



# FIRE AND POLICE DISABILITY AND RETIREMENT City of Portland, Oregon




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Samuel Hutchison, Director

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TO: Jessica Kinard, City Budget Director  
Christy Owen, Deputy Budget Director

FROM: Samuel Hutchison, FPDR Director 

RE: FPDR FY 2021-22 Spring BMP Submission

DATE: March 17, 2022

Attached is the Bureau of Fire and Police Disability and Retirement's (FPDR) spring budget monitoring (BMP) submission for FY 2021-22. FPDR has two technical BMP requests.

### Year-End Projections

FPDR expects to end FY 2021-22 approximately \$0.9 million under budget, net of tax anticipation notes (TANs) and fund transfers that are received and repaid within the same fiscal year. However, spending on short-term disability claims is projected to exceed the pre-spring BMP budget by \$1.0 to \$2.0 million, primarily because of wage replacement (time loss) costs for disability claims for COVID vaccine side effects, or for infection/exposure during the Delta and Omicron waves. In addition, personnel costs will likely exceed the pre-spring BMP budget by at least \$25,000. These costs are related to the unexpected retirement of a long-term FPDR employee with a large leave payout, as well as unbudgeted bonuses for FPDR staff represented by the District Council of Trade Unions.

Total revenues, again net of TANs and fund transfers, are forecast to be \$0.4 million above budget. More than 99% of FPDR's revenues derive from the FPDR property tax levy. As of the end of February, 94% of budgeted tax revenue has been collected, slightly above the historic rate for this point in the year.

As discussed extensively in FPDR's FY 2022-23 Requested Budget submission, the FPDR Fund is expected to end the current fiscal year with an unusually large \$24.1 million ending balance. This is partly because FY 2020-21 spending was not as high as feared, and partly because most of the current year's fund contingency will not be needed and will therefore fall to balance. FPDR plans to draw down fund balance next year, and has reduced its proposed FY 2022-23 tax levy accordingly.

### BMP Requests

FPDR has two requests to revise the bureau's FY 2021-22 budget. To address the possible over-expenditures discussed above, the first request draws \$2.05 million from fund contingency to increase the short-term disability budget by \$2.0 million and the personnel budget by \$50,000. The second request draws \$357,004 from fund contingency to increase the interagency budget with Facilities. This will provide for design, moving and furniture costs associated with the relocation of FPDR's downtown office to a smaller and less expensive suite this spring.

Please feel free to contact me or Stacy Jones with any questions. And Happy St. Patrick's Day!

**DR - Bureau of Fire & Police Disability & Retirement**

**DP Type      Contingency**

**Request Name:** 13399 -Prevent Over Expenditure of EMS & Personnel

**Package Description**

FPDR is increasing personnel (\$50,000) and EMS (\$2,000,000) budgets in the Spring BMP.

Personnel costs are being increased to pay for a substantial leave payout associated with the unanticipated retirement of a long-term staff member, to fund a double fill position into the retiring staff member's position for several months, and to pay for unanticipated bonuses to staff members represented by the District Council of Trade Unions.

External Materials & Services costs are being increased to fund higher than anticipated wage replacement costs for members on short-term disability associated with the Delta and Omicron COVID waves.

FPDR will offset these increases with a draw on fund contingency.

**Service Impacts**

There are no service impacts related to this request.

**Equity Impacts**

There are no equity impacts related to this request.

Account Name	2021-22 SPRING Requested Adj	
Expense	Contingency	-2,050,000
	External Materials and Services	2,000,000
	Personnel	50,000
<b>Expense</b>	<b>Sum:</b>	<b>0</b>

**DR - Bureau of Fire & Police Disability & Retirement**

**DP Type      Contingency**

**Request Name:** 13402 -Increase Facilities IA

**Package Description**

FPDR is increasing its interagency budget with OMF-Facilities to pay for the design, moving, and furniture costs associated with the relocation of FPDR's physical offices to a smaller and less expensive office suite.

Increase will be offset with fund contingency.

**Service Impacts**

There are no service impacts related to this request.

**Equity Impacts**

There are no equity impacts related to this request.

Account Name		2021-22 SPRING Requested Adj
Expense	Contingency	-357,004
	Internal Materials and Services	357,004
<b>Expense</b>	<b>Sum:</b>	<b>0</b>

# Business Area Projection Report

## Bureau of Fire & Police Disability & Retirement - Fund 800

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$75,000	\$7,280	\$25,000	33%
Contingency	\$13,707,443	\$0	\$0	0%
Debt Service	\$60,886,741	\$38,625,513	\$38,655,007	63%
Ending Fund Balance			\$24,128,837	
External Materials and Services	\$151,567,950	\$86,403,093	\$149,712,800	99%
Fund Transfers - Expense	\$886,693	\$89,280	\$151,980	17%
Internal Materials and Services	\$31,009,165	\$7,412,459	\$29,653,494	96%
Personnel	\$2,715,674	\$1,699,343	\$2,684,398	99%
<b>Sum:</b>	<b>\$260,848,666</b>	<b>\$134,236,969</b>	<b>\$245,011,516</b>	<b>94%</b>

