries a longer period to submit their documentation.

Trustee Kulp asked if there was a mechanism for the Fund to recoup tax dollars that were paid when they shouldn't have been. Stacy explained that once a year they get a file from the Oregon Department of Revenue for all their beneficiaries and they will go through it and if anyone shows up as not having filed a tax return but has said they are an Oregon resident, staff will get in touch with them.

Trustee MacLeod made a motion that was seconded by Trustee Kulp and unanimously passed to adopt Resolution No. 542 and that Section 5.14 be amended as shown on Exhibit "A". (Trustees Huang and Carter were absent from the vote)

Aye	*Chair Lehman, Trustee MacLeod, Trustee Kulp*
Nay	*None*
Abstain	*None*

<u>Information Item No. 2 – State of FPDR Presentation</u>

Director Hutchison explained that because of Covid, the State of FPDR was not presented last year so the board will be getting two fiscal years' worth of information in the State of FPDR presentation. Director Hutchison stated that basically what has happened for the last two fiscal years can be summed up in two different points: Covid and the record number of retirements. Director Hutchison went on to state that in March of 2020 the City closed all offices, and FPDR had to transition to an almost entirely remote work setting within just a few days and with no prior preparation and did quite a bit of work to get staffers equipment set up and operational at home and there was a lot of great work by technical staff and managers to make that happen. Also, while disability was eventually going to convert to a paperless processing of all new claims over a prolonged period of time, they had to go through a crash course and made it happen within a couple of months, which put a lot of pressure on staff to learn how to use a new paperless processing system. Also, new administrative rules for Covid disability claims were created and approved in March of 2020. Director Hutchison stated that it was a very unique set of disability rules that offered a level of protection that was not offered by any other employer of

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police or fire. The state tried two different legislative sessions to pass rules very similar and they failed. Director Hutchison went on to state that FPDR processed and paid nearly 300 Covid claims for members who either tested positive or needed to quarantine and also began processing disability claims for PTSD and heart lung conditions under the new presumption statutes passed by the state legislature. Director Hutchison stated that on the pension side they retired the most members ever seen in a fiscal year and had to design and implement a new virtual retirement process because they pride themselves on meeting with each retiree one-on-one in person. Director Hutchison added that they also automated much of the pension estimate process which cut down the hands-on work 50-60 percent. On the finance side they successfully managed the fund's financial health as was presented in the financial audit. With regards to technology, Director Hutchison stated that, as noted, they converted to paperless processing of all new disability claims. They also purchased new phone technology so members would experience no change in service when they called the office, introduced the ability to share secure documents with members and medical providers, and encouraged members to use the FPDR portal. A new business systems analyst and financial analyst were also hired and trained remotely. In addition, Director Hutchison stated that new trustees were welcomed to the board: Christopher Kulp, James Huang, and Margaret Carter. And, the FPDR continued to provide seamless service and continuous availability to the members. Director Hutchison went on to state that for 2022 they are expecting offices to open back up in the first quarter of 2022, that they will be implementing a hybrid work model for staff, that they will be evaluating a new lease and office options as the present lease will expire in April of 2022, that they renewed two technical contracts for support of the FPDR database approved by the board at the last meeting, that they will be reviewing technical contracts for MCOs, and per the City, will be moving performance evaluations online.

<u>Key Performance Measures (Percent of Workforce on Disability at June 30)</u>:
Director Hutchison stated that they have always measured percent of workforce on disability at June 30 - a one day snapshot of the year of how many active duty firefighters and police officers are on disability. Director Hutchison stated that they are currently at 3.2 percent which is very good and went over some of the other percent ranges.

<u>Key Performance Measures (FPDR 2 Retirements & FPDR 3 Percent of Workforce)</u>:
Stacy stated that FPDR 3 members are now about 50 percent of the sworn workforce, but the really big story is the number of retirements. Stacy stated that they had 99 service retirements, the most retirements in any fiscal year in FPDR recorded history. Stacy opined that the reason for the high number of retirements were that there were two 27 pay date periods in the last fiscal

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year, but also that there was the challenge of public safety service during the pandemic, the protests, organizational and financial change at the Police Bureau.

Key Performance Measures (FPDR Tax Levy: Real Market Value Rate by Fiscal Year):
Stacy explained that FPDR pays for virtually all its costs, both benefits and administrative costs with a dedicated property tax levy that is separate from the City's general government levy or other levies. Stacy stated that the City Charter caps the FPDR levy at $2.80 per $1,000 of real market value and stated that in the last fiscal year the FPDR's rate was $1.15 so they were a long way from that $2.80.

Trustee Lehman asked when the City Economist forecast was done to which Stacy replied that it was developed in January of 2021 and you can see how it is misaligned with the actuals of the last five years and also with what the actuaries were projecting before that and the reason for that is that the City Economist, coming from a place of caution and uncertainty several months ago decided to project zero RMV growth for fiscal year 21/22, which is definitely not the case and that is why there is the sudden jump up to $1.32. It is not that FPDR's expenses have jumped up, it is that City Economist was projecting that there would be flat RMV growth, but when they update it in a few months, Stacy was sure it would not look the same.

Key Performance Measures (Administrative Cost as Percent of Operating Budget and Per Participant):
Stacy stated that they are going to see their operating budget go up for the next 15 years or so as they continue to phase in two generations of pensions simultaneously, one of which is prefunded and one of which is pay-as-you-go. Stacy also noted that the administrative spending is pretty small and a little less was spent on personnel last fiscal year than in the prior fiscal year because of mandatory furloughs.

Pension Program (Pension Counts as of June 30 Each Year):
Stacy then went over the pension program and the number of people who receive a pension at any point in the fiscal year and the percent that are FPDR 1 versus FPDR 2. Stacy added that they did see more than the usual number of deaths, but it was totally swamped by the huge number of retirements in the last fiscal year. Stacy also went over the total number in the active population and stated that the workforce is now perfectly evenly split between FPDR 2 and FPDR 3. Stacy added that if you dig into that it is a little different at police versus fire but it is essentially at a half and half place at this point because of all of the FPDR 2 retirements last year.

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Stacy stated that what they are really seeing is the overall decline in the size of the sworn workforce. It started dropping a few years back in fiscal year 2013 and kind of leveled out at around 1500 members and stayed at that mark for several years but it dropped significantly last year from 1543 members at June 30 in fiscal year 2020 down to 1454, about 90 members less, in fiscal year 2021.

<u>Pension Program (Active Members as of June 30 Each Fiscal Year)</u>:
Stacy went over pension costs and stated that the average annual growth and pension cost over the ten years is just a bit over 5 percent, but cost grew 6.5 percent for fiscal year 2021 as compared with 2020 and they grew 6.8 in the year before that in 2020 as compared with 2019 so they are seeing an acceleration in pension cost growth, but nobody should panic because that is what they are supposed to see. Stacy reiterated that they are funding two generations of pensions simultaneously and one is pay-as-you-go and one is pre-funded and they are still phasing in the pre-funded generation so they should continue to see the acceleration in pension costs, but keep in mind that in the long run since pre-funded plans are less expensive than pay-as-you-go plans, once they're through the transition, future generations of Portland taxpayers will reap the benefit of the transition to a pre-funded plan that is less costly than their current pay-as-you-go plan.

Trustee Kulp asked whether there was a projected date when they are fully into the pre-funded plan. Stacy stated that there is a projected date of their peak expense, and that is the moment when all of the FPDR 2's are retired and getting their pension benefits and almost all of them are still alive and that is also the moment when their entire active workforce is in FPDR 3 so they are paying maximum PERS contributions and maximum pension benefits, so they expect to hit that moment of peak expense in the mid-2030's. Stacy stated that they do not have a projected date for when all the FPDR 2's would have passed away and they would no longer have the pay-as-you-go plan. Stacy added that all things being equal it would probably be 35 to 40 years after that because of surviving spouses and so it is a long way away before they are fully in a pre-funded plan, but they will be through the worst part of funding the transition in about 15 years.

Trustee MacLeod asked if an FPDR 2 member left employment on a vested basis and returned to active service, would they resume status as an FPDR 2 member or would they be an FPDR 3 member? Stacy replied that they would resume as an FPDR 2 member and that would be regardless of the break in service.

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Pension Program (Service Retirements Since Creation of 27 Pay Dates):
Stacy went over service retirements and the 27-pay date look back period and went over the overall pattern in retirements. Stacy added that you can see where the 99 retirements of 2021 is in relation to the other years and the relationship between the timing of 27 pay day months. Stacy went on to state that they also had a lot of resignations so in addition to the 99 people who retired, over the next couple of years a lot of vested terminations are coming on to their rolls as they become eligible for pensions, so they have been building that into their pension budget.

Trustee Kulp asked Stacy if she was sharing the information with the bureaus and felt that it is good information for forecasting and hiring. Stacy replied that they do work closely with Jay Guo who is retiring from Fire and Ken Lee at Police and they do share information with them.

Stacy then went on to explain what the retirement experience was like for members during the pandemic. Normally retirement is an in-person event and the member (and often the member's spouse) meet with Beth who is the FPDR's pension coordinator. Beth ensures all the papers are signed and goes over everything with them. It is also often a celebratory occasion in the FPDR offices when someone comes in to retire. However, during the pandemic they had to retire everyone virtually, but they did try to replicate that happy experience and celebratory experience as best as they could in the virtual setting and tried to make it as easy as they could for members. Stacy stated that they wanted to make sure members did not have to find notaries because a lot of the signatures have to be witnessed so they set up staff so they could witness signatures on camera and had to figure out how to exchange highly confidential documents securely so they set up a secure portal and made it as easy to use as they could and had to give everyone individual passwords. Stacy also stated that Beth, the FPDR's pension coordinator, from the beginning was game to just meet people wherever they could meet. So, of course, they retired a lot of people on Teams and Skype and Zoom, but they also retired a lot of people on Facetime because people knew how to use Facetime and it went almost unbelievably smoothly considering they had the double whammy of the most retirements they ever had. Stacy stated that they will continue to offer virtual retirements if people do not want to come downtown once they can return to in-person retirements. Stacy then gave a special shoutout to Beth Hutton, FPDR's pension coordinator, Julie Hall, FPDR's office support specialist, and Julie Crisp, FPDR's business systems analyst for their help in moving through the new process.

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Pension Program (Resignations/Terminations [FPDR 2 & 3]):
Stacy wanted to highlight the number of resignations and explained that a resignation is when an active employee quits or is fired but is not eligible for retirement and went through the breakdown. Stacy added that eventually those 17 FPDR 2 resignations will come onto the pension rolls. Trustee MacLeod asked whether the month in which someone resigns also locks them in or not to a 27-pay period final average pay. Stacy replied that it sure does and stated that the same 27 pay day timing drives resignations as well.

Disability Manager Kim Mitchell then began the disability portion of the State of FPDR and stated that she will be providing highlights to: Covid claims and expanded benefits; new legislation for post-traumatic stress disorder/acute stress disorder and lung presumptions; medical management; and digital processing.

Disability Program (Injury Cause Overview):
Kim stated that nearly 69 percent of the Fire claims that were handled in fiscal year 2021 were Covid claims and were for exposures or for those who had contracted the actual Coronavirus. Kim stated that on the Police side nearly 57 percent of their claims were Covid claims. Kim added that while Covid has certainly been the cause of most of the claims filed, that there have only been two long hauler Covid claims, and those members recovered well.

Disability Program (COVID Claims Received by FPDR):
Kim explained that there were very few Covid claims filed in March 2020 which was very helpful for staff as they were all experiencing the transition from working in the office to working remotely. However, between October and November is where a spike in Covid claims occurred and there were times when they were receiving 20 Covid claims a day.

Disability Program (Number of Claims Filed Per Fiscal Year):
Kim went over the number of claims filed by fiscal year and showed the most obvious spike in the number of claims filed from fiscal year 2020 to 2021. They had 331 claims filed in 2020 and 536 in 2021.

Disability Program (Approve/Deny Rates):
Kim went over the approve/deny rates and stated that for fiscal year 2021 nearly 93 percent of claims filed were approved, with about 3 percent of the claims filed that were denied, and the

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remaining cases were claims where the claim was incomplete which means the member did not complete the application process, perhaps they didn't treat, or a claim was withdrawn. Kim went on to state that the remaining number of claims for fiscal year 2021, about 1.68 percent were claims that were pended at the time they collected the data. In 2020, about 85 percent of the claims were approved and almost 8 percent were denied followed by less than 1 percent that were incomplete and another 6 ½ percent that were withdrawn. Kim added that one of the things they like to express as they go through the approval and denial rate is that it is really important to the program and to their mission to serve their members and that they make the right decision. They do not look to deny claims. The reality is not every claim will be compensable, but they have a rigorous review process, and they take every claim very seriously.

Disability Program (Days to Claim Decision by Fiscal Year):
Kim stated that days to claim decision is another thing that is important not only to the membership but to them as well as they work to adjudicate the claims as quickly as possible after claim receipt. Kim reported that 252 claims were decided in under 30 days and in the setting of a global pandemic, Kim thought that was really good. Kim stated that they have another 210 claims that were decided within the 31-to-60-day range, 44 that were decided within the 61-to-90-day range and then 15 that were decided in over 90 days. Kim added that Covid played a big role in their ability to process claims quickly and while they did so in a great majority of them, the sheer volume contributed to some delays and one really key important factor in all of it was that they still needed information from the medical providers to document time loss and so in cases where they needed medical documentation from providers and the doctor's offices were also pivoting to working remotely or to reducing the number of people in offices, they had to work with their members to get information that they needed to administer the claims.

Disability Program (Total Disability Costs by Fiscal Year):
Kim provided an overview of the total disability costs by fiscal year and explained that the total disability program costs include disability medical member reimbursements and other disability costs and that their program costs remained steady between fiscal year 2015 and 2019. In fiscal year 2020 their costs were about 5.85 million, a decrease compared to fiscal year ending 2019. However, in fiscal year 2021 there is an increase from 5.85 to 7.28 million in disability costs.

Disability Program (Disability Costs by Fiscal Year):
Kim stated that there has been a steady increase in disability costs since fiscal year ending 2018. The increase in time loss costs from 2020 to 2021 totally correlates with the Covid claims that

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was filed. While there were only minor charges for forms or vaccinations when they occurred, most of those costs associated with Covid claims were on time loss for people who were off work for exposures or those who had actually contracted the virus.

Disability Program (Time Loss Components by Fiscal Year):
Kim then explained the different time loss components. Kim stated that when they look at 2020 to 2021 the bi-weekly disability benefits increased dramatically but this is the effect of paying disability benefits for members who were on Covid claims. Kim went on to explain that monthly disability benefits are paid to members who are unable to return to fire or police employment after they've suffered a serious injury on the job. Kim went on to explain that a few things that impact the monthly benefit payout. One is that over the years fewer members have converted to monthly benefits and this means that most firefighters and police officers return to their jobs at injury, which is good news. Another impact is that once monthly benefit recipients have reached retirement age and have transitioned on to a monthly pension benefit, they are no longer being paid a disability benefit. Kim also went over the transitional duty return to work program and stated that there was a decline in utilization of the program as a result of Covid.

Disability Program (Medical Savings by Fiscal Year):
Kim explained their affiliation with the MCOs, and the savings tied to utilization of the MCOs and the Oregon fee schedule.

Kim stated that Covid has dominated their work over the past year or so and felt it was important to talk about the work that staff is continuing to do during the pandemic to administer claims for injuries that were more typical. They have a huge focus on Covid claims but they still administer claims for low back, knee strains, shoulder sprains that are more typically occurring as a result of the work their members do and that they also continue to administer some really complex medical claims involving herniated discs, Achilles ruptures, meniscal tears and their analysts administered occupational disability claims for heart, lung and cancer claims as well as PTSD and acute disorder claims so there was a lot going on under the presumptions that were added as a result of the Covid claims and part of what they wanted to strive to do even in that setting was to continue to offer good service to their members and participate in training and things that they needed to do to effectively administer the claims. Kim added that they focus a lot on the accept deny numbers and things like that and they are very important to their membership, but medical management is where they live. That is where they are walking and partnering with their members through the recovery process from strains and sprains to cancers and heart conditions

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and it is where they are working to promote return to work for those that can, so Kim wanted to give a shout out to the disability team for the really hard work they do as they partner with their members through the recovery process. Medical management is critical to support the members through the process. In addition, Kim stated that they went from handling paper to handling claims digitally so staff was going through an awful lot of transition and wanted to thank the team and their business systems analyst for the work that they've done and the membership for bearing with them through the process and all of the rules that they had to learn about.

