



CITY OF

PORTLAND, OREGON

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To: Tom Potter, Mayor
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Erik Sten, Commissioner

From: Sam Adams, Commissioner

Date: August 16, 2005

RE: Council Agenda Item 956 – FPD&R Charter Amendments

The Fire and Police Disability and Retirement Fund needs significant reform. Its poor structure, missteps and mismanagement has cast doubt on the effectiveness of all city government.

I like action and I want to pursue FPD&R reforms as soon as possible. So, since ideas for reform were recently announced by Commissioners Erik Sten and Randy Leonard, my staff and I have considered them very seriously. We have scrambled to contact stakeholders and to gather analysis of them.

Having done so, I know that Commissioners Sten and Leonard's hearts are in the right place with the proposed amendments but I will not vote to put any of these charter amendments on the ballot at this time.

Taken individually and together as one package, my concerns about the proposed reforms include lack of sufficient public discussion, inadequate analysis of impacts, possible unintended future political challenges, that the amendments do not go far enough in terms of needed reform, and that the amendments could circumvent the independent review committee that was appointed to make comprehensive recommendations to City Council.

I will explain my conclusions in more detail...

Community Support:

The FPD&R fund requires comprehensive reform based on comprehensive analysis. I co-sponsored a process to appoint a committee to obtain expert analysis of the fund, to openly review that analysis, and to make a recommendation to City Council.

My staff and I have spoken to most of the individuals on the committee. One individual noted that "reforming the fund piecemeal is not appropriate for a system this complex."

Another commented that “these proposals threaten to undercut the effort the committee has made.” Their informal advice to Council is to wait until their comprehensive analysis is complete before referring charter amendments to voters. Despite this advice, I would consider fast-tracking a process if key results could be achieved with immediate action.

Financial Impacts:

From a financial standpoint, however, I do not have outside analysis or assurances that Commissioner Leonard’s proposed reforms will achieve the immediate cost savings that the citizens of Portland expect and deserve.

In fact, the internal analysis of the proposal, completed by the FPD&R Fund’s staff, cites that “significant uncertainties hinder our analysis of overall fiscal analysis”. They also note that their “numbers involve certain necessary simplifying assumptions, making potential savings projections a ‘best-case’ scenario.”

Political Considerations:

Any change must go out for a vote of Portlanders. My staff and I discussed this decision with two respected political campaign consultants, who provided advice about the political reality of the situation. One offered that “a special election draws too much attention to it...the charter amendments will really have to be bullet proof.” Both commented that it is unlikely that voters will have the attention span for this issue in two separate elections unless there is a compelling reason to break this reform up into pieces.

I do not see a strong enough reason to ask voters to consider Commissioner Leonard’s amendments this November and further reform in a future election. I also do not think that these proposals have had enough time for the feedback required to make them “bullet proof”.

Scope of Reforms:

As I considered Commissioner Leonard’s proposals and thought about the difficulty of FPD&R reform, I began to exploring another option that would give City Council control over the plan design and the budget of the FPD&R fund. I believe this charter amendment would make FPD&R reform more attainable.

The police and fire unions, who have emphasized that they want to be as helpful as possible in making FPD&R reforms, have said they have not had enough time to think about this possibility and offer an opinion. The City Attorney’s office has also made it known that there is not sufficient time to properly write amendment language for a special election this fall; however, the amendment will be made available to the independent review committee before they present their final report to Council.