Resolution in Support of FPD&R Reform on November Ballot (Measure 26-86), and Resolution in Opposition to Ballot Measure 40

City Club of Portland (Portland, Or.)
Resolution in Support of FPD&R Reform on November Ballot (Measure 26-86)

Written and approved by the Research Board on August 10, 2006 and adopted by the Board of Governors on August 21, 2006.

PREAMBLE

A City Club of Portland study conducted in 2005 found numerous and significant problems with Portland’s Fire and Police Disability and Retirement Fund. The study committee’s report included independent analysis of the disability and retirement system and recommendations for reform. Among the concerns identified by the committee were problems with the system’s funding, administration of the disability program and conflicts of interest on the fund’s board of trustees.

City Club’s study occurred simultaneously with that of an independent review committee chartered by City Council. The scope of City Club’s study was similar to that of the Independent Review Committee in that they both evaluated options for fully or partially paying the fund’s pension system, examined disability costs and financial implications of current case management practices, and considered the financial implications of FPD&R funding on other city services.

City of Portland Measure 26-86

QUESTION: Shall system be changed to require independent, qualified experts to decide disability claims and limit additional unfunded pension liability?

SUMMARY: This measure amends the City Charter for the Fire and Police Disability and Retirement System so independent experts decide disability claims, independent audits are conducted, and the retirement system for new employees is changed.

The Board of Trustees’ role and composition will change. The Board will no longer decide disability claims. Appeals will be made to independent hearings officers with disability experience.

The number of Board members will be reduced from 11 to five. Two members of the Board will be citizens with relevant experience, one member will represent the City, and two members will represent members of the system.

The retirement system for new employees will change to limit additional unfunded pension liability by placing new employees in the Oregon Public Service Retirement System. These changes are expected to increase the existing property tax levy rate in the short-term and decrease the rate in the long-term.

Audits by independent auditors will be conducted to evaluate the efficiency and finances of the Fund.

City Club’s full report is available online at [www.pdxcityclub.org/pdf/FPDR_2006.pdf](http://www.pdxcityclub.org/pdf/FPDR_2006.pdf).
Following a six-month study, City Club adopted the following recommendations:

- The FPD&R pension system should be modified so that new hires are placed in the Oregon Public Service Retirement Plan. Existing members of the system should retain their current pension benefits and remain members of FPD&R.

- The individual account program cost of OPSRP should be negotiated between the fire and police unions and the city of Portland.

- The FPD&R disability system should be incorporated into the city’s existing workers’ compensation insurance system, with job-specific benefits to be negotiated between the city of Portland and the fire and police unions with reference to comparable jurisdictions.

- The fire and police bureaus should be accountable for the cost of the disability claims of the sworn employees as other bureaus are for their disability costs.

- The city charter should make explicit that the full 2.8 mills of the FPD&R levy be assessed on real market value.

- The FPD&R system should be subject to audits by an outside firm to eliminate conflict of interest for the city auditor.

- Elected officials should engage in a privately funded voter-education campaign to explain FPD&R reform measures that appear on the ballot.

- City Club should take a leadership role in educating community leaders and the public about the vital importance of acting on these recommendations.

The Independent Review Committee also produced a set of recommendations that were considered by City Council. The outcome of that process was the creation of another committee charged with reaching substantive agreement on what should be referred to voters. The Reform Committee was comprised of representatives from the Portland Firefighters Association, Portland Police Association, Portland Police Commanding Officers Association, a citizen member from the FPD&R Board of Trustees, representatives from the Independent Review Committee, representatives from the mayor’s and city commissioners’ offices and a representative from City Club. The Reform Committee report lead to a negotiated package of reforms that was unanimously approved by city council. The reform package adopted by City Council on July 26, 2006 and referred to voters for the November 2006 election addresses many but not all of the concerns raised by City Club.

The reform package, if approved by voters, will accomplish the following:

1. New hires will be enrolled in OPSRP and Entry Age Normal Costs for existing sworn officers will be pre-funded, as your committee recommended.

2. The proposed individual account contribution will have been negotiated between the city and the fire and police unions, though not through a collective bargaining process as was recommended by City Club.