<u>Information Item No. 3 - FPDR Summary of Expenditures</u>

Stacy wanted to point out that there were no PERS contributions listed in the summary because they have not spent any money on PERS contributions yet this year because they reimburse the Fire and Police bureaus for those quarterly. Stacy also added that they will see some negative tax revenue and think that cannot be good, but it is just a routine accounting adjustment.

<u>Information Item No. 4 – COVID-19 Vaccination Requirement for City of Portland Volunteers</u>

Director Hutchison stated that the City has a Covid 19 vaccine requirement for people who are volunteering for the City of Portland that are not employees so that would apply to Trustees Huang, MacLeod, and Carter. Director Hutchison stated that in order to participate in an in-person board meeting you must be vaccinated or have a negative Covid test prior to the in-person meeting. Director Hutchison did not believe it was going to be an issue because they were not likely to start in-person board meetings until March, but will have a discussion about this at the January board meeting.

<u>Information Item No. 5 - FPDR Updates</u>

Director Hutchison provided updates on the following:

- Trustee Election in process. Christopher Kulp and Jason Lehman's terms are expiring on December 31, 2021. Christopher Kulp was the only nominee for the Police Trustee position so by default he will serve as the Police Trustee for the next three years. Jason Lehman has elected not to run again and there were two fire members that were nominated: Kyle MacLowry and Jared Laws. Ballots were mailed to all active duty firefighters that need to be returned to FPDR by December 1, 2021. On December 3,

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2021 the ballots will be counted and then by the January board meeting a new Fire trustee will be in position. The name of the new Fire trustee will be shared as soon as the votes are counted by Director Hutchison and a member of the City Auditor's office.

- ETOB test coming up. Public employers that provide benefits other than PERS get tested against PERS every 12 years. 2022 is the FPDR's 12^{th} year so PERS will be doing an ETOB test to determine if FPDR's benefits are equal to or better than those provided by PERS. How the test will run are controlled by Oregon statute. FPDR does not have a role in this test. On December 3 PERS board is meeting and will discuss the process. Updates will be provided as this moves ahead.

Information Item No. 6 – Future Meeting Agenda Items

Director Hutchison stated that:

- January – introduction of new Fire trustee
- Budget presentation
- Office lease approval
- Future board meeting location – will they be in person, when will they go in person
- March – benefit adjustment (COLA)

In closing the meeting, Trustee Lehman wanted to thank everyone for their kind words and stated that it has been nothing but a pleasure and that being a trustee is not the most glamorous job in the world, but it is super important and appreciates everything everyone has done and continues to do.

There being no further business, the meeting was adjourned at 3:50 p.m.

Sam Hutchison
FPDR Director

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/kk

FPDR Recommended Budget

July 1, 2022 – June 30, 2023 (FYE23)

January 25, 2022

Forecast Summary

Five-Year Forecast Summary ($ Millions)									
	FYE21 Actuals	FYE22 Adopted Budget	FYE22 Projection	FYE23 Recomm. Budget	FYE24 Forecast	FYE25 Forecast	FYE26 Forecast	FYE27 Forecast	FYE22 Project-FYE27 Change
Resources									
Property Taxes	$168.31	$190.95	$191.29	$183.49	$206.44	$226.27	$243.90	$258.68	35.23%
Tax Anticipation Notes	31.66	60.47	38.54	45.00	47.73	51.85	56.17	59.58	54.58%
Miscellaneous	1.00	0.64	0.75	0.81	1.02	1.07	1.18	1.22	62.34%
Cash Transfers	-	0.75	-	0.75	0.75	0.75	0.75	0.75	N/A
Beginning Fund Balance	17.09	8.04	14.47	25.23	14.00	14.00	16.00	17.00	17.50%
Total Resources	**$ 218.06**	**$ 260.85**	**$ 245.05**	**$ 255.27**	**$ 269.94**	**$ 293.94**	**$ 317.99**	**$ 337.23**	**37.62%**
Requirements									
Retirement Benefits	$160.37	$171.60	$169.73	$183.00	$194.46	$211.76	$229.98	$244.23	43.89%
Disability & Death Benefits	7.45	7.12	7.15	7.60	7.97	8.28	8.55	8.90	24.45%
Administration	3.84	4.24	4.14	4.52	4.54	4.78	5.01	5.21	25.89%
Fund-Level Requirements	31.93	77.89	38.81	60.15	62.97	69.12	74.46	78.90	103.31%
Ending Fund Balance	14.47	-	25.23	-	-	-	-	-	N/A
Total Requirements	**$ 218.06**	**$ 260.85**	**$ 245.05**	**$ 255.27**	**$ 269.94**	**$ 293.94**	**$ 317.99**	**$ 337.23**	**37.62%**
Total Net of TANs	**$186.40**	**$ 200.38**	**$ 206.51**	**$ 210.27**	**$ 222.21**	**$ 242.09**	**$ 261.83**	**$ 277.65**	**34.45%**
Change as a %				**1.8%**	**5.7%**	**8.9%**	**8.2%**	**6.0%**	**6.1%**

FY 2022-23 Budget Compared to Last Two Years

$ Millions	FYE21 Actuals	FYE22 Adopted Budget	FYE 22 Current Projection	FYE23 Recommended Budget	Change: FYE22 Projection to FYE23 Budget
Resources					
Property Taxes	$168.31	$190.95	$191.29	$183.49	-4.08%
Tax Anticipation Notes	31.66	60.47	38.54	45.00	16.75%
Miscellaneous	1.00	0.64	0.75	0.81	7.23%
Cash Transfers	-	0.75	-	0.75	0%
Beginning Fund Balance	17.09	8.04	14.47	25.23	74.38%
Total Resources	**$218.06**	**$260.85**	**$245.05**	**$255.27**	**4.17%**
Requirements					
FPDR 1 & 2 Pensions	$137.29	$142.23	$142.52	$150.23	5.41%
FPDR 3 PERS Contributions	23.08	29.37	27.21	32.77	20.43%
Disability & Death Benefits	7.45	7.12	7.15	7.60	6.32%
Administration & Delivery	3.84	4.24	4.14	4.52	9.36%
Fund-Level Requirements	31.93	77.89	38.81	60.15	55.00%
Ending Fund Balance	14.47	-	25.23	-	-100.00%
Total Requirements	**218.06**	**260.85**	**245.05**	**255.27**	**4.17%**
Total Net of TANs	**$186.40**	**$200.38**	**$206.51**	**$210.27**	**1.82%**
Operating Expenses	**$171.66**	**$182.96**	**$181.02**	**$195.12**	**7.79%**

Resolved from Last Year

FINAL FYE21 COSTS NOT AS HIGH AS FEARED

Retirements slowed way down after January 2021

Protest and pandemic-related overtime at Police and Fire dropped off

Spike in COVID-related disability costs did not continue past winter

- ✓ Although we are now experiencing a second spike

PROPERTY TAX REVENUES HOLDING UP

Delinquencies increased only slightly:

- ✓ Historically 4.0 - 4.5%
- ✓ FYE21 delinquencies= 4.6%
- ✓ FYE22 delinquencies: too soon to be sure, but appear to be on target for about 5%

Compression losses did not increase during pandemic

FUND BALANCE RECOVERY

At this time last year, expected FYE21 ending fund balance of $8.0 M

Actual FYE21 ending fund balance = $14.5 M

Projected FYE22 ending fund balance = $25.2 M

- ✓ FYE21 costs took a toll on fund balance, but not to the degree projected last January
- ✓ Set aside large fund contingency for FYE22, now appears unlikely we will need it

New This Year

FIRE AND POLICE ADMINISTRATIVE CONSOLIDATION

Some finance and other administrative staff at Fire and Police are being reconfigured to align with new Office of Community Safety at OMF

Transition issues may impact Fire and Police budget projections and processing

RETIRE-REHIRE PROGRAMS

Police retire-rehire program suspended in spring 2020, but now re-starting

- ✓ 50 retire-rehires expected in 2022

PFFA is bargaining for similar program

In short run, retire-rehire programs generally increase FPDR pension costs, but simultaneously reduce PERS costs for new FPDR 3 hires

OPEN PPA CONTRACT

Open contract since June 30, 2021

City and PPA remain in mediation

Forecast includes funds for wage COLAS: 1.6% retroactive to July 1, 2021, 5.0% on July 1, 2022, and COLAs equal to inflation beyond that

Forecast does not include funds for bonuses, additional salary increases, or new premiums

HIGH INFLATION

2021 inflation clocked in at about 7%

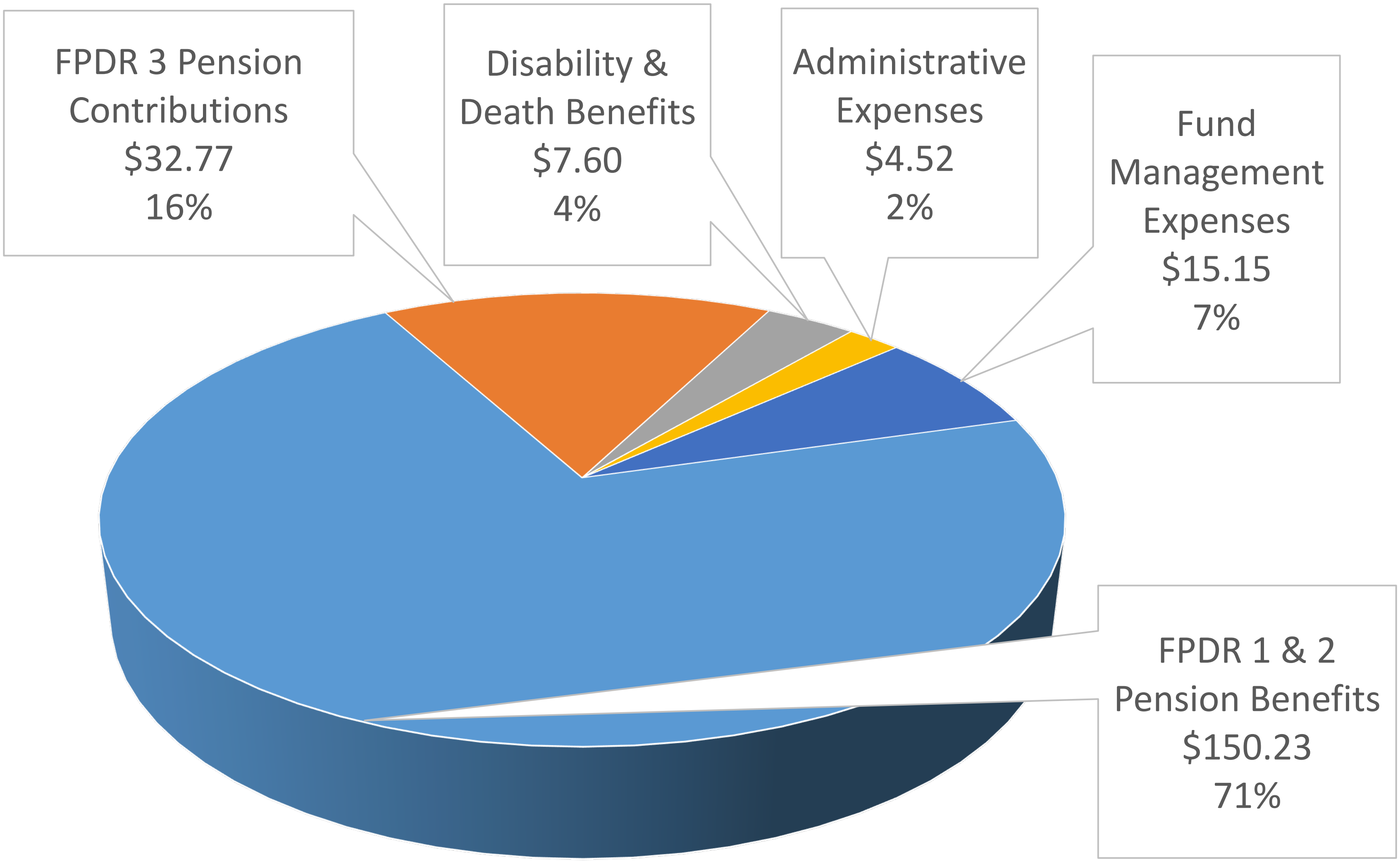
5% wage COLA for Police and Fire on July 1, 2022 (max permitted in City labor contracts)

Fire and Police wage increases = more expensive FPDR benefits

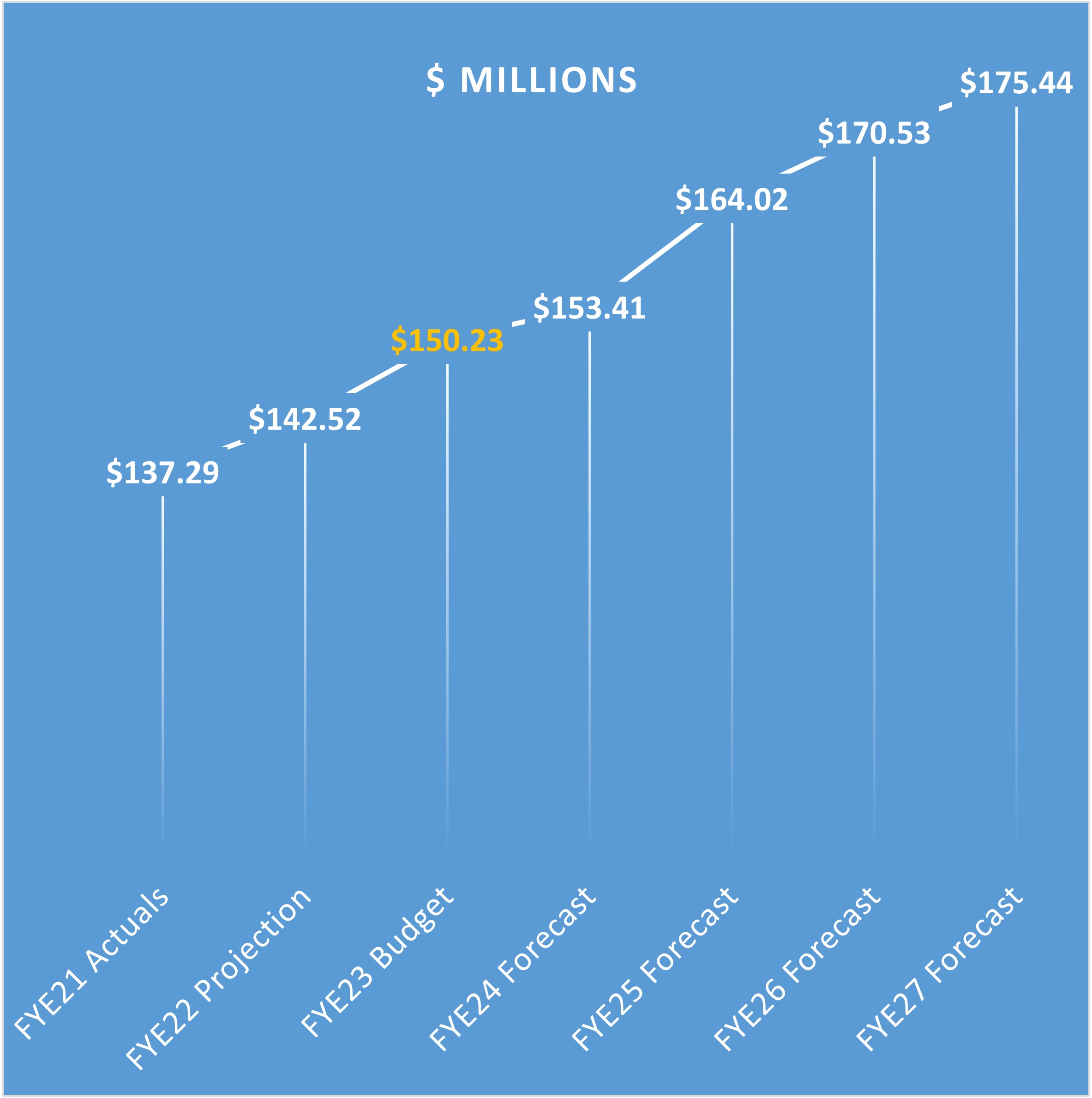
Administrative costs also increasing more than usual (6-8%)

Most economists expect inflation to settle down in 2022 and 2023

FYE23 Expense Overview ($ Millions)

