

Portland Fire's Pension Evolution

Compiled by Don Porth

Sources:

Exempt Firemen's Association
Multnomah Engine Company #2 Benevolent Association
Fire and Police Disability and Retirement Fund
Oregonian Article Published January 1, 1895
Various Historic Documents
Contributions from Randy Leonard and Paul Corah

Portland Firefighters enjoy a generous pension and benefit program. It is part of the compensation for serving in a difficult line of work that finds a service connected/line of duty death occurring, on average, every 2 years and 3 months. The benefit has evolved considerably since the inception of Portland Fire on August 2, 1853, when the first fire company, Vigilance Hook and Ladder, went into service.

In the early days of the volunteer fire department, the biggest benefit to the job of firefighting was the satisfaction of service to the community. This carried a practical side as well. Many volunteer firefighters in Portland did so because they owned or ran businesses that needed protection from fire. If fire destroyed the city, it would not only be bad for business, but patrons of the business might be driven away from Portland completely.

For others, a benefit may have been a place to live. During the volunteer era, and even in the early days of the Portland Paid Fire Department, some firefighters made the fire station their residence. This was practical for the fire department because it meant a ready work force at all hours of the day or night.

As time went on and the demands of the job became more strenuous and dangerous, expectations for care, when injury or when death occurred on the job, grew. This drove the evolution of various benefits, including a pension that would care for sick or injured firefighters and provide for reasonable income in retirement.

The Portland Exempt Firemen's Association

The Oregon Historical Society reports that in 1860, the Oregon State Legislature created an "Exempt Firemen" statute. This was a provision to waive some taxes, jury duty, and other societal obligations from those who volunteered their time to serve their community in the fire department. The primary qualifier was to have served at least seven years as a volunteer firefighter. By 1874, at least 147 members of the Portland Fire Department qualified as Exempt Firemen. It isn't clear how many members would eventually earn this status.

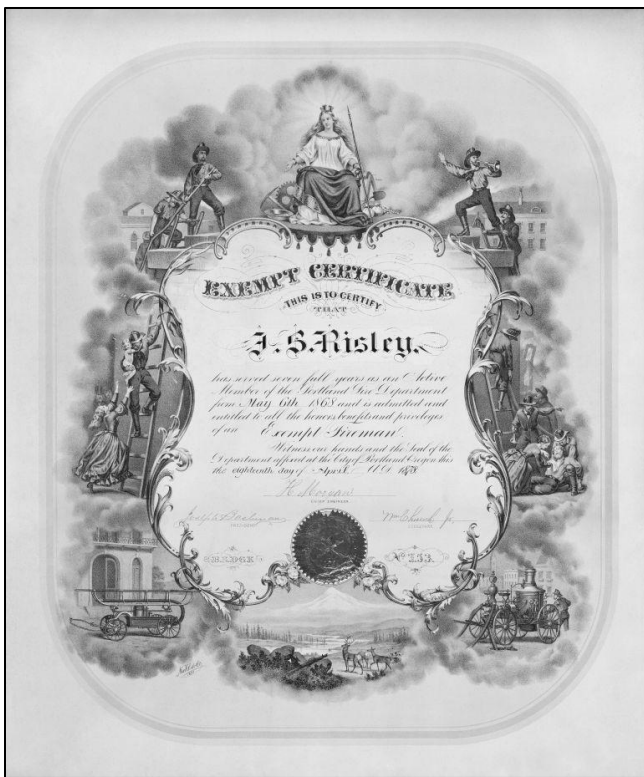
After the great fire of August 2, 1873, a large sum of money was raised for the relief of the citizens who suffered losses. After the fund had been used to benefit citizens, there remained the sum of \$1,781.74 (about \$46,000 in 2024 dollars). The authorities in charge of this money decided to turn it

over to the board of trustees of the Portland Volunteer Fire Department as an irreducible fund, the income from this fund to be used only for the relief of members of the Portland Fire Department who may be injured while in the active discharge of their duties.

