

Council showdown looms on disability system reform

How fast to change the police and fire disability system continues to divide Portland commissioners and Mayor Potter

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For almost eight months now, the Portland City Council has resembled a jazz quintet, staying in harmony even with the occasional solo.

Suddenly, however, a few commissioners have stopped listening to the band leader. The result: dissonance, and the first challenge to Mayor Tom Potter's political clout.

At issue is how the city pays disability and retirement claims for police officers and firefighters. Everybody agrees that the system, which costs Portland taxpayers \$87 million a year, needs reforming to cut costs and put the injured back to work.

But the City Council faces a rare political showdown this week -- a break from the usual spectacle of five progressives playing from the same sheet music -- over the question of whether to push ahead with piecemeal changes this fall or hold off for more sweeping reforms in 2006.

Potter says wait. The City Council voted earlier this year to create a special study commission to analyze the entire system and recommend changes. He wants to let that group, which has spent almost \$200,000 hiring outside experts, finish, then incorporate their recommendations into a package of charter amendments he plans to offer next year.

But two weeks ago, just shy of the Aug. 17 deadline to place items on a November ballot, Commissioner Erik Sten proposed immediate changes designed to get injured officers and firefighters back to work -- saving the city as much as \$1.5 million annually.

Sten dropped the idea last week after Potter objected. He and Potter are, or at least have been, allies. Sten helped Potter get elected, and the mayor got behind Sten's failed attempt to purchase Portland General Electric.

"It's important to keep some unity on the council," Sten said last week. "I'm really doing this out of deference to the mayor and Commissioner (Dan) Saltzman."

But that same day, Commissioner Randy Leonard stepped in and offered a similar set of changes. He said Sten's reforms were the right thing to do, and suggested that Sten would have pushed his ideas were it not for the fact that his father is critically ill.

Leonard, a retired firefighter and former union head, acknowledged that he got involved partly to answer critics. As a union organizer and a state legislator, he worked to preserve and in some cases increase benefits for firefighters, including himself. He and Potter, a retired police chief, both receive pensions from the fund.

"I respect where the mayor is coming from. But sometimes politics isn't process, it's timing," Leonard said Monday. "I don't understand why the mayor would put himself in the position of losing on this, when it's a big win for everyone."

Leonard says he has two votes for a November special election -- his own and Sten's. Potter and Saltzman, who championed creation of the study commission, are almost certain to vote no.

That means the man in the middle is first-term Commissioner Sam Adams.

Adams happens to have the testiest relationship with Potter of any of the council. Both men took office in January promising change, but the mayor arrived preaching process while Adams seemed determined to check off all of his campaign promises as quickly as possible.

In another nice bit of political irony, Adams came under sharp criticism from his colleagues earlier this year for, in their minds, rushing a proposed business tax reduction.

Adams hasn't decided how he'll vote Wednesday. He's meeting today with representatives of the fire and police unions, which support Leonard's reform plan. He's also calling members of the study commission to see whether they think a November election -- at a cost of \$275,000 -- would impede their work.

If there is a November vote, Adams wants to include broader changes, such as language that would transfer direct accountability for the fire and police fund to the City Council. Right now, the fund is largely autonomous.

As it now stands, "If FPD&R screws up, nothing changes," he said. "Nobody loses their job."

Regardless of what the Council decides this week, even harder choices await.

Unlike most large cities, Portland pays its law enforcement pension and disability costs year-to-year from a special property tax, rather than out of a more long-term pot of money.

That means that each year, as they prepare the city budget, Portland leaders must first set aside the money they'll need to pay retirement and disability claims. As the amount needed grows annually -- something that's certain to continue as more baby boomers retire -- there's less money available for other municipal services. Disability claims represent about 20 percent of the annual costs.

"The disability system is sexier for newspaper articles and sexier for legislative proposals, but it's not the biggest problem," said Jeff Furnish, an actuary and lawyer who is chairman of the special study commission. Its members hope to offer their findings Nov. 15. "The biggest problem is that retirement system and the unfunded liability it represents. There is no obvious or easy solution."

Leonard says that's exactly why the City Council should put a simpler package of reforms before voters this fall: To get the easy stuff out of the way.

Furnish says that's why the City Council should wait: It doesn't make sense, he says, to tinker strictly with the disability system when there are much larger questions city leaders must answer.