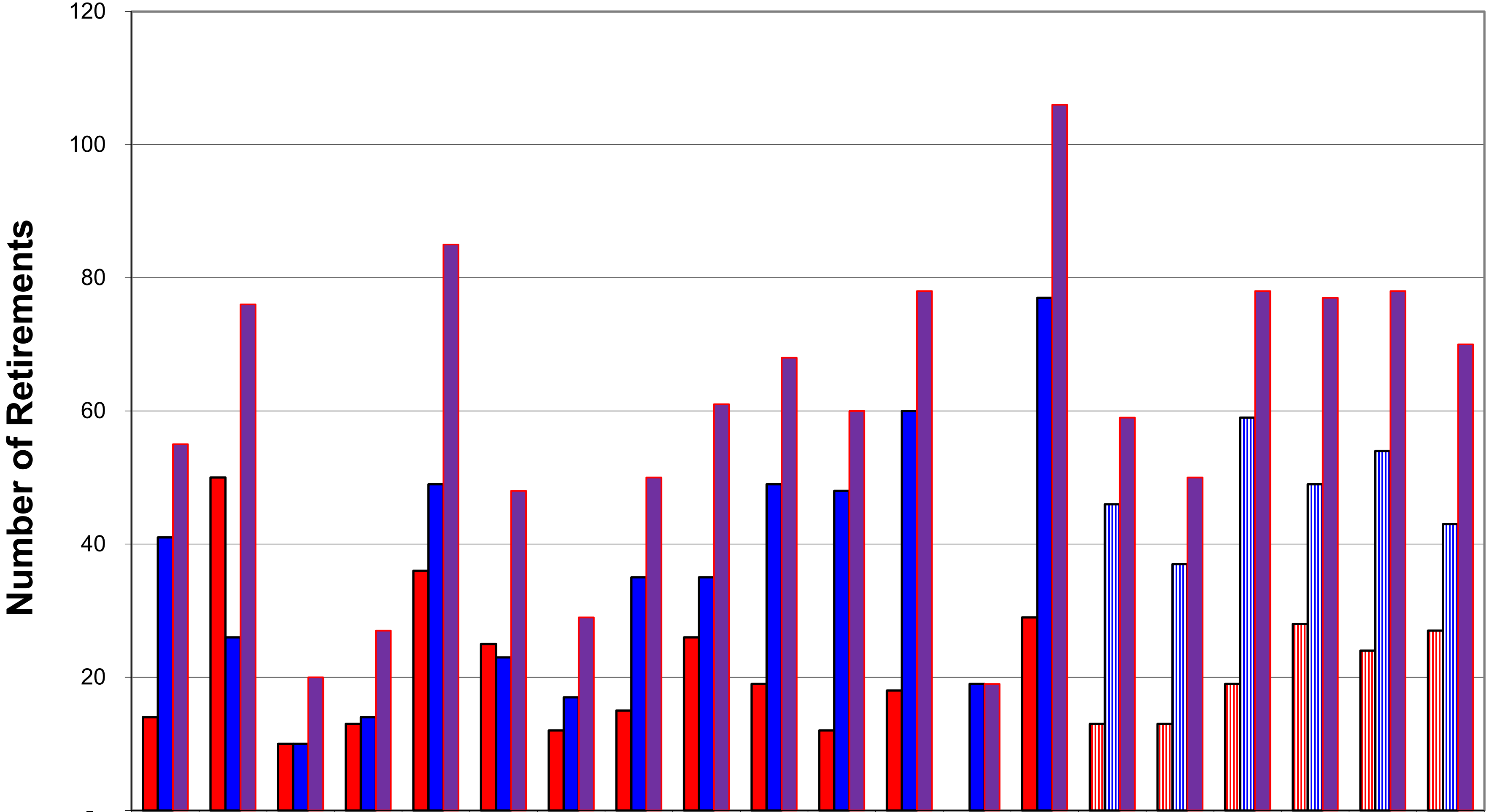


Benefits: FPDR One And Two Pension Payments



- ⬆ 3.8% for current year
- ⬆ Another 5.4% for budget year
  - ➢ Similar to annual growth over last five years
- Expect far fewer retirements in FYE22 and FYE23 than in FYE21
  - ➢ Eligible pool at Police somewhat depleted
  - ➢ Large 7/1/22 wage COLA incentivizes waiting another year
- Annual deaths projected to return to average
- Large 7/1/22 pension COLA for FPDR Ones, but are a small portion of retirees

FPDR Two Retirements



	FYE 08	FYE 09	FYE 10	FYE 11	FYE 12	FYE 13	FYE 14	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19	FYE 20	FYE 21	FYE 22	FYE 23	FYE 24	FYE 25	FYE 26	FYE 27
Fire	14	50	10	13	36	25	12	15	26	19	12	18	-	29	13	13	19	28	24	27
Police	41	26	10	14	49	23	17	35	35	49	48	60	19	77	46	37	59	49	54	43
Total	55	76	20	27	85	48	29	50	61	68	60	78	19	106	59	50	78	77	78	70

Includes Service, Disability and Vested Retirements

Benefits:
PERS Contributions

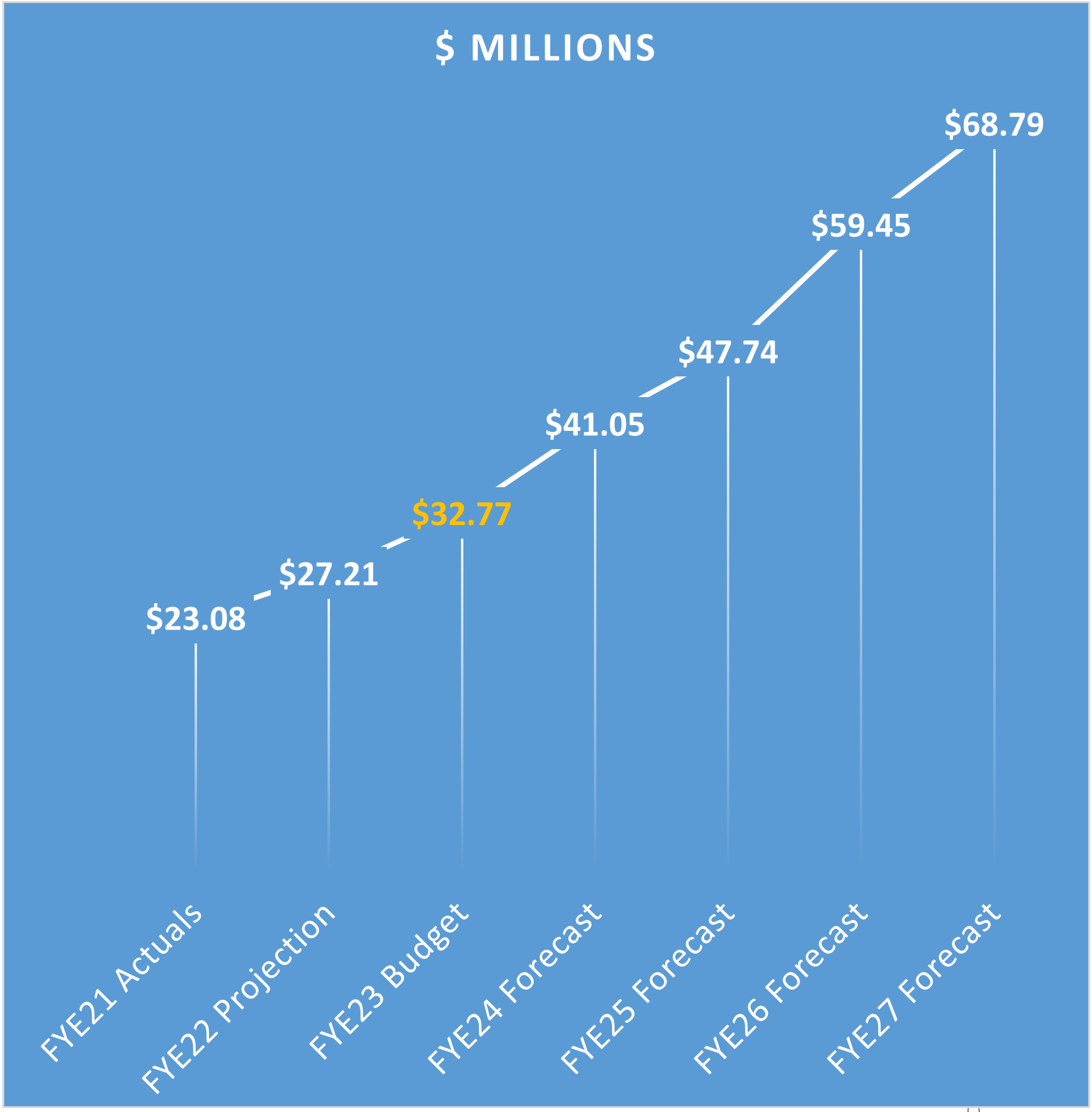
Fastest growing part of the budget:

- ➢ More PERS-covered employees every year
- ➢ Wages still scaling up (steps, promotions, premium assignments)
- ➢ PERS rates have been increasing every two years

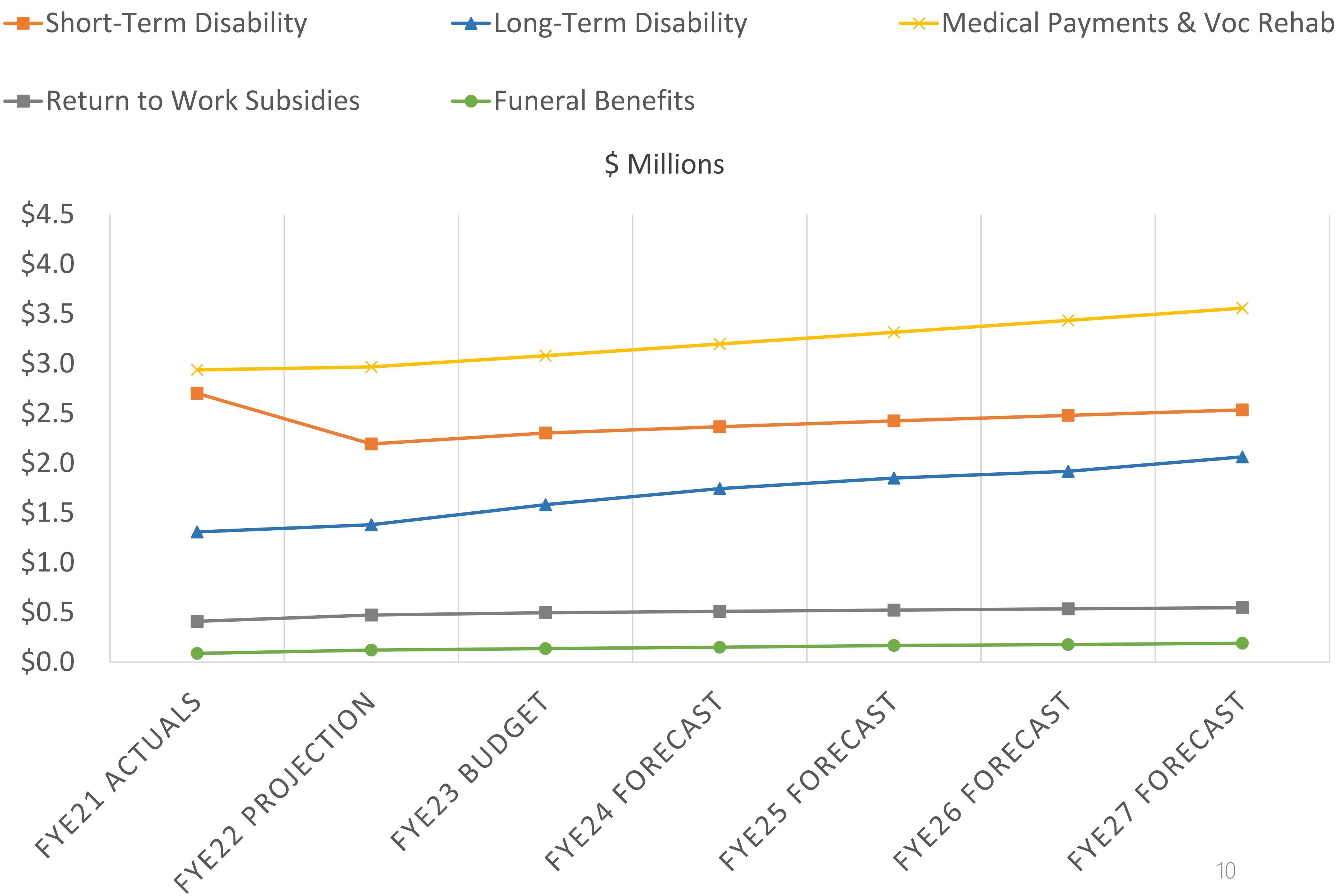
17.9% for current year

Another 20.4% for budget year

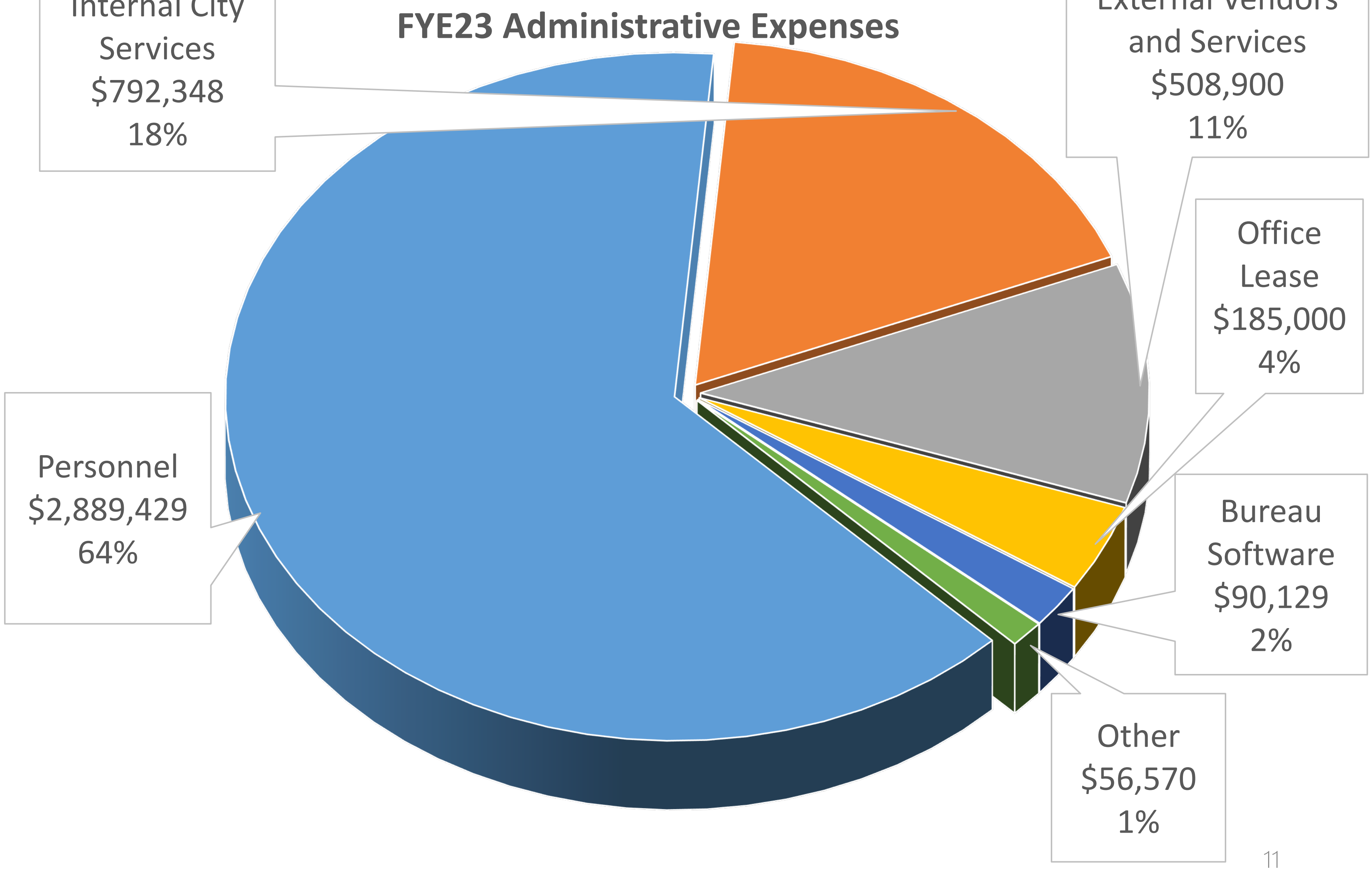
- ➢ Remarkable considering no PERS rate increase for FYE23
- ➢ Major cost driver: 5% wage COLA on 7/1/22
- ➢ Also, more hiring than usual projected at both Police and Fire in FYE23