There was a further provision in the donation that allowed the trustees, in case any serious calamity of fire, to use the whole or any part of the principal and interest for the relief of citizens suffering catastrophic losses due to fire.

The "Portland Exempt Firemen's Association" was organized November 15, 1874, as a benevolent association. The first meeting of the Board of Trustees was held April 8, 1875, and at a later meeting, held on April 22nd, the articles of incorporation of the Association were adopted and signed by the following seven charter members:

- Absalom B. Hallock, President
- Benjamin F. Goodwin, Secretary
- C.H. Lewis
- Peter Taylor
- Thomas A. Davis
- Albert Zieber
- Henry Failing



The fund, previously held by the board of trustees of the Portland Volunteer Fire Department, would be transferred to, and entrusted with, the Portland Exempt Fireman's Association on July, 28, 1875.

The requirements of membership in the Portland's Exempt Firemen's Association were that the candidate shall have served seven years in the Portland Volunteer Fire Department, except those who joined the department four years prior to the time it was disbanded (1883), and who performed continuous service up to January 1, 1883, when the Portland Paid Fire Department was established.

Firefighters were expected to contribute to the fund. In 1883, a one-time membership fee of \$5 was charged with an on-going charge of \$1 for every three months. These fees would grow as time passed.

By 1895. the fund had grown to about \$8,600.00 (about \$222,000 in 2024 dollars), which was available for the care of injured firemen or for the assistance of sick or indigent members. The Exempt Fireman's Association also cared for the firemen's plot (Firefighter's Section) at Lone Fir Cemetery. This 100 foot square section (Block 5) of the cemetery was given to Portland Firefighters in 1862 by then property owner Colburn Barrell and his wife. This provided for a free burial plot for any Portland

Firefighter. The benefit still exists today. Members would be issued a certificate of membership but also, beginning in 1873, be issued badges, showing their exempt status.

Below is the 1895 roster of the Exempt Firemen's Association:

- Absalom B. Hallock
- Henry Failing
- William S. Ladd
- William O. Bruen
- C.H. Lewis
- Phillip C. Schuyler
- L. Baum
- Albert Zieber
- Edward F. Albright
- Peter Taylor
- Theodore B. Trevett
- John Thompson
- Richard M. Field
- Shubrick Norris
- L.C. Millard
- W.H.D. Joyce
- H. Sinsheimer
- Blaise Labbe
- John H. Wolf
- William Young
- Benjamin F. Goodwin



- Thomas A. Davis
- J.H. Lappeus
- C.C. Phillips
- Stephen G. Skidmore
- A.J. Walling
- Henry Weinhard
- C.A. Burchardt
- Charles A. Alisky
- Jacob Mayer
- E.J. DeHart
- Thomas A. Jordan
- Henry Morgan

Multnomah Engine Company #2 Benevolent Association

After the Portland Volunteer Fire Department went out of existence at the end of December 1882, the surviving members of Multnomah Engine Company No. 2, and the sons of the members, formed the "Multnomah Engine Company No. 2 Benevolent Association." The Association established a fund of \$12,090 (about \$371,000 in 2024 dollars), the income from which is devoted to aiding sick and needy members, and upon the death of any member, the funeral expenses were paid from this fund. The officers of the original association were:

- Theodore B Trevett - President
- Benjamin L. Norden - Secretary
- Joseph Buchtel - Vice President
- Charles H. Dodd - Treasurer

It is unknown if this fund was used to exhaustion or rolled into one of the other funds to care for Portland Firefighters.

The Fireman's Mutual Benefit Association

In 1883, at the inception of the Portland Paid Fire Department (PPFD), the first Board of Fire Commissioners organized a relief association composed entirely of members of the department. On May 9, 1883, a set of rules and bylaws for the governance of the Association were adopted. These rules provided that each member of the department should pay into the relief fund the sum of 50 cents on the 1st day of each month.

This fund was to be specially set aside for the care of sick or injured members of the department. The rules provided that any member who either through sickness or accident should become incapacitated for duty as a fireman, and who was not able to work at his accustomed calling, shall receive from the fund the sum of \$40 a month, said payments to continue during the time of his disability.

