

# The Oregonian

Portland Police, Firefighter Fund Reform Draws Conflict

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**SUMMARY:** Pension | Commissioners are quick to stamp out Dan Saltzman's call for a May vote on fire, police disability fund

In their first work session of the new year, City Council members Tuesday wrangled over how and when to make reforms to the Portland Fire and Police Disability and Retirement Fund.

As Commissioner Dan Saltzman pressed ahead to place a measure on the May ballot that would overhaul the public safety disability and pension system, Commissioners Erik Sten and Randy Leonard called his timetable unreasonable and predicted failure.

Sten accused Saltzman of trying to rush through a reform package without time to craft a thorough measure or allow more talks with police and firefighters who will be affected. Sten forecast an adversarial process that will end in a "train wreck."

Leonard called Saltzman's path "doomed." He said Saltzman's plan to draft proposed charter changes and then seek union comments later would give the reforms "the kiss of death."

"Who are you to write them?" Leonard asked Saltzman.

"Somebody's got to take leadership," Saltzman shot back.

Saltzman said he's being responsive to the public and a citizen committee's nine-month study of the fund. He said he does not think public policy should depend on whether there's union support, even if that's how the city has operated in the past.

Commissioner Sam Adams said he also feels an urgency for reforms, calling the current disability program simply "a bad system."

Mayor Tom Potter, a former police chief who serves as chairman of the public safety fund's board of trustees, sought some middle ground. He advised Saltzman to limit the reforms in May to the disability system. He advised the commissioner to meet with police and fire union officials, staff members of the fund, city attorneys and city finance staff over the next week to draft a charter amendment the council could review next week.

If the measure is limited to disability reforms, the council would have until Feb. 22 to refer a measure to the May ballot. If pension reforms are included, which are expected to increase taxes, the council would have to act by Feb. 8 for a May referral to voters.

The council debate comes amid the Independent Review Committee's recommendation to dismantle the \$87 million-a-year fund that provides pension and disability payments to about 3,300 active and retired city police and firefighters. It is the only pay-as-you-go pension and disability plan in the country, meaning the money comes straight from Portland residents' property taxes.

The committee studied the system for nine months. In December, it recommended that Portland's risk management division administer all police and firefighter disability claims, and process new claims under Oregon's workers compensation system.

It recommended a so-called "workers' compensation-plus" package for Portland police and firefighters to ensure that they'd retain their existing level of benefits. That would allow them to be awarded disability payments equal to 75 percent of gross pay for up to one year. It also would mean that Portland police and firefighters would continue to be covered for a broad range of occupational diseases, such as hepatitis, heart disease and pneumonia.

#### Benefits of consolidation

Consultants hired by the committee estimated the city could save about \$3 million a year by consolidating the city's two disability systems into one. It would reduce administrative costs, allow professionals instead of peers to evaluate claims and get police and firefighters back to work sooner because the state system provides greater incentives for employers to return their workers to the job.

So far, Potter said he supports the idea. But the mayor also said he recognizes the importance of building consensus among the different stakeholders.

The committee also urged the city to begin funding pension benefits for new police officers or firefighters by placing them in Oregon's Public Employees Retirement System. This would help the city slowly reduce and eventually pay off a \$1.6 billion unfunded liability the public safety disability and pension system has accumulated.

Two weeks ago, the president of Portland's police union warned the City Council that if it placed proposed reforms on a May ballot that the union would "spend as much money as necessary to defeat it."

Leonard, a former firefighter union president and fund trustee, said the police and fire unions must be at the table when the council drafts proposed reforms to ensure they "buy off" on them. Adams said he's still waiting for the union to embrace any real changes to the current system.

Last summer, it was the mayor and Saltzman who were calling Sten's proposal to refer several disability system reforms for a November 2005 ballot hastily drafted and asked Sten to hold off until the citizen committee completed its work. Sten Tuesday called his reforms "small proposals" that the city could have moved forward on before the big changes.

At Tuesday's work session, fund administrator Babette Heefle said the fund has taken steps in

the last several years to curb disability costs and improve claim management.

But Gary Blackmer, city auditor who has sat on the fund's board of trustees for seven years, cautioned that while the fund is trying to fashion a disability program that is similar to the state's workers' compensation system, it won't be flexible enough if it remains governed by City Charter.

"Workers' compensation is an 'off-the-shelf' system," Blackmer said. "That's something we need to go to."

Adams agreed. "The current system that we have --even with these last-minute improvements -- is a bad system."

ILLUSTRATION: POTTER Mayor seeks

middle ground

ILLUSTRATION: SALTZMAN "Somebody's got

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ILLUSTRATION: LEONARD Says Saltzman's

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ILLUSTRATION: STEN Wants more talks

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