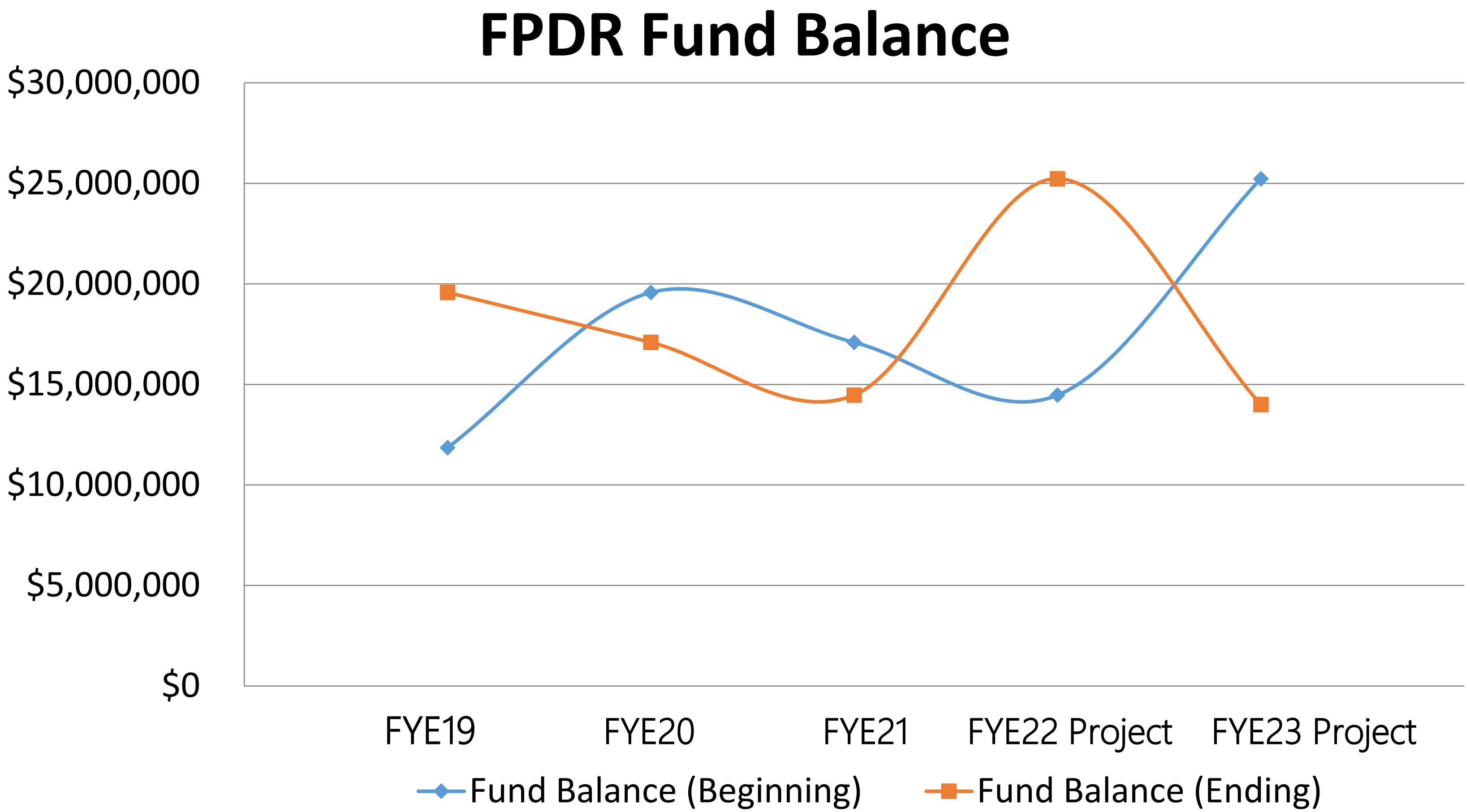
Benefits: Disability



Administration: Operating the Plan



Managing the Fund



Current year (FYE22) ending fund balance now projected to be $25.2 M, more than target of $16.1 M at budget adoption

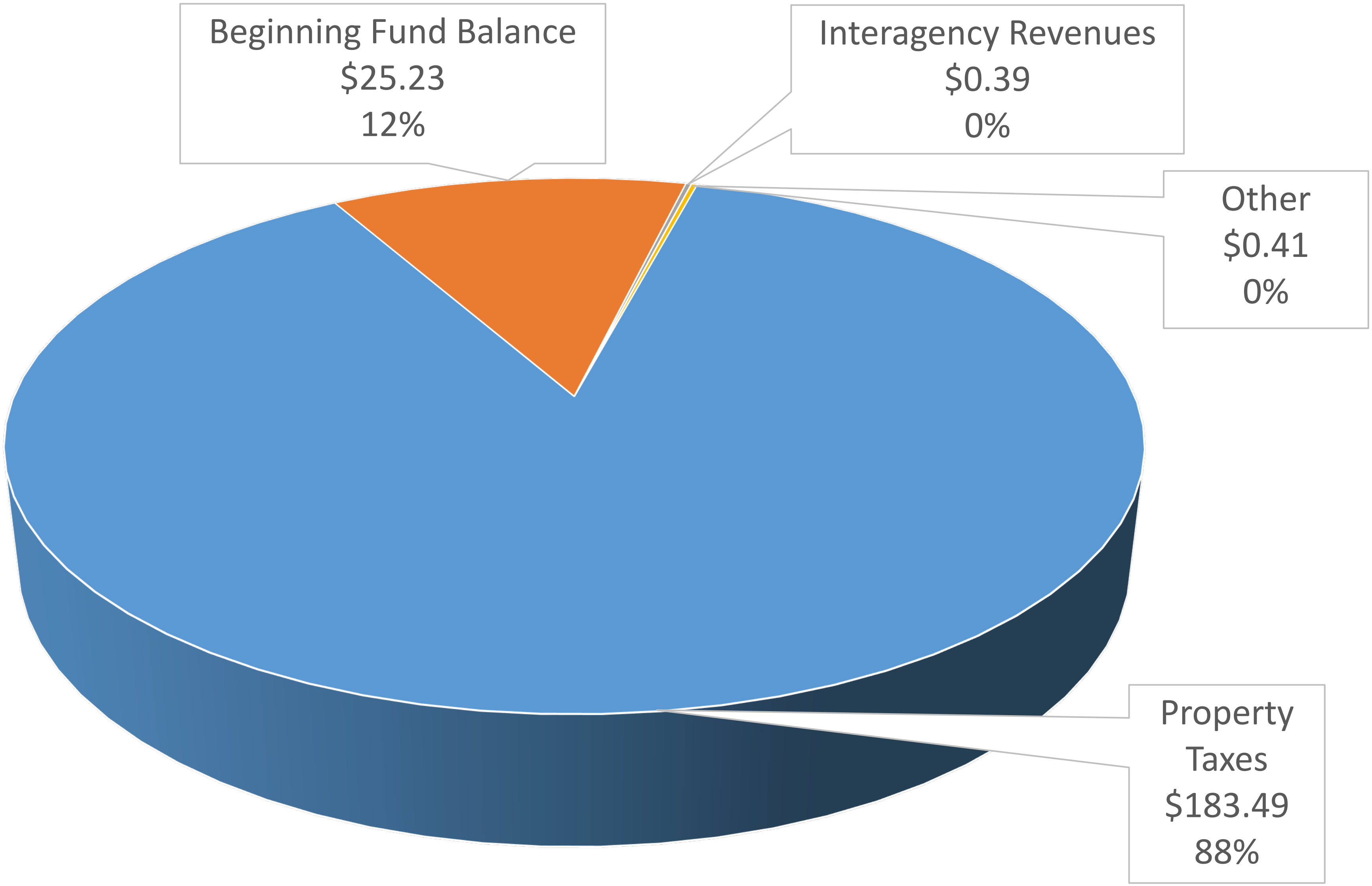
- FYE21 spending not as elevated as feared – only drew $3.5 M from FYE21 fund contingency
- Established large fund contingency for FYE22 (9% of operating expenses)
  - ✓ Now appears contingency will not be needed in FYE22

Major Assumptions: Expenditures

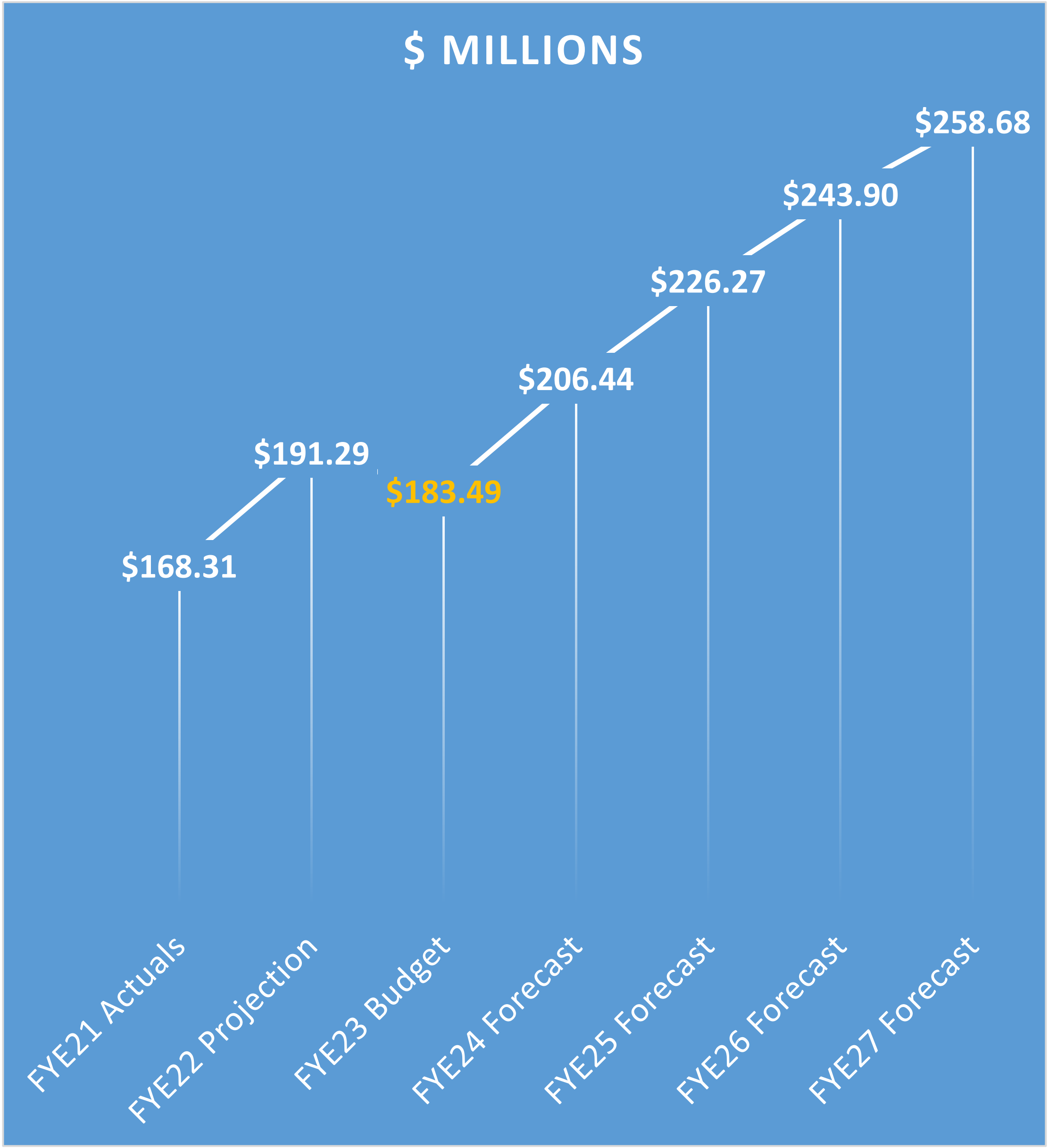
Inflation Assumptions						
	FYE22	FYE23	FYE24	FYE25	FYE26	FYE27
Wages	1.60%	5.00%	2.75%	2.50%	2.25%	2.25%
Medical	3.90%	3.80%	3.80%	3.70%	3.60%	3.60%
PERS Contribution Rates						
Tier 1 & Tier 2*	28.35%	28.35%	33.00%	33.00%	38.00%	38.00%
OPSRP General*	24.36%	24.36%	29.00%	29.00%	33.00%	33.00%
OPSRP Public Safety*	31.72%	31.72%	36.00%	36.00%	41.00%	41.00%
External Materials & Services	2.50%	3.75%	2.75%	2.50%	2.40%	2.40%
Internal Materials & Services	2.50%	3.75%	2.75%	2.50%	2.40%	2.40%
*Includes 9% Individual Account Program "pick up" for OPSRP Public Safety and 6% for Tier I/II/OPSRP General						

Other Assumptions						
	FYE21	FYE22	FYE23	FYE24	FYE25	FYE26
FPDR 2 Service Retirements	58	44	61	64	65	65
Deaths, Members & Beneficiaries	60	60	61	61	62	63
Pension COLAs						
FPDR 1, Fire	1.60%	5.00%	2.75%	2.50%	2.25%	2.25%
FPDR 1, Police	0.00%	6.68%	2.75%	2.50%	2.25%	2.25%
FPDR 2, Average Among Members	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Percent of Sworn Workforce, FPDR 3	52.9%	57.6%	62.1%	66.6%	71.1%	75.5%
Hiring Projections						
Fire Bureau	32	32	24	24	24	24
Police Bureau	46	54	52	51	50	48

FYE23 Revenue Overview ($ Millions)



Property Taxes



Property taxes each year = Expense requirements - Beginning fund balance - Other revenues

Actually need **less** tax revenue for FYE23 because of large projected beginning fund balance

After increasing in the current year, both AV and RMV tax rates projected to fall:

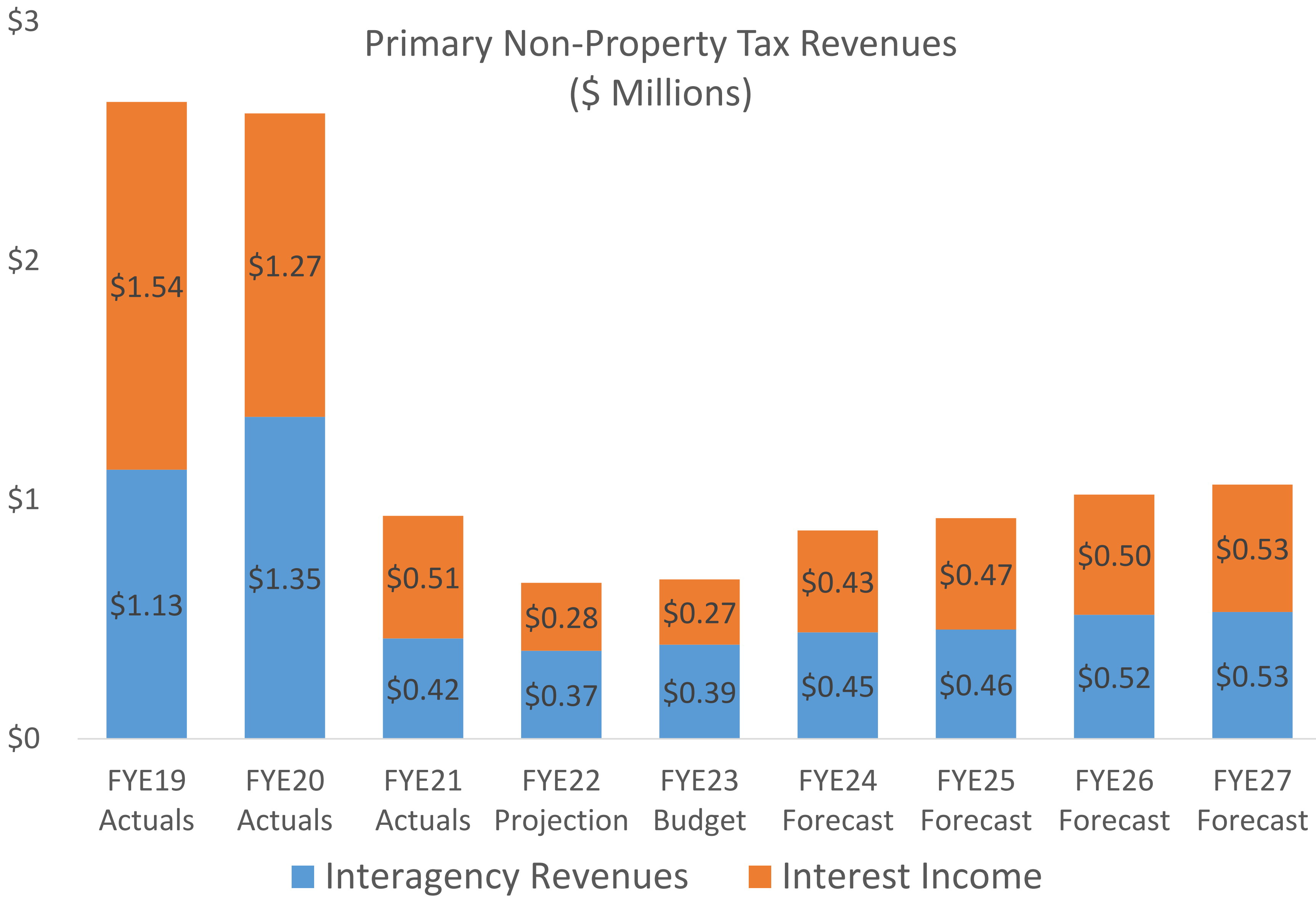
RMV Rate

- 1.15 in FYE21
- Projected $1.26 in FYE22
- Forecast $1.15 in FYE23

AV Rate

- $2.76 in FYE21
- Projected $3.01 in FYE22
- Forecast $2.75 in FYE 23

Other Revenue



Major Assumptions: Revenues

PROPERTY TAX ASSUMPTIONS						
	FYE22	FYE23	FYE24	FYE25	FYE26	FYE27
RMV Growth	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
AV Growth	5.5%	3.5%	3.3%	8.3%	4.6%	3.1%
Compression	-4.7%	-4.8%	-4.8%	-4.8%	-4.8%	-4.8%
Discounts/Delinquencies	-5.3%	-4.3%	-4.0%	-3.6%	-3.6%	-3.6%