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$8,043,625	\$0	\$14,467,675	180%
Bond & Note Proceeds	\$60,470,000	\$38,542,500	\$38,542,500	64%
Fund Transfers - Revenue	\$750,000	\$0	\$0	
Interagency Revenue	\$228,200	\$148,767	\$328,200	144%
Miscellaneous	\$409,000	\$241,051	\$385,300	94%
Taxes	\$190,947,841	\$182,490,414	\$191,287,841	100%
<b>Sum:</b>	<b>\$260,848,666</b>	<b>\$221,422,732</b>	<b>\$245,011,516</b>	<b>94%</b>

### Revenue Discussion

Total revenues, net of tax anticipation notes (TANs) and fund transfer revenues, are expected to be 100.2% of budgeted amounts. Tax proceeds from the dedicated FPDR tax levy comprise nearly all of FPDR's revenues, and these are right on target. Interagency revenues are forecast to be \$100,000 more than originally anticipated, as the Police Bureau has provided more services for third parties than expected. FPDR receives a portion of the overhead charges assessed on such third-party work. TAN proceeds and the transfer from the FPDR Reserve fund are often less than budgeted, as they are sized after budget adoption to manage cash flow throughout the year. Regardless, TAN proceeds and any FPDR Reserve Fund transfers net to zero each fiscal year, as funds received from these sources must be repaid within the same fiscal year (see Expenses).

### Revenue Risks

More than 99% of FPDR's revenues derive from the property tax levy. As of the end of February, 94% of budgeted tax revenue has been collected, slightly above the historic rate for this point in the year. Therefore, there are no significant revenue risks to the FPDR Fund for the current fiscal year.

### Expenditure Discussion

Expenses, net of TANs and fund transfers, are forecast to be approximately 99.5% of the pre-spring BMP budget (\$0.9 million under budget). However, FPDR expects to exceed current budget for both personnel and external materials/services, and has submitted a BMP request to draw funds from contingency to prevent over-expenditure in these areas. External materials and services are projected to exceed the pre-spring BMP budget by \$1.0 to \$2.0 million, primarily because of high short-term COVID disability costs. Wage replacement (time loss) benefits for disability claims associated with COVID vaccine side effects or infections/exposures during the Delta and Omicron COVID surges have been exceptionally high. Personnel costs will likely exceed the pre-spring BMP budget by about \$25,000. Additional personnel costs are related to an unexpected staff retirement – which will require a double-fill period during the transition, as well as a large leave payout for the retiring employee – and unbudgeted bonuses for FPDR staff represented by the District Council of Trade Unions.

### Expenditure Risks

# Business Area Projection Report

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Expenditure risks for the remainder of the fiscal year are low. Pension benefits (part of external materials and services above) are FPDR's single largest expense, making up 78% of total bureau expenditures. FPDR has sufficient budget authority for at least another 15 retirements before June 30, an adequate cushion given that most sworn employees considering retirement will wait for July, a 27 pay date month. Expenditure risk is slightly higher for PERS contributions, part of internal materials and services above. Even after factoring in contributions on bonuses and retroactive pay increases included in the most recent Portland Police Association contract, FPDR projects that PERS contributions will be approximately \$1.3 million under budget. However, overtime costs above average or accelerated hiring at either the Police or Fire Bureaus could reduce that cushion. A spring BMP request to transfer funds from contingency to the short-term disability budget should be sufficient to cover a third wave of COVID infections among sworn staff, should that occur, as well as the costs already sustained during the Delta and Omicron waves earlier this fiscal year.

## **Other Notes**

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Also of note is the fact that FPDR began FY 2021-22 with a larger beginning fund balance than originally expected: \$14.5 million rather than \$8.0 million. Spending associated with the pandemic and civic protests was not as high as initially feared in FY 2020-21.

# Business Area Projection Report

## Bureau of Fire & Police Disability & Retirement - Fund 801

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Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Ending Fund Balance	\$750,000	\$0	\$750,000	100%
Fund Transfers - Expense	\$750,000	\$0	\$0	
<b>Sum:</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$750,000</b>	<b>50%</b>

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Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$750,000	\$0	\$750,000	100%
Fund Transfers - Revenue	\$750,000	\$0	\$0	
<b>Sum:</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$750,000</b>	<b>50%</b>

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### Revenue Discussion

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### Revenue Risks

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### Expenditure Discussion

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### Expenditure Risks

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### Other Notes

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FPDR budgets a transfer from the FPDR Reserve Fund each year should tax anticipation note proceeds prove insufficient to maintain a positive cash balance in the operating fund. The transfer was not necessary in FY 2021-22.

## Capital Program Status Report

### Office of Management & Finance - Disability Retirement

CIP Program Name	2020-21 Adopted Budget	2020-21 Revised Budget	2020-21 Actuals	PY Variance	PY Percent of Actuals to Revised	2021-22 Adopted Budget	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
Maintenance and Reliability	50,000	50,000	0	-50,000		75,000	75,000	7,280	0	0%
<b>Sum:</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>-50,000</b>	<b>-100%</b>	<b>75,000</b>	<b>75,000</b>	<b>7,280</b>	<b>0</b>	

### Current Year Variance Description

There is no variance between the FY 2021-22 Adopted and the Fall BMP Revised budget.

### Other Notes

The FPDR capital program consists of one software project. As a result minor, unanticipated expenses could lead to over expenditure. To that end, FPDR budgets conservatively for capital program expenses.