

CITIZENS PANEL WILL STUDY FIRE, POLICE FUND

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Summary: Portland's mayor will name nine to the committee, which will have a year to review the pension system

The City Council unanimously agreed Wednesday to set up a citizens committee to conduct a comprehensive study of the Portland firefighter and police pension and disability system.

The resolution resulted from a compromise worked out over the weekend among council staff and commissioners Dan Saltzman and Randy Leonard -- at the direction of Mayor Tom Potter.

Leonard had been concerned that a committee, under Saltzman's original proposal, would have overlooked work done by past committees or failed to seek suggestions from staff of the Portland Fire & Police Disability and Retirement Fund. He also objected to Saltzman's plan to appoint members of the panel.

Under Wednesday's resolution, Potter will appoint the members of the nine-person citizen review committee by early February. The committee will issue its report to the council by Jan. 1, 2006.

The committee will conduct an actuarial analysis of the fund, evaluate options for fully or partially paying for the fund's pension system and examine disability costs and case management.

A technical committee, made up of staff from the police and fire fund and the city's Office of Management and Finance, will assist in the review. "OMF and fund staff will work together, which they don't do now, but will be forced to do," Leonard said.

The cost of the study will be divided between the city and the fund, as long as the fund's board of trustees agrees to partially pay for the study's cost. If not, then the city will bear the full cost. While Saltzman estimated a \$120,000 cost, others predict it will be much more.

The fire and police fund, created by voters in 1948, is paid for almost entirely by property taxes and is exempt from property-tax limits set by 1997's Measure 50. Annual pension and disability spending has increased from \$49.8 million to \$75.4 million in the past 10 years. The unfunded liability to cover future obligations has grown about 25 percent since 2001 to \$1.27 billion, according to city figures.

Commissioner Erik Sten supported the review, yet said he doubts the public will favor any tax increase to help pay for the pension system.

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