INTEREST INCOME ASSUMPTIONS							
$ Millions	FYE21 Actuals	FYE22	FYE23	FYE24	FYE25	FYE26	FYE27
Average Cash Balance	$55.0	$66.9	$68.2	$77.5	$84.7	$91.4	$96.9
Forecast Interest Rate	0.93%	0.43%	0.40%	0.55%	0.55%	0.55%	0.55%
Interest Income	$0.51	$0.28	$0.27	$0.43	$0.47	$0.50	$0.53

POLICE INTERAGENCY REVENUE ASSUMPTIONS									
$ Millions	FYE19 Actuals	FYE20 Actuals	FYE21 Actuals	FYE22	FYE23	FYE24	FYE25	FYE26	FYE27
Police Wages for Third-Party Work	$3.80	$3.97	$1.13	$0.93	$0.98	$1.01	$1.03	$1.06	$1.08
Pension & Disability Overhead Charge	28.43%	32.62%	32.29%	34.72%	34.72%	39.00%	39.00%	44.00%	44.00%
Revenue to FPDR	$1.08	$1.29	$0.37	$0.32	$0.34	$0.39	$0.40	$0.46	$0.47

Risks to Forecast

OPEN PORTLAND POLICE ASSOCIATION CONTRACT

- No contract since June 30, 2021
- Forecast assumes 1.6% COLA retroactive to July 1, 2021 and 5% COLA on July 1, 2022
- Salary increases beyond that, or other compensation increases, would result in higher benefit expenses
- Bonuses would also incentivize retirements a year later

ADDITIONAL COVID WAVES

- Overtime (on which FPDR pays PERS contributions for FPDR 3 members) and disability costs have returned to normal levels after COVID-related spikes last year
- Additional COVID waves could increase Fire and Police personnel quarantines, which would drive up both disability and overtime costs again

RETIRE/REHIRE PROGRAMS

- Forecast assumes modest retirement levels through FYE23, after recent retirement surge
- Return of the retire/rehire program at Police, and talk of starting a retire/rehire program at Fire, may incentive more retirements than budgeted

Risks to Forecast

POLICE HIRING

- Police Bureau expects 100 new hires and 50 retire/rehires in FYE22 and FYE23 combined
- If hiring is faster than this, or there are fewer retire/rehires and more new hires than forecast, FPDR will have to pay more PERS contributions than budgeted
- However, fewer retire/rehires would decrease pension costs, offsetting some or all of the additional PERS contribution expenses

PROPERTY TAX DELINQUENCIES AND COMPRESSION LOSSES

- Forecast assumes return to historic delinquency level, roughly 4%
- Forecast assumes compression losses remain stable at 4.8%
- If delinquencies don’t return to usual levels, or compression loss increases, FPDR will not collect enough property tax revenue

FUND CONTINGENCY

- Recommend $14 M, or 7% of operating expenses
- Sufficient to cover 20 additional retirements (on top of 20 cushion retirements already in pension budget), potential salary increases/bonuses in new PPA contract, disability costs for additional COVID surges, and higher property tax delinquency rate

Key Budget Take Aways

LARGE FUND BALANCE MEANS NO TAX INCREASE FOR FYE23

$25.2 M projected beginning fund balance for FYE23

+

$2.1 M reduction in recommended fund contingency for FYE23

=

More than enough to fund $12.2 M increase in operating costs for FYE23

INFLATION IS KEY EXPENSE DRIVER FOR FYE23

5% wage COLA for Police and Fire employees is single largest source of budget growth for FYE23

5% wage COLA for FPDR employees will also increase administrative spending

OTHERWISE, FORECAST ASSUMES RETURN TO "USUAL" BUDGET CONDITIONS

Modest number of retirements through end of FYE23

Additional COVID waves do not cause significant increase in disability costs or Police/Fire overtime

Property tax delinquency rate returns to historic range

Non-health care annual inflation drops back to 2% - 3% in outyears

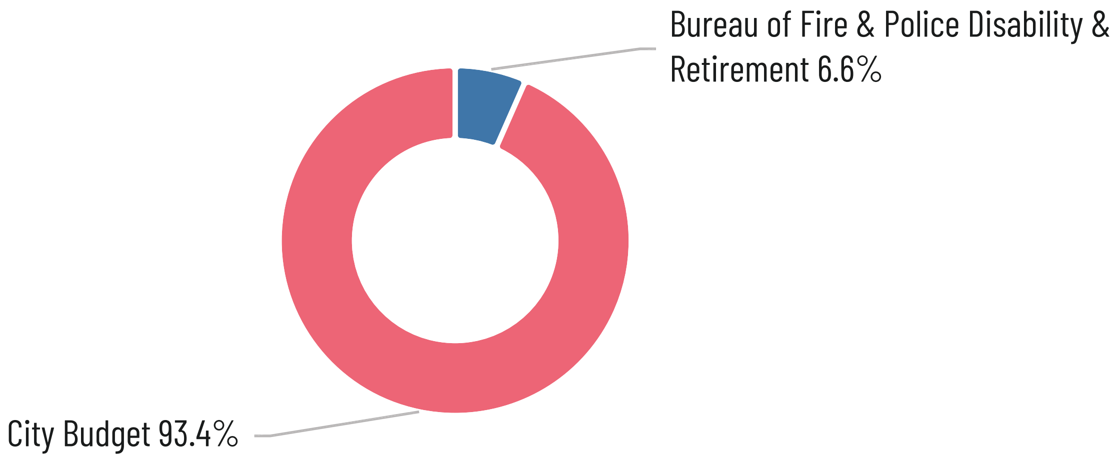
Questions?

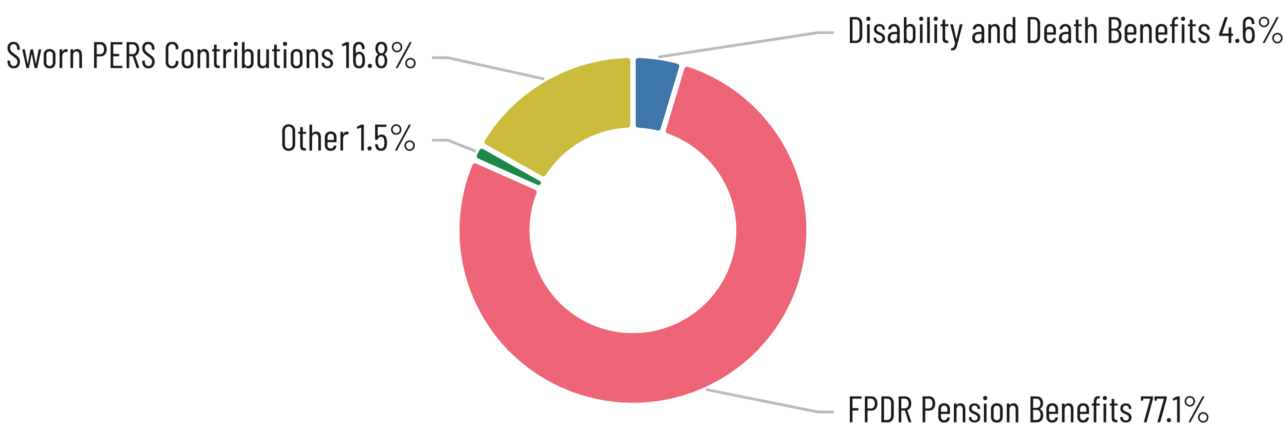
Changes?

Future Technical Adjustments

Motion to Adopt

Bureau of Fire & Police Disability & Retirement

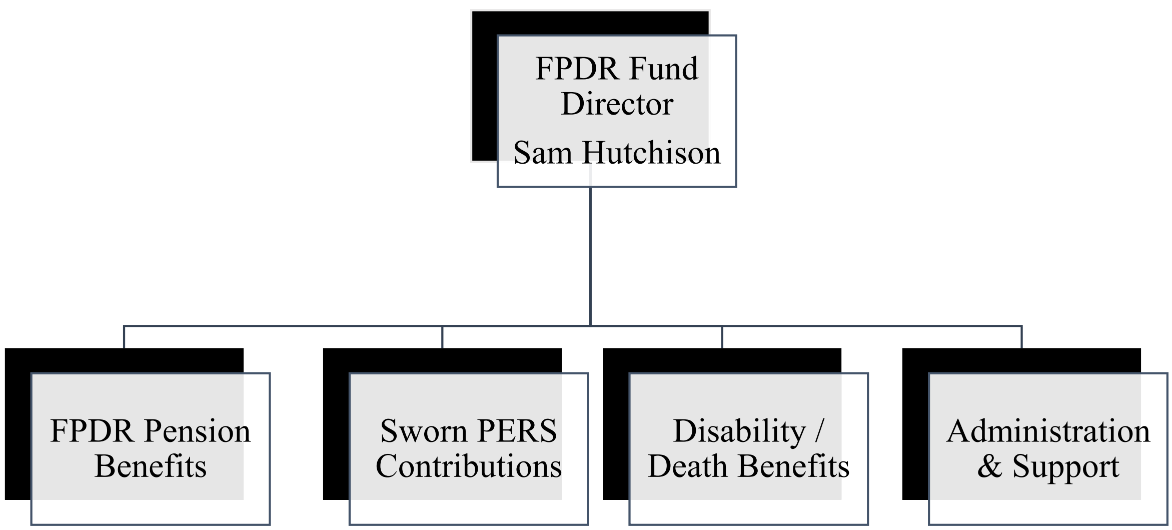




Bureau Overview

Requirements	Revised FY 2021-22	Requested FY 2022-23	Change from Prior Year	Percent Change
Operating	$262,273,666	$256,772,467	$(5,501,199)	(2)%
Capital	$75,000	$35,000	$(40,000)	(53)%
Total	**$262,348,666**	**$256,772,467**	**$(5,576,199)**	**(2)%**
Authorized Positions	17.00	17.00	—	—%

Bureau of Fire & Police Retirement & Disability



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 sub-programs: two retirement programs — FPDR Pension Benefits and Sworn PERS Contributions — plus the Disability and Death Benefits program, and the Administration and Support program. FPDR serves plan members in three distinct tiers: FPDR One members are those who were retired or on long-term disability before January 1, 1990; FPDR Two members are those who were working or hired between December 31, 1989 and December 31, 2006; and FPDR Three members are those who were hired after December 31, 2006. The FPDR Plan provides pension and disability benefits for FPDR One and Two members, but only disability benefits for FPDR Three members. In addition, the FPDR Fund finances contributions to the Oregon Public Employees Retirement System (PERS) for FPDR Three members. FPDR benefits and administrative expenses are funded by a dedicated FPDR property tax levy, separate from the City's general government levy. The FPDR levy is capped at $2.80 per $1,000 of real market value by City Charter.

FPDR Pension Benefits

The FPDR Pension Benefits program pays direct pension benefits to FPDR One and Two members, and their survivors and alternate payees (former spouses). The program also provides pension estimates, retirement counseling, and retirement workshops for FPDR Two members who are still working. The FY 2022-23 Requested Budget is $150.4 million, including $159,571 in direct program delivery costs. This is an increase of $8.0 million or 5.6% over the FY 2021-22 Revised Budget. Costs are growing for a variety of reasons, but the primary cause is the record-breaking number of retirements in the prior fiscal year. There were 106 new retirees in FY 2020-21, the most in FPDR history. The large number of retirements was primarily due to the occurrence of two 27-pay date retirement months that year (months when the City's biweekly pay structure produces an extra pay date, which is then included in final pay for the pension calculation). In addition to the unusual number of new retirements in FY 2020-21, the increasing number of FPDR Two retirees in general is driving long-term cost increases in this program. FPDR Two members have a more generous pension benefit than FPDR One members. It is estimated that there will be 2,178 pension recipients in FY 2022-23, roughly 85% of whom will be FPDR Two beneficiaries. The Pension Benefits program represents 77.1% of total bureau requirements for FY 2022-23.

Disability and Death Benefits

The Disability and Death Benefits program administers both service-connected and nonservice disability benefits, including wage replacement for lost time from work, medical care expenses, vocational rehabilitation, and funeral benefits. The Requested Budget for FY 2022-23 totals $9.0 million, an increase of $0.5 million or 6.4% from the FY 2021-22 Revised Budget. The program budget includes $1.4 million in costs related directly to program delivery. The Disability and Death Benefits program represents 4.6% of total bureau requirements for FY 2022-23.

Sworn PERS Contributions

The Sworn PERS Contributions program manages reimbursements to Portland Fire & Rescue and the Portland Police Bureau for PERS contributions made on behalf of FPDR Three members. Program expenditures are budgeted at $32.8 million for FY 2022-23, an increase of $3.4 million or 11.6% over the FY 2021-22 Revised Budget. Growth is due to the rising proportion of the sworn workforce hired after 2006; an anticipated 5.0% wage cost-of-living adjustment (COLA) for all sworn employees on July 1, 2022; and the movement of FPDR Three employees through the police officer and fire fighter pay steps, as well as their increasing promotion rates and specialty pay rates as they spread through the ranks. PERS contribution rates will not change for FY 2022-23, remaining 31.72% (22.72%, plus a 9% contribution to the Individual Account Program) for the tier to which most FPDR Three members belong. This program will experience exponential expenditure growth through the early- to mid-2030s, when the entire sworn workforce will likely be comprised of FPDR Three members. At that point, cost increases will be limited to growth in wages and PERS contribution rates. Approximately 58% of the sworn workforce is expected to be comprised of FPDR Three members in FY 2022-23. The Sworn PERS Contributions program represents a growing proportion of total bureau requirements, 16.8% for FY 2022-23.

Administration and Support

The Administration and Support program includes all other costs of operating the bureau. Bureau expenditures in the Administration and Support program for FY 2022-23 are budgeted at $2.9 million, an increase of $209,725 or 7.7% as compared to the FY 2021-22 Revised Budget. The increase is caused by a combination of higher personnel costs, including a 5.0% wage COLA on July 1, 2022 and a projected 3.8% increase in health benefit expenses, and inflationary cost increases in the services and supplies needed to operate the plan. However, FPDR does expect to reduce its office lease expenses by more than 20% in FY 2022-23. A move to a smaller office space has been made possible by the planned transition to hybrid in-person/remote work for most staff. The Administration and Support budget represents 1.5% of total bureau requirements for FY 2022-23, the same as in FY 2021-22.

Strategic Direction

Connection to City Goals

As a provider of pension and disability benefits for the City's public safety workforce, FPDR's work contributes to the Council Priority Area of Community Safety; Portland Plan Measure 11, to have a safer city; and a variety of other City goals related to public safety and community livability. Benefits play an important role in recruiting and retaining the most qualified police officers and fire fighters.

Bureau Objectives

FPDR's strategic goals are to fairly and compassionately administer pension and disability benefits for the City's sworn employees and be a good steward of the property taxes that underwrite those benefits. The bureau is dedicated to a smooth transition from the pay-as-you-go pension plans of the FPDR One and FPDR Two tiers, now closed, to the prefunded PERS pension plan of the FPDR Three tier added in 2007.