On the death of any member in good standing, the sum of \$1 is levied on each member of the department to defray the funeral expenses of the deceased. The rules further provide that the officers of the Fireman's Mutual Benefit Association shall be members of the Fire Commission, with a Board of Directors to include the three members of the Commission together with the Secretary and Chief Engineer. This Association rendered valuable assistance to the individual members. The following table shows the total receipts and disbursements of the Association from May 9, 1883 to December 31, 1894:

| YEAR | RECEIPTS | DISBURSEMENTS |
|--------------|--------------------|----------------------|
| 1883 | \$691.00 | \$368.84 |
| 1884 | \$623.00 | \$475.81 |
| 1885 | \$1,381.50 | \$685.72 |
| 1886 | \$811.00 | \$337.67 |
| 1887 | \$830.00 | \$558.76 |
| 1888 | \$669.50 | \$722.80 |
| 1889 | \$934.38 | \$855.48 |
| 1890 | \$1,391.40 | \$1,162.14 |
| 1891 | \$1,510.25 | \$960.35 |
| 1892 | \$1,832.40 | \$2,143.10 |
| 1893 | \$1,748.29 | \$1,614.32 |
| TOTAL | \$12,422.82 | \$9,944.99 |

Sources of revenue from 1883 to 1893:

| SOURCE | REVENUE |
|-----------------|----------------|
| Dues and Fines | \$9,974.65 |
| Donations | \$856.00 |
| Theater Benefit | \$737.00 |
| Interest | \$799.67 |
| Misc. Sources | \$25.50 |
| Total | \$12,422.82 |

Fire Department Relief and Pension Fund

The Firemen's Mutual Benefit Association had served efficiently about 30 years. But in 1913, an effort was put forth to include contributions by taxpayers to a pension fund. A campaign to win voter support was established.

In May 18, 1913, the Oregon Journal printed an article sharing the endorsements that a June ballot measure was receiving. The Central Labor Council had unanimously adopted a resolution favoring the ballot measure and pledged the support of their membership. The Metal Trades Council also endorsed the measure entirely.

The Council of Jewish Women unanimously passed a vote in favor of supporting the ballot measure. The Women's Club met and not only endorsed the measure, but went on to declare it was "fair, just, and humane."

This was the first effort to combine not only the contribution of members of the fire department, but also citizens of Portland, through the citizen's property taxes. Firefighters would contribute 1% of their monthly salary while taxpayers would pay one-tenth of a mill on the assessed valuation of their property in the city. This meant the average taxpayer would pay between 10 to 15 cents per year into the fund. The Portland Police had already secured a similar arrangement. The plan was similar to the workers compensation act of that time for persons engaged in hazardous occupations.

June 2, 1913 Ballot To Create A Fire Department Relief And Pension Fund

Explanation

The purpose of this ordinance is to create and maintain a permanent relief and pension fund of not less than \$300,000 (\$9.4 million in 2024 dollars) by a levy of one-tenth of a mill tax and the retention of one percent of the pay of the members of the Fire Department.

Pensions and relief are payable as follows:

Half pay of rank held for year prior to retirement

- 1. After 25 years of service irrespective of age*
- 2. After 20 years continuous active service if age of 50 years is attained*
- 3. In case of permanent disability by reason of service in the fire department*
- 4. To widow, child, or children, or dependent parent of member dying from any cause*

Full pay not to exceed one year in case of temporary disability by reason of service.

Funeral expenses of active or retired member dying of any cause, \$100.00.

Provision is also made for compulsory retirement on half pay of infirmed members after 20 years continuous service and the attaining of age of 55 years. It is probable that some levy will have to be made each year to maintain the fund.