3. Significant concerns about governance, adjudication of disability claims, and the appearance of conflict of interest by the city auditor will be addressed. The proposed reforms retain an independent FPD&R disability system contrary to City Club's recommendation that disability
claims be processed by the city's workers' compensation system.

4. The accountability of the FPD&R system will be improved by requiring program audits and creating a record-keeping system that will allow comparative analysis between FPD&R's disability system and the workers' compensation insurance system.

**RESOLUTION**

WHEREAS, City Club of Portland conducted research on Portland’s Fire and Police Disability and Retirement fund and adopted a report with comprehensive reform recommendations on February 3, 2006;

WHEREAS, Portland’s City Council has referred to voters Ballot Measure #26-86 entitled “Amends Charter: Changes Fire and Police Disability and Retirement System”;

WHEREAS, this measure significantly furthers the FPD&R reform goals recommended by City Club;

WHEREAS, the city of Portland faces a $1.64 billion unfunded property tax liability for the Fire and Police Disability and Retirement fund;

WHEREAS, unless voters enact reforms to the retirement system, this liability is expected to increase to over $8 billion in 40 years.

NOW, THEREFORE, IT IS RESOLVED, City Club of Portland shall endorse Measure 26-86 and publicly express support for its passage on the November 2006 ballot.
Resolution in Opposition to Ballot Measure 40
Written and approved by the Research Board on August 10, 2006 and adopted by the Board of Governors on August 21, 2006.

PREAMBLE

In November 2002, Oregon voters rejected Ballot Measure 22, which would have required Oregon Supreme Court and Court of Appeals judges to be elected or appointed from districts of which they are residents. Proponents of this measure argued that it would create a court more reflective of the geographical diversity of the state, ensuring that justices from the Interstate 5 corridor would no longer dominate these courts. Prior to the election, a City Club committee evaluated the measure and issued a report unanimously recommending a “no” vote. In October 2002, City Club members adopted the recommendations of the study committee. The full report is available online at www.pdxcityclub.org/pdf/Measure22_2002.pdf.

Measure 40, a constitutional amendment substantially similar to Measure 22, has qualified for the November 2006 ballot. City Club of Portland recommends voting “no” on Measure 40 for the following reasons:

- City Club's study committee found no substantive evidence that court decisions have reflected a geographic bias.

- Measure 40 would make Supreme Court and Court of Appeal justices the representatives of particular constituencies rather than responsible to the entire state.

- Measure 40, by turning judges into representatives, would politicize the courts. Unlike legislatures, courts do not reach decisions by bargaining and compromise, and therefore justices do not and should not act as the representatives of specific interests or areas.

- Electing judges by districts would increase the likelihood of political witch-hunts against the judiciary by making it easier for a small highly mobilized and well-funded group to unseat a judge whose decision the group found politically distasteful. Fear of such reprisals would threaten judicial independence and stifle dissent on the bench.

State of Oregon Ballot Measure 40
AMENDS CONSTITUTION: REQUIRES OREGON SUPREME COURT JUDGES AND COURT OF APPEALS JUDGES TO BE ELECTED BY DISTRICT

RESULT OF "YES" VOTE: "Yes" vote requires Oregon Supreme Court, Court of Appeals judges to be elected by, and reside in, legislatively established districts, which are based on population.

RESULT OF "NO" VOTE: "No" vote retains the current system for electing Oregon Supreme Court judges and Court of Appeals judges by statewide vote with no district residency requirement.
• Judicial impartiality is too valuable to jeopardize by district for the sake of a more regionally balanced court.

RESOLUTION

WHEREAS, City Club of Portland conducted research on Ballot Measure 22 in 2002 and adopted a ballot measure study report on October 4, 2002 recommending against geographical districting of Supreme Court justices and Appellate Court justices;

WHEREAS, the voters of Oregon rejected Measure 22 in 2002;

WHEREAS, Measure 40 (2006) is substantially similar to Measure 22;

NOW, THEREFORE, IT IS RESOLVED, that City Club of Portland shall publicly express opposition to Measure 40.