Performance

Severa l of FPDR's performance measures gauge the bureau's success in achieving its ultimate purpose: to deliver benefits accurately and efficiently. The percent of disability decisions reached within 60 days remained steady at 89% in FY 2020-21, despite a record-setting 536 new disability claims filed during the year. This represented an increase of more than 50% in new claim volume – a consequence of COVID infections and exposures in the sworn workforce. This unprecedented level of new claims has continued into FY 2021-22, but FPDR believes staff will be able to maintain timeliness standards. The percent of the sworn workforce on disability at June 30 each year has remained fairly stable, at about 3%. FPDR staff retired 106 members in FY 2020-21, more than in any previous year in FPDR history. The percent of members whose pensions were very close to the estimates they received (those with a negative variation of less than 1%) remained at or above 99%. Approximately three-quarters of members who are close to retirement have received updated pension estimates, a level that has remained consistent despite operational and staff transitions during the pandemic and the increased retirement workload. Administrative costs have been less than 1.5% of the bureau budget for the last several years. Administrative costs per plan participant are expected to increase 6.2% for FY 2022-23, from $724 to $769. The growth is in line with increasing costs for personnel and administrative supplies/services in the current high inflation environment. The FPDR tax levy rate remains well under the $2.80 cap, at $1.26 currently, with a projected drop to $1.15 for FY 2022-23. FPDR plans to draw down its fund balance rather than increasing taxes in FY 2022-23.

Strategic Plan

FPDR's short-term strategic focus is to optimize office operations in the post-pandemic workplace environment. Most employees will blend in-person and remote work, the physical office footprint will be smaller, and more business than ever before will be conducted digitally and remotely. FPDR's objective is to ensure the bureau retains its superior customer service standards and satisfaction through this transition, while maximizing operational efficiency and employee morale/ retention in the new environment.

More broadly, FPDR's long term strategic vision is for the bureau to become an "organization of the future." This means ensuring FPDR service delivery evolves to take advantage of the modern digital environment and to meet the growing desire of members and beneficiaries for convenience, speed and excellent customer service. Specific objectives include providing seamless, real time customer service across many platforms; digitizing as many paper records as possible, for cost, convenience, and continuity of operations purposes; recruiting and retaining top talent as employees retire; creating a supportive, efficient and modern work environment; and implementing next-generation claims processing. The pandemic presented an unexpected opportunity to accelerate FPDR's progress towards many of these goals. Numerous work processes were modernized and digitized more quickly than would otherwise have been the case. Master files for all new members and disability claims are now exclusively digital. The bureau was forced to upgrade its technology infrastructure to accommodate new customer service delivery methods and remote work. FPDR is now positioned to allow most employees to telework routinely, an opportunity the modern workforce will expect.

Performance	Actuals FY 2019-20	Actuals FY 2020-21	Target FY 2021-22	Target FY 2022-23	Strategic Target
EFFICIENCY					
Median Days to Prepare a Pension Estimate	5	5	5	5	5
Administrative Spending Per Participant	$657	$679	$724	$769	$825
Percentage of disability claims decisions in 60 days	89%	89%	89%	89%	89%
Percent of Pension Recipients Who are Paperless	36.0%	39.0%	41.0%	43.0%	50.0%
OUTCOME					
Percentage of members whose final pay was 99% or more of last estimate	100%	99%	99%	98%	98%
Administrative cost as a percentage of bureau budget	1.47%	1.35%	1.44%	1.45%	1.50%
OUTPUT					
FPDR tax levy rate (per $1,000 of Real Market Value)	$1.10	$1.15	$1.32	$1.15	$1.37
Percentage of FPDR 2 members now or soon-to-be retirement eligible who received a pension estimate in the last two years	74%	75%	74%	78%	80%
WORKLOAD					
Number of active employees in FPDR 3	657	723	754	855	1,152
Number of disability claims filed	331	536	320	388	388
Number of Fire & Police Disability & Retirement 1 and 2 pension recipients	2,052	2,129	2,129	2,178	2,358
Number of FPDR 2 retirements from active service	9	99	20	60	63
Number of long-term disability recipients	33	27	30	27	32
Number of medical bills	2,977	3,129	3,413	3,221	3,221
Number of members on short-term disability	220	402	260	296	296
Number of pension estimates	300	281	322	305	305
Number of pre-retirement workshop participants	110	0	107	107	107
Percent of workforce who are FPDR 3	45%	50%	52%	58%	75%
Percentage of workforce on disability at June 30	3.2%	3.2%	2.9%	2.9%	3.2%

Bureau of Fire & Police Disability & Retirement

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Base FY 2022-23	Requested FY 2022-23
External Revenues					
Taxes	154,919,174	168,308,393	190,947,841	183,485,461	183,485,461
Charges for Services	49	23	0	0	0
Bond & Note	26,725,625	31,658,596	60,470,000	45,000,000	45,000,000
Miscellaneous	1,501,234	584,229	409,000	414,100	414,100
External Revenues Total	183,146,083	200,551,242	251,826,841	228,899,561	228,899,561
Internal Revenues					
Fund Transfers - Revenue	0	0	1,500,000	1,500,000	1,500,000
Interagency Revenue	1,346,630	420,096	228,200	393,900	393,900
Internal Revenues Total	1,346,630	420,096	1,728,200	1,893,900	1,893,900
Beginning Fund Balance	20,323,339	17,840,202	8,793,625	25,979,006	25,979,006
Resources Total	**204,816,052**	**218,811,540**	**262,348,666**	**256,772,467**	**256,772,467**
Bureau Expenditures					
Personnel Services	2,422,650	2,447,178	2,665,674	2,889,429	2,889,429
External Materials and Services	135,317,377	145,030,606	149,567,950	158,135,999	158,135,999
Internal Materials and Services	21,916,995	24,183,324	30,652,161	34,059,948	34,059,948
Capital Outlay	68,900	0	75,000	35,001	35,001
Bureau Expenditures Total	159,725,921	171,661,108	182,960,785	195,120,377	195,120,377
Fund Expenditures					
Debt Service	27,098,678	31,791,605	60,886,741	45,254,207	45,254,207
Contingency	0	0	16,114,447	14,000,000	14,000,000
Fund Transfers - Expense	151,251	141,151	1,636,693	1,647,883	1,647,883
Fund Expenditures Total	27,249,929	31,932,756	78,637,881	60,902,090	60,902,090
Ending Fund Balance	17,840,202	15,217,675	750,000	750,000	750,000
Requirements Total	**204,816,052**	**218,811,540**	**262,348,666**	**256,772,467**	**256,772,467**
Programs					
Administration & Support	2,344,930	2,324,218	2,733,037	2,942,762	2,942,762
Disability and Death Benefits	7,046,614	8,557,106	8,481,086	9,021,044	9,021,044
FPDR Pension Benefits	129,990,715	137,805,157	142,376,662	150,386,571	150,386,571
Sworn PERS Contributions	20,699,942	23,079,937	29,370,000	32,770,000	32,770,000
Total Programs	**159,725,921**	**171,661,108**	**182,960,785**	**195,120,377**	**195,120,377**

Class	Title	Salary Range Min	Salary Range Max	Revised FY 2021-22 No.	Revised FY 2021-22 Amount	Requested No DP FY 2021-22 No.	Requested No DP FY 2021-22 Amount	Requested FY 2022-23 No.	Requested FY 2022-23 Amount
30000063	Accountant II	54,912	84,875	1.00	78,437	1.00	79,560	1.00	79,560
30003003	Administrative Specialist II	48,277	101,226	1.00	91,374	1.00	94,515	1.00	94,515
30003006	Analyst I	53,290	111,696	2.00	192,795	2.00	199,805	2.00	199,805
30003007	Analyst II	63,336	119,136	3.00	287,872	3.00	298,314	3.00	298,314
30003012	Business Systems Analyst III	69,805	142,817	1.00	100,672	1.00	104,312	1.00	104,312
30000066	Claims Technician	45,885	74,645	1.00	68,983	1.00	69,971	1.00	69,971
30000065	Claims Technician, Assistant	35,610	63,018	1.00	58,240	1.00	59,072	1.00	59,072
30003034	Deputy Director I	91,728	172,177	1.00	126,734	1.00	111,632	1.00	111,632
30003037	Director I	111,696	214,637	1.00	164,674	1.00	170,664	1.00	170,664
30003055	Financial Analyst II	63,336	119,136	1.00	87,568	1.00	90,750	1.00	90,750
30003056	Financial Analyst III	69,805	142,817	1.00	111,363	1.00	115,419	1.00	115,419
30003077	Legal Assistant	53,290	111,696	1.00	92,206	1.00	95,555	1.00	95,555
30003081	Manager I	80,205	158,655	1.00	126,464	1.00	131,061	1.00	131,061
30000012	Office Support Specialist II	34,798	61,354	1.00	56,701	1.00	57,512	1.00	57,512
	Total Full-Time Positions			17.00	1,644,083	17.00	1,678,142	17.00	1,678,142
	Grand Total			**17.00**	**1,644,083**	**17.00**	**1,678,142**	**17.00**	**1,678,142**

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Base Budget FY 2022-23	Requested FY 2022-23
External Revenues					
Taxes	154,919,174	168,308,393	190,947,841	183,485,461	183,485,461
Charges for Services	49	23	0	0	0
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Fund Transfers - Revenue	0	0	750,000	750,000	750,000
Interagency Revenue	1,346,630	420,096	228,200	393,900	393,900
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Resources Total	204,066,052	218,061,540	260,848,666	255,272,467	255,272,467
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Fund Expenditures Total	27,249,929	31,932,756	77,887,881	60,152,090	60,152,090
Ending Fund Balance	17,090,202	14,467,675	0	0	0
Requirements Total	204,066,052	218,061,540	260,848,666	255,272,467	255,272,467

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 (RMV).

Managing Agency Bureau of Fire & Police Disability & Retirement

Significant Changes from Prior Year

Net of tax anticipation notes (TANs) - which artificially inflate the size of the budget because the notes are issued and repaid in the same fiscal year - total fund requirements for FY 2022-23 are $210.3 million. This is an increase of $9.9 million or 4.9% from the FY 2020-21 Revised Budget, a slightly slower growth rate than in most recent years. In FY 2022-23, bureau expenditures are budgeted at $195.1 million, an increase of 6.6% or $12.2 million more than the FY 2020-21 Revised Budget. Benefit costs, specifically increased pension benefit expenses for FPDR Two retirees and their survivors, and higher contributions to the Oregon Public Employees Retirement System (PERS) for working FPDR Three members, are the cause of $11.4 M of this increase.

FPDR costs will continue to increase above and beyond inflation for the next ten (10) to 15 years as the fund bears the cost of financing two generations of retirees simultaneously: pay-as-you-go FPDR pension benefits for FPDR One and Two members during retirement, and prefunded contributions to PERS for FPDR Three members during their working lives. FPDR One and Two members were hired before January 1, 2007; FPDR Three members were hired on or after that date. More FPDR Two members retired in FY 2020-21 than in any previous year in FPDR history, accelerating this already steep cost curve.

Beginning fund balance for FY 2021-22 was originally projected to be the lowest in many years because of additional FY 2020-21 spending on the record-breaking number of new retirees, unusually high disability benefit costs caused by a winter COVID surge, and additional PERS contributions on overtime related to civic protests, pandemic staffing shortages, and wildfires. Fortunately, FPDR management ultimately needed to draw just $3.5 million from fund contingency to cover these extra costs, with the result that ending fund balance for FY 2020-21 (and hence beginning fund balance for FY 2021-22) came in at $14.5 million rather than the previously projected $8.0 million. Moreover, it now appears that the bureau will not need to draw on FY 2022-23 fund contingency, which was set conservatively at $16.1 million to mitigate for ongoing pandemic and retirement risk. The combination of these two factors means that FPDR is now projecting a large ending fund balance of $25.2 million for FY 2021-22. This excess fund balance will make it unnecessary to increase the FPDR property tax levy for FY 2022-23, despite the growth in expenses.

Fund Requirements Personnel services costs will increase to an unusual degree for FY 2022-23, and are expected to be 8.4% higher with FY 2021-22. The primary culprits are a 5.0% wage cost-of-living-adjustment (COLA) for all FPDR staff on July 1, 2022 and a projected 3.8% increase in health benefits costs. However, a 1.6% wage COLA retroactive to July 1, 2021 for some FPDR staff, potential merit pay increases and Oregon pay equity law adjustments for other staff, and upcoming leave payouts for one or more retiring employees are also contributing to the spike in FY 2022-23 personnel expenses.

Internal materials and services are the fastest growing component of FPDR’s budget, increasing $3.4 million, or 11.1%, in FY 2022-23. The largest item within internal materials and services is reimbursements to the Fire and Police Bureaus for PERS contributions made on behalf of FPDR Three members. These PERS contributions are responsible for nearly all of the growth in this budget category.

This budget will continue to increase exponentially over the next ten (10) to 15 years, as FPDR Three members constitute an ever larger percentage of the sworn workforce. In addition to growth in the number of employees on which PERS contributions must be made, the FPDR Three payroll is increasing as police officers and fire fighters hired since 2007 move through the annual pay steps and are promoted to higher ranks, and receive annual cost-of-living wage adjustments. A smaller portion of the internal materials and services budget is comprised of payments to City bureaus that provide internal services such as technology support, legal advice, printing, mail distribution, etc. Costs for these services are also growing significantly – in some cases by more than 10% - primarily because of the same wage inflation pressures faced by FPDR for its own workforce. However, most of these costs will be offset by a reduction in FPDR office space costs. FPDR hopes to save roughly $50,000 by moving to a smaller office, made possible by the transition to a hybrid in-person/remote schedule for most staff.

Growth in external materials and services is in line with usual inflationary increases, mostly driven by escalating FPDR pension costs for FPDR One and Two retirees and their survivors. FPDR added 106 new FPDR Two retirees to the roles in FY 2020-21, and the upcoming 5% wage COLA on July 1, 2022 will result in a 5% pension COLA for FPDR One beneficiaries (whose benefits are a percent of active duty pay) and will further increase future FPDR Two pension amounts (which are based partly on final pay before retirement). However, the FPDR pension program has also experienced more deaths than typical over the last 18 months, which has softened cost growth. Altogether, FPDR pension costs are expected to be 5.6% higher in FY 2022-23 than budgeted in FY 2021-22.

FPDR's capital budget is small and comprised of only one type of expense: capital upgrades to the custom database used for FPDR benefit payment and tax reporting, tracking beneficiary information, and managing disability claims. This budget will decline to $35,000 for FY 2022-23, a more than 50% decline compared with the FY 2021-22 budget, now that projects to automate portions of the pension estimate process and improve disability claim management are complete.

Within fund level expenditures, FY 2022-23 debt service for the annual TAN issue is budgeted at $45.0 million, which is 25.6% less than the FY 2021-22 budget. However, this is primarily due to a methodology refinement intended to more closely align budget with actuals. As compared with the actual TAN issue for FY 2021-22, the FY 2022-23 budget is roughly $6.5 million, or 16.9% higher. This growth is in line with expenditure growth, plus a 10% cushion. As the worst of the financial uncertainty created by the pandemic, civic protests, and Police Bureau reform appear to be abating, FPDR management has decided to return fund contingency to the usual level of 7% of operating expenses, or $14.0 million, for FY 2022-23. This is a drop from FY 2021-22, when fund contingency was set to the historically high level of 9% of operating expenses, or $16.1 million.

Fund Revenues

As discussed above, FPDR expects an unusually large beginning fund balance for FY 2022-23 of $25.2 million. As a result, fewer FPDR property tax proceeds are required to fund expenditure growth next year: $181.3 million as compared with $189.4 million in FY 2021-22, a 4.3% drop. (Additional tax proceeds are expected as late payments for prior year tax levies, which is why these figures are slightly lower than the total Taxes budget in the table above.) This opportunity to reduce the tax levy, even on a one-year basis, is unusual in recent times; generally, the tax levy must grow in proportion with FPDR benefit costs, which are rising rapidly as FPPR continues to fund two generations of pensions simultaneously. The FPDR property tax rate on RMV remains well below the $2.80 cap proscribed by City Charter; the rate is currently $1.26 but will drop to an estimated $1.15 for FY 2022-23 as the tax levy is lowered. The FPDR tax rate on assessed value, which is the basis for actual tax bills, is also expected to decline, from $3.01 currently to $2.75 for FY 2022-23. Both the RMV and AV taxes will resume their growth in the proceeding years however, with the RMV rate projected at $1.37 by FY 2026-27 and the AV rate at $3.20 in that same year.

Excluding bond and note proceeds for the TAN issue and transfer from FPDR's own Reserve Fund, non-property tax revenues are expected to comprise only 0.4% of FPDR's total revenues in FY 2022-23. This is a notable drop from historic levels. Nearly all of FPDR's non-property tax revenue is comprised of interest income (part of miscellaneous revenue in the table above) and overhead charges collected when the Police and Fire Bureaus contract their services out to third parties (part of interagency revenue in the table above). Interest revenue declined in FY 2021-22 when interest rates fell and is expected to remain low through FY 2022-23. FPDR projects interest earnings of just $284,000 on FPDR Fund balance in FY 2021-22 and $273,000 in FY 2022-23, as compared with $512,998 in FY 2020-21, despite a larger fund balance. The Police Bureau canceled their largest third-party contract, with TriMet to provide Transit Police, in FY 2020-21. Since then, overhead charges collected on sworn services provided to external organizations has dropped by more than half, from around $1.2 million annually to an anticipated $320,000 in FY 2021-22 and $340,000 in FY 2022-23.