On July 14, 1913, the Executive Officers of Portland Fire met to make their selections for the Board of Trustees who would have charge of the Fire Department Relief and Pension Fund. The first board would be made up of:

- *Mayor* H. Russell Albee - Chairman
- *City Treasurer* William Adams - Treasurer
- *City Auditor* Ashbury Lincoln Barbur - Secretary
- *Fire Chief* Benjamin Franklin Dowell
- *Representative of Members* Battalion Chief Jay Stevens

The Board of Trustees would first meet on July 21, 1913. The fund began with \$1,065.13 (about \$34,000 in 2024 dollars) with another \$8,548.09 invested in improvement bonds, paying 6% in interest. The burden on taxpayers was said to be removed if/when the fund would reach \$300,000.

Insolvency On The Horizon

By 1940, the Fire Department Relief and Pension fund was on the verge of insolvency. Actions began to establish a new system. Portland Firefighter's Local 43 was working hard to fund and carry out a campaign for the pension system.

At the November 14, 1940 meeting of Local 43, a membership vote passed to assess members \$6.00 (approximately \$134 in 2024 funds) each to fund the pension campaign. They went on to ask members to volunteer to donate a day's work for members who travelled to the state legislature in Salem to lobby for a new pension.

At the same time, firefighters were working to add a third platoon to the work schedule. This would be put into a ballot measure and was passed by Portland voters on November 5, 1946. The timing likely solved two problems. The first was a reduction in weekly hours worked from 72/week to 56/week. The second was about finding work for the veterans returning from World War II. At least 239 (46%) members of Portland Fire were deployed to World War II between 1943 and 1945. When the surrenders for the war came in May and August of 1945, Portland Firefighters would begin to return. The union, during a string of meetings in 1944-45, expressed concern for deployed members who might not have work upon return. The third platoon may have solved that problem. On November 11, 1946, 76 firefighters were hired. Another 76 would be hired on July 1, 1947.

Fire And Police Disability And Retirement Fund

On July 23, 1948, the Oregon Journal reported that Portland City Council had approved a ballot measure to establish the Fire And Police Disability And Retirement Fund for both police and fire. Voters would pass this measure on November 2, 1948 by a 82,655 yes to 56,902 no vote.

The pension system would be financed by a 6% deduction from the salary of regular employees and a 2% deduction from the salary of temporary employees. The collected funds would require a constant \$500,000 reserve fund. The maximum pension benefit under the proposed system would pay 60% of

the salary for those with 30 years of service and not less than 50 years of age. It would be adjusted annually based on cost of living.

- 6% salary contribution from firefighters, based on the top pay level and not associated with salary based on rank.
- Tax levies for 3/10s mill
- A new tax levy proving a minimum of 1 mill and a maximum of 2.5 mill, whatever is necessary to maintain a reserve of \$500,000

The plan also had a provision for disability benefits and payments to widows and dependent minor children, 33.3% higher than previously paid.

Opponents felt firefighters and police officers should be under the state retirement system. Proponents expressed concern that the public system was not well adapted to the needs of Police Officers and Firefighters and that the state system provided no benefit for widows and children.

In the same election, the city of Portland asked voters to pass a special tax for firefighting equipment and fire station construction. The tax would replace 21 pieces of equipment that were 20 to 35 years old and replace Engine Houses 1, 2, 13, 19, 21, and 32. This resulted in the following changes, according to the 1948 Election Booklet from the City of Portland:

- The (1948) closure of Engine 1 at 905 SW 4th Avenue. Engine 1 would be relocated to 1436 SW Montgomery Street.
- The (1950) closure of Engine 2 at 510 NW 3rd Avenue. Engine 2 would be co-located at the Central Fire Station at 55 SW Ash Street with Engine 21 and Truck 1.
- The (1955) closure of Engine 13 at 1207 NE Grand Avenue. Engine 13 and Truck 5 would be relocated to 926 NE Weidler Street.
- The (1953) closure of Engine 19 at 6049 SE Stark Street. Engine 19 would be relocated to 7301 E. Burnside Street.
- The (1950) closure of Engine 21 at 221 SW 2nd Avenue. Engine 21 would be relocated to the Central Fire Station at 55 SW Ash Street with Engine 2 and Truck 1.
- The (1954) closure of Engine 32 at 7214 N Philadelphia Street. Engine 32 would be relocated to 7205 N Alta Street