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Base Budget FY 2022-23	Requested FY 2022-23
Internal Revenues					
Fund Transfers - Revenue	0	0	750,000	750,000	750,000
Internal Revenues Total	0	0	750,000	750,000	750,000
Beginning Fund Balance	750,000	750,000	750,000	750,000	750,000
Resources Total	750,000	750,000	1,500,000	1,500,000	1,500,000
Fund Expenditures					
Fund Transfers - Expense	0	0	750,000	750,000	750,000
Fund Expenditures Total	0	0	750,000	750,000	750,000
Ending Fund Balance	750,000	750,000	750,000	750,000	750,000
Requirements Total	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 currently totals $1.5 million. 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 these resources is booked directly to the FPDR Fund.

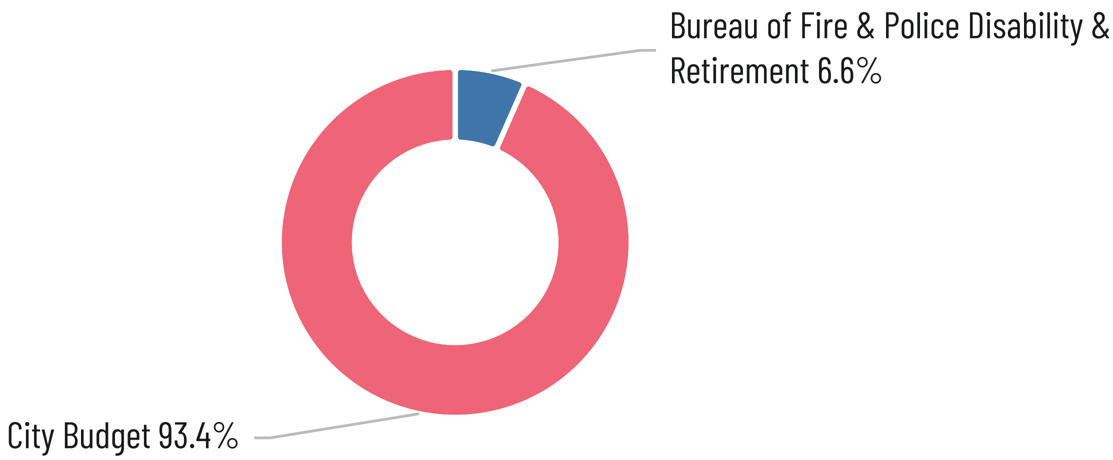
Managing Agency Bureau of Fire & Police Disability & Retirement

CITY OF PORTLAND, OREGON

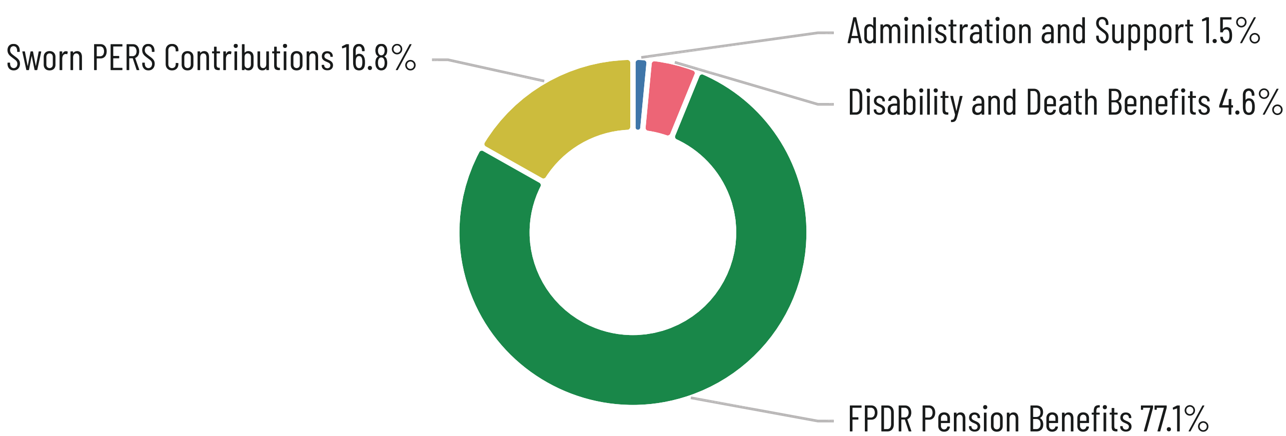
1851

Bureau of Fire & Police Disability & Retirement

Percent of City Budget Graph



Bureau Programs



Bureau Overview

Requirements	Revised FY 2021-22	Requested with DP FY 2022-23	Change from Prior Year	Percent Change
Operating	$262,273,666	$256,772,467	$(5,501,199)	(2)%
Capital	$75,000	$35,000	$(40,000)	(53)%
Total	**$262,348,666**	**$256,772,467**	**$(5,576,199)**	**(2)%**
Authorized Positions	17.00	17.00	—	—%

Administration & Support

Program Description & Goals

This program provides the general administrative and support services that the bureau requires to fulfill its mission. FPDR strives to keep administrative costs low. Administration and Support spending has hovered between 1% and 2% of bureau expenditures in recent years, a trend expected to continue for the foreseeable future. As bureau spending grows - the inevitable result of funding two generations of pensions simultaneously - administrative spending as a percent of total spending will likely decrease even as administrative spending increases. Administrative cost per plan participant is perhaps a more stable measure of administrative spending, since the number of covered employees and retirees should remain relatively constant. Administrative costs are expected to rise from approximately $724 per participant in FY 2021-22 to an estimated $769 in FY 2022-23, a 6.2% increase, which is in line with expected inflation for personnel costs and administrative supplies and services. In accordance with citywide guidance, the personnel budget for FY 2022-23 includes a 5.0% wage COLA on July 1, 2022 for all staff, a 1.6% wage COLA retroactive to July 1, 2021 for FPDR's four union-represented employees, and merit pay increases for nonrepresented employees of up to 2%. (All four represented employees are already at the top of their pay scales.) The budget also reflects 3.8% anticipated growth in health benefit costs for all employees, and potential leave payouts for upcoming staff retirements. FY 2022-23 spending on administrative materials and services (both external and internal) is expected to increase by 7.2% or $89,996 from FY 2021-22. However, $59,800 of this increase is for the FPDR Plan actuarial valuation, which occurs biannually. Setting aside this single item, expected growth in administrative spending for materials and service for FY 2022-23 is only 2.5%. Capital spending is limited to programming and other improvements to FPDR's database, and is just 1.2% of the administrative operating budget. The FY 2022-23 capital budget is nearly 50% less than for FY 2021-22, as projects to automate portions of the pension estimate process and improve disability claim management are now complete.

Performance	Actuals FY 2019-20	Actuals FY 2020-21	Target 2021-22	Target FY 2022-23	Strategic Target
Administrative Spending Per Participant	$657	$679	$724	$769	$825
Administrative cost as a percentage of bureau budget	1.47%	1.35%	1.44%	1.45%	1.50%
FPDR tax levy rate (per $1,000 of Real Market Value)	$1.10	$1.15	$1.32	$1.15	$1.37

Explanation of Services

The Administration & Support program provides executive-level guidance, financial analysis and planning, human resource and payroll services, information technology support, legal services, and office management for the bureau as a whole. The purpose of the program is to maximize efficiencies and outcomes for the bureau's pension and disability benefit programs.

Equity Impacts

The Administration & Support program provides administrative and financial services for the pension and disability programs. Those programs in turn serve only sworn employees, retirees, and beneficiaries, whose composition is not controlled by FPDR. As a result, the equity impacts of this program are largely internal and therefore limited.

Changes to Program

No recent changes have been made to this program. FPDR plans to downsize and relocate its physical office in the spring of 2022, a move made possible by planned hybrid in-person/remote work schedules for most FPDR staff in the future. This change which will result in significant lease savings, although the amount is not yet known. No other future changes are contemplated to this program.

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Bureau Expenditures					
Personnel Services	1,224,177	1,208,968	1,415,786	1,575,514	1,575,514
External Materials and Services	357,385	422,253	515,350	539,899	539,899
Internal Materials and Services	694,468	692,997	726,901	792,348	792,348
Capital Outlay	68,900	0	75,000	35,001	35,001
Bureau Expenditures Total	2,344,930	2,324,218	2,733,037	2,942,762	2,942,762
Fund Expenditures					
Debt Service	27,098,678	31,791,605	60,886,741	45,254,207	45,254,207
Contingency	0	0	16,114,447	14,000,000	14,000,000
Fund Transfers - Expense	151,251	141,151	1,636,693	1,647,883	1,647,883
Fund Expenditures Total	27,249,929	31,932,756	78,637,881	60,902,090	60,902,090
Ending Fund Balance	17,840,202	15,217,675	750,000	750,000	750,000
Requirements Total	**47,435,061**	**49,474,650**	**82,120,918**	**64,594,852**	**64,594,852**
FTE	7.80	8.00	8.00	8.00	8.00

Budget Narrative

Resources

All bureau revenues are booked to the Administration & Support program. In FY 2022-23, 99.2% of bureau revenues are forecasted to be derived from FPDR's dedicated property tax levy. FPDR will dedicate a portion of its unusually large projected fund balance ($25.2 million) to funding most expenditure growth in FY 2022-23. This will allow the FY 2022-23 tax levy to actually decrease from its current level. The FPDR property tax rate on RMV remains well below the $2.80 cap proscribed by City Charter; the rate is currently $1.26 but will drop to an estimated $1.15 for FY 2022-23 as the tax levy is lowered. The FPDR tax rate on assessed value, which is the basis for actual tax bills, is also expected to decline, from $3.01 currently to $2.75 for FY 2022-23. The levy has been a very stable resource throughout the pandemic and associated economic downturn. Property tax delinquencies were 4.6% in FY 2020-21 and are projected to be 5.3% in FY 2021-22, just slightly higher than their historic level of 4.0% to 4.5%. Property tax compression losses have not increased as initially feared. In FY 2020-21 property taxes came in $2.2 million (1.4%) over budget, and property tax collections are on target for FY 2021-22. Every two years, FPDR hires an actuarial firm to conduct an analysis of the ability of the levy to fund all FPDR expenditures over the long term. The most recent analysis, conducted using data as of June 30, 2020, calculated a probability of exceeding the cap over the next 20 years of less than one percent. FPDR's two largest secondary revenues are interest income on fund balance, and pension and disability overhead charges assessed when third parties contract for Police or Fire services. Interest revenue declined in FY 2021-22 when interest rates fell and is expected to remain low through FY 2022-23. FPDR projects interest earnings of just $284,000 on FPDR Fund balance in FY 2021-22 and $273,000 in FY 2022-23, as compared with $512,998 in FY 2020-21, despite a larger fund balance. The Police Bureau canceled their largest third-party contract, with TriMet to provide Transit Police, in FY 2020-21. Since then, overhead charges collected on sworn services provided to external organizations has dropped by more than half, from around $1.2 million annually to an anticipated $320,000 in FY 2021-22 and $340,000 in FY 2022-23.

Expenses

Administration & Support expenses include some personnel costs, material and service costs related to overall bureau operations, and capital costs for programming upgrades to the FPDR database. As opposed to other FPDR programs, some Administration & Support expenses are discretionary, such as the education and office supply budgets. However, many administrative costs are set centrally by other City bureaus or Citywide contracts.

Staffing

Ther e are 8.0 FTE dedicated to this program: the Bureau Director and Deputy Director, a Business Systems Analyst III, a Financial Analyst III, a Financial Analyst II, a Legal Assistant, an Administrative Specialist II and an Office Support Specialist II. There have been no recent changes to staffing levels and no future changes are contemplated.

Assets & Liabilities

The Administration & Support program has no liabilities. The program has one intangible capital asset, the FPDR database, with a book value of $187,014 on June 30, 2021. The database is used to make all FPDR benefit payments and to track general member and beneficiary information. It is in its ninth year of service and is being depreciated over ten years. However, FPDR expects to use the database for longer, as the system continues to function well and major technological changes are not currently necessary. FPDR budgets for annual maintenance and periodic upgrades to database functionality, but replacement reserves have been deemed unnecessary. Even a complete replacement would be a minor cost in the context of FPDR's overall budget, likely less than one-half of one percent of annual bureau expenditures.

Disability and Death Benefits

Program Description & Goals

This program provides both service-connected and nonservice disability benefits for sworn employees and retirees of the Fire and Police Bureaus (FPDR One, Two, and Three members), benefits for surviving spouses and minor children when a member dies before retirement, and funeral benefits. The goals of the program are to make disability claim decisions quickly and in compliance with the City Charter, to help sworn employees return to work whenever possible, to manage claims for the benefit of disabled members while demonstrating stewardship of public funds, and to make disability payments accurately and on time. The percent of disability claim decisions reached within 60 days held steady at 89% in FY 2020-21, despite a very significant increase in claims associated with COVID-19 pandemic.

By their nature, metrics and costs associated with short-term disability claims tend to vary appreciably from one year to the next, but FY 2020-21 was notable for its COVID-19 impacts. FY 2021-22 is projected to follow a similar, albeit somewhat diminished, path. The number of new disability claims soared to 536 in FY 2020-21, setting a record. (FPDR normally receives about 350 new claims annually.) The upsurge was attributable to COVID-19 infection and exposure claims in the sworn workforce, primarily in the winter months. FPDR expects approximately 430 new claims in FY 2021-22 – fewer than in FY 2020-21 but still quite high by historic standards – before claim volume hopefully returns to more normal levels in FY 2022-23. For similar reasons, the number of sworn employees on short-term disability at some point during the year jumped from 220 in FY 2019-20 to 402 in FY 2020-21. While the original estimate for the number of members on short-term disability for FY 2021-22 was 260, year-to-date figures are trending toward 300. Nevertheless, the percent of the sworn workforce off work on disability at fiscal year-end has remained fairly level at about 3%. COVID-related disability claims tend to have wage replacement costs while members recover and/or quarantine but low medical expenses. The number of medical bills has risen slightly during the pandemic, but not beyond historically typical levels.

Performance	Actuals FY 2019-20	Actuals FY 2020-21	Target 2021-22	Target FY 2022-23	Strategic Target
Percentage of disability claims decisions in 60 days	89%	89%	89%	89%	89%
Number of disability claims filed	331	536	320	388	388
Number of long-term disability recipients	33	27	30	27	32
Number of medical bills	2,977	3,129	3,413	3,221	3,221
Number of members on short-term disability	220	402	260	296	296
Percentage of workforce on disability at June 30	3%	3%	3%	3%	3%

Explanation of Services

The purpose of this program is to provide a service disability benefit, in lieu of workers' compensation benefits, for sworn City employees, as well as nonservice disability benefits for those with at least five years of service. This program provides claim adjudication, medical and vocational rehabilitation benefits, wage replacement payments to members who cannot work, and wage subsidy payments to the Police and Fire bureaus while members are on disability-related modified duty. The program also makes benefit payments to survivors when sworn employees die before retirement, and funeral benefit payments upon member death.

Equity Impacts

The disability and death program serves only sworn employees and retirees, whose composition is based on the hiring of the Fire and Police Bureaus. As this program is internal facing and serves only City employees, public facing equity impacts are minimal.

Changes to Program

New administrative rules were created for this program in FY 2020-21 and FY 2021-22. The new rules made it simpler for active duty Fire and Police members to apply and qualify for disability benefits related to COVID-19 infection and vaccination. During the pandemic, this program also made significant operational and technological changes to increase the number of claims that are managed digitally.

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Bureau Expenditures					
Personnel Services	1,057,463	1,093,351	1,106,226	1,154,344	1,154,344
External Materials and Services	5,839,627	7,313,895	6,819,600	7,369,100	7,369,100
Internal Materials and Services	149,523	149,859	555,260	497,600	497,600
Bureau Expenditures Total	7,046,614	8,557,106	8,481,086	9,021,044	9,021,044
Ending Fund Balance					
Requirements Total	**7,046,614**	**8,557,106**	**8,481,086**	**9,021,044**	**9,021,044**
FTE	8.00	8.00	8.00	8.00	8.00

Budget Narrative

Resources

All FPDR programs, including the disability program, are funded almost exclusively with revenues from the dedicated FPDR property tax levy. This program also receives some subrogation revenue from third parties at fault for injuries to sworn employees. All revenues are booked to the Administration & Support program.

Expenses

The majority of program expenses are for member disability benefits, including medical costs, wage replacement for members while they cannot work, wage subsidies for members in modified duty assignments, and vocational rehabilitation expenses for those who can never return to sworn employment. Other program costs are pre-retirement death survivor benefits, funeral benefits, and administrative expenses directly associated with program delivery. Most disability expenses are nondiscretionary and derive from plan benefits defined in City Charter and state law. Short-term disability claim costs are one of the most volatile components of FPDR's budget and are most impacted by wage inflation, medical cost inflation, and the number and severity of disability claims. Program administrative expenses include personnel costs for the eight employees engaged in direct disability program delivery and professional and miscellaneous services associated with claims investigation (such as fees for independent medical exams).

Staffing

There are 8.0 FTE dedicated to this program: 1.0 Manager I, 3.0 Analyst IIs, 1.0 Analyst I, 1.0 Accountant II, 1.0 Claims Technician and 1.0 Assistant Claims Technician. A temporary worker has been employed for a portion of the current fiscal year to assist with short-term clerical workload, particularly related to the increase in COVID disability claims and the transition to paperless claims. There have been no recent changes to permanent staffing levels and no future changes are contemplated.

Assets & Liabilities

The disability program has no assets. The long-term liability of the disability program is not calculated separately from the FPDR pension plan.

Pension Benefits

Program Description & Goals

This program provides monthly pension benefits to sworn retirees hired before January 1, 2007 (FPDR One and FPDR Two members), their surviving spouses and/or minor children, and sometimes their former spouses (where directed by a court). In addition to paying all beneficiaries accurately, on time, and in compliance with the City Charter and state and federal laws, this program strives to provide active duty members with useful retirement counseling and accurate pension estimates. In FY 2020-21, this program retired more FPDR members than in any previous year in FPDR history: 99 from active service, plus seven more from inactive/vested or disability status. Despite this workload challenge and the simultaneous transition to a remote work environment and new digital processes, program performance has remained constant. The percent of members receiving highly accurate pension estimates dropped only slightly, from 100% to 99%. At the median, members continued to receive a completed pension estimate within five days of request, although the number of pension estimates did drop from 300 in FY 2019-20 to 281 in FY 2020-21. (FPDR stopped accepting estimate requests for dates more than two years in the future for several months in 2020 because of workload constraints.) After canceling the March 2020 retirement workshop, FPDR began offering workshops on Zoom rather than in person. While many members chose to meet individually with the pension coordinator for virtual one-on-one counseling, no members chose to attend the virtual workshops in FY 2020-21. However, with no resumption of in-person workshops in sight, 38 members have attended the two virtual workshops offered in FY 2021-22 thus far. FPDR will resume in-person workshops as soon as permitted by the City.

Performance	Actuals FY 2019-20	Actuals FY 2020-21	Target 2021-22	Target FY 2022-23	Strategic Target
Median Days to Prepare a Pension Estimate	5	5	5	5	5
Percentage of members whose final pay was 99% or more of last estimate	100%	99%	99%	98%	98%
Percentage of FPDR 2 members now or soon-to-be retirement eligible who received a pension estimate in the last two years	74%	75%	74%	78%	80%
Number of Fire & Police Disability & Retirement 1 and 2 pension recipients	2,052	2,129	2,129	2,178	2,358
Number of FPDR 2 retirements from active service	9	99	20	60	63
Number of pension estimates	300	281	322	305	305
Number of pre-retirement workshop participants	110	0	107	107	107

Explanation of Services

The purpose of this program is to pay retirement benefits to sworn Police and Fire employees and their survivors, an important component of overall compensation, and to provide FPDR retirement information and guidance during sworn employees’ working careers. The program provides monthly pension payroll services for members, surviving spouses and/or minor children after a member dies, and alternate payees (former spouses). This includes calculation of pension benefits at retirement, federal and Oregon income tax withholding and reporting, insurance premium and child support withholding, calculation of annual cost-of-living adjustments (COLAs), eligibility screening for and calculation of an additional pension benefit to offset Oregon tax liability for some members, and monitoring to ensure payments stop when beneficiaries die. This program also provides pre-retirement education and services, including quarterly retirement workshops, retirement education videos and written materials, and pension estimate calculations.

Equity Impacts

The FPDR pension program serves only sworn employees and retirees, whose composition is based on the hiring of the Fire and Police Bureaus, and their surviving family members. As a result, equity impacts are limited.

Changes to Program

This program continues to serve more beneficiaries each year with the same number of staff and resources, as FPDR Two member retirements outstrip FPDR One deaths. During the pandemic, the program switched from retiring members almost exclusively in person, in the bureau's downtown offices, to retiring members 100% virtually. Program staff met with new retirees on a variety of digital platforms (primarily Zoom, Teams, and Facetime), witnessed signatures on camera to avoid the use of notaries, and created a new secure portal for digital document exchange. In addition, retirement workshops transitioned from in-person to Zoom.

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Bureau Expenditures					
Personnel Services	141,009	144,859	143,662	159,571	159,571
External Materials and Services	129,849,568	137,660,298	142,233,000	150,227,000	150,227,000
Internal Materials and Services	138	0	0	0	0
Bureau Expenditures Total	129,990,715	137,805,157	142,376,662	150,386,571	150,386,571
Ending Fund Balance					
Requirements Total	**129,990,715**	**137,805,157**	**142,376,662**	**150,386,571**	**150,386,571**
FTE	1.00	1.00	1.00	1.00	1.00

Budget Narrative

Resources

All FPDR programs, including the pension program, are funded almost exclusively with revenues from the dedicated FPDR property tax levy. This program also receives fees from divorce-related pension divisions. All revenues are booked to the Administration & Support program.

Expenses

This program's expenses include monthly pension payments, personnel costs for the one employee solely dedicated to this program, and other minor administrative expenses (such as a death audit service firm). Monthly pension costs are nondiscretionary and derive from plan benefits defined in City Charter and federal and state law. Pension expenses are impacted by beneficiary longevity, the number of new retirements, wage increases for active employees, COLA increases awarded to FPDR Two beneficiaries by the FPDR Board, and a variety of other factors. Wage growth for active employees increases all FPDR One pension benefits, which are a percentage of active member pay. Wage growth also increases final salary, which is a component of the pension calculation for new FPDR Two retirees.

Staffing

One FTE is dedicated to this program, an Analyst I. Program staffing has been stable for many years and no changes are planned.

Assets & Liabilities

Unlike most pension plans, the FPDR pension plan for FPDR One and Two members is funded on a pay-as-you-go basis with no long-term investment assets. Pension program assets are limited to fund balance. The net long-term liability of the entire FPDR plan is $4.6 billion, although this includes some disability plan liabilities.

Sworn PERS Contributions

Program Description & Goals

This program reimburses the Police and Fire Bureaus for the contributions they make to the Oregon Public Employees Retirement System (PERS) on behalf of sworn employees hired after 2006 (FPDR Three members), who are enrolled in PERS for their pension benefits. Expenses are determined by the number of those employees, their pay, and PERS contribution rates. The number of employees for whom FPDR makes contributions is expected to be approximately 757 by the end of FY 2021-22, very close to the forecast at this time last year. The number is expected to increase to 855 in FY 2022-23 and grow to over 1,100 (or about 80% of the sworn workforce) within five years. The program’s primary goal is to verify all contributions, so reimbursements are accurate, and to remit payment to the Police and Fire Bureaus in a timely manner.

Performance	Actuals FY 2019-20	Actuals FY 2020-21	Target 2021-22	Target FY 2022-23	Strategic Target
Number of active employees in FPDR 3	657	723	754	855	1,152
Percent of workforce who are FPDR 3	45%	50%	52%	58%	75%

Explanation of Services

This program processes bills for sworn PERS contributions prepared by the Fire and Police Bureaus. After verifying employees and contribution amounts, the program sends reimbursement to the bureaus through the City’s accounting system.

Equity Impacts

This program does not have equity impacts as it functions internally to reimburse the Police and Fire Bureaus for PERS costs.

Changes to Program

There have been no changes to program operations in the last five years and none are planned for the future. However, this is FPDR’s fastest growing program in terms of expense. Program expenses increase as more PERS-covered employees are hired, advance through the police officer and fire fighter pay steps, and are promoted or assigned specialty pays as they gain seniority at the Police and Fire Bureaus. In addition, across-the-board wage increases for sworn employees - such as annual cost-of-living adjustments and other pay raises required by labor contracts - drive up pay on which contributions are made and further increase costs. All FPDR Three Fire members and a few FPDR Three Police members received a 1.6% wage COLA on July 1, 2021; Portland Police Association (PPA) members have not yet received a COLA for July 1, 2021 but may be awarded one retroactively when their contract settles.

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Bureau Expenditures					
Internal Materials and Services	20,699,942	23,079,937	29,370,000	32,770,000	32,770,000
Bureau Expenditures Total	20,699,942	23,079,937	29,370,000	32,770,000	32,770,000
Ending Fund Balance					
Requirements Total	**20,699,942**	**23,079,937**	**29,370,000**	**32,770,000**	**32,770,000**

Budget Narrative

Resources

All FPDR programs, including the Sworn PERS Contributions program, are funded almost exclusively with revenues from the dedicated FPDR property tax levy. This program receives no other revenues.

Expenses

This program's expenses are made up exclusively of PERS contributions made on behalf of sworn employees hired after 2006 (FPDR Three members). They are fixed by external parameters outside the control or influence of FPDR: the number of sworn employees hired after 2006, their pay, and PERS contribution rates. Program expenses are expected to grow by 11.6% in FY 2022-23, the result of an expected 5% wage cost-of-living adjustment for all sworn employees on July 1, 2023; growth in the number of FPDR Three members as FPDR Two members retire and new employees are hired; and an increasing FPDR Three payroll as police officers and fire fighters hired after 2006 move through the annual pay steps and are promoted to higher ranks. Sworn PERS Contribution expenses will continue to increase exponentially over the next 10 to 15 years. This program will eventually overtake the Pension Benefits program as FPDR's most expensive program, when FPDR Three members constitute the entire sworn workforce and all FPDR Two members are retired and drawing a pay-as-you-go FPDR pension benefit.

Staffing

No FTE are dedicated entirely to this program. The Financial Analysts assigned to the Administration & Support program verify PERS contribution expenses and remit payment to the Fire and Police Bureaus.

Assets & Liabilities

This program has no assets or liabilities. The portion of the City of Portland's unfunded actuarial liability with the PERS system attributable to Fire and Police employees is booked as a liability to the Fire and Police Bureaus within the City's General Fund.

RESOLUTION NO. 543

WHEREAS, the Board of Trustees of the Fire and Police Disability and Retirement Fund (FPDR), pursuant to Resolution No. 275, authorized the Fund Administrator to enter into a lease agreement for office space in the Harrison Square Building; and

WHEREAS, the terms of the lease agreement will expire on April 30, 2022; and

WHEREAS, comparables and tours of other office buildings have been made; and

WHEREAS, there are cost savings in continuing to lease space in the Harrison Square Building; and

WHEREAS, the City's Facilities Services Division of the Office of Management & Finance and the FPDR's Commissioner-in-Charge, Joanne Hardesty, approves of continuing to lease space in the Harrison Square Building; and

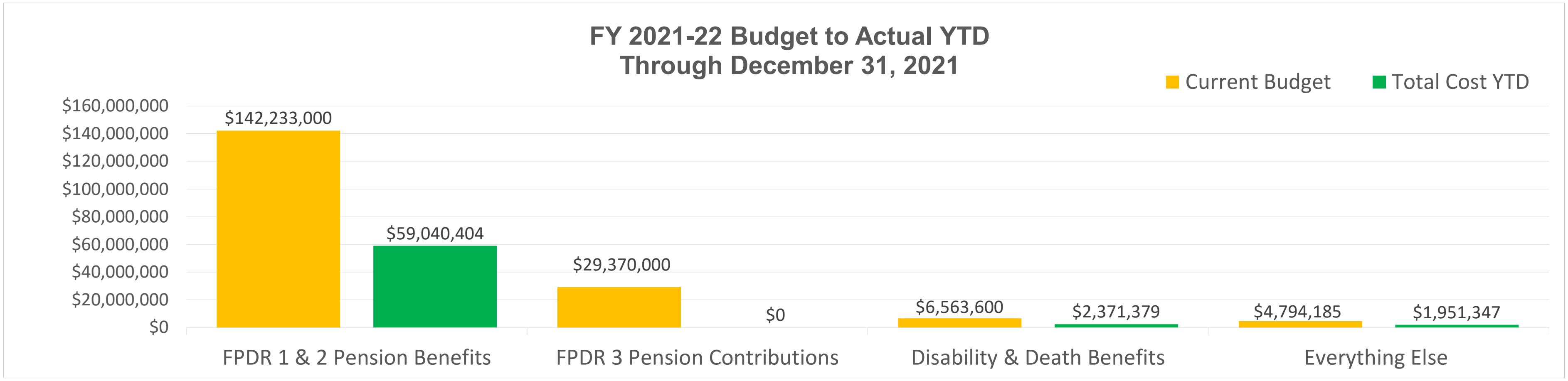
NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the FPDR, that the FPDR Director be and is hereby authorized to negotiate, initiate, and execute a lease agreement with GVI-LC Harrison Square Owner, LP on behalf of the Board of Trustees for a ____ year period ending ______________.

ADOPTED by the Board of Trustees on the 25th day of January 2022.

____

Samuel Hutchison
Director

fund\resolut\543



FY 2020-21 Budget to Actual YTD by Month

Mid Level Classification	Detail Classification	Original Budget	July	August	September	October	November	December	YTD Total
Revenues	Beginning fund balance	$8,043,625	$0	$0	$0	$0	$0	$0	$0
	Taxes	$190,947,841	-$1,076,969	$406,607	$288,474	$223,464	$121,120,329	$57,646,953	$178,608,858
	Bond and note proceeds	$60,470,000	$38,542,500	$0	$0	$0	$0	$0	$38,542,500
	Miscellaneous Sources	$409,000	-$18,475	$31,700	$15,808	$11,388	$13,364	$71,126	$124,911
	Interfund Cash Transfer Revenues	$750,000	$0	$0	$0	$0	$0	$0	$0
	Interagency Revenues	$228,200	$1,250	$0	$631	$631	$631	$631	$3,773
Revenues Total		**$260,848,666**	**$37,448,306**	**$438,307**	**$304,913**	**$235,482**	**$121,134,324**	**$57,718,710**	**$217,280,042**
Personnel	Personnel	$2,665,674	$195,392	$229,678	$219,355	$209,165	$218,437	$206,018	$1,278,046
Personnel Total		**$2,665,674**	**$195,392**	**$229,678**	**$219,355**	**$209,165**	**$218,437**	**$206,018**	**$1,278,046**
Ext. Mat. & Svcs.	Other External Materials & Services	$771,350	$63,012	$26,194	-$14,039	$61,707	$95,592	$29,943	$262,410
	FPDR 1 & 2 Pension Benefits	$142,233,000	$11,750,513	$25,122	$11,810,765	$11,823,847	$11,817,500	$11,812,658	$59,040,404
	Disability & Death Benefits	$6,563,600	-$165,070	$562,554	$455,927	$452,885	$439,145	$625,937	$2,371,379
Ext. Mat. & Svcs. Total		**$149,567,950**	**$11,648,455**	**$613,870**	**$12,252,653**	**$12,338,439**	**$12,352,238**	**$12,468,538**	**$61,674,193**
Int. Mat. & Svcs.	Other Internal Materials & Services	$736,901	$43,154	$22,121	$164,583	$66,644	$24,773	$86,627	$407,901
	FPDR 3 Pension Contributions	$29,370,000	$0	$0	$0	$0	$0	$0	$0
	Return to Work/Light Duty	$545,260	$0	$0	$0	$0	$0	$0	$0
Int. Mat. & Svcs. Total		**$30,652,161**	**$43,154**	**$22,121**	**$164,583**	**$66,644**	**$24,773**	**$86,627**	**$407,901**
Capital Outlay	Capital Outlay	$75,000	$0	$0	$0	$0	$2,990	$0	$2,990
Capital Outlay Total		**$75,000**	**$0**	**$0**	**$0**	**$0**	**$2,990**	**$0**	**$2,990**
Fund Expenses	Contingency	$16,114,447	$0	$0	$0	$0	$0	$0	$0
	Debt Retirement	$60,886,741	$15,000	$19,764	$0	$0	$2,383	$0	$37,147
	Interfund Cash Transfer Expenses	$886,693	$10,467	$10,467	$10,467	$10,467	$16,011	$10,467	$68,346
Fund Expenses Total		**$77,887,881**	**$25,467**	**$30,231**	**$10,467**	**$10,467**	**$18,394**	**$10,467**	**$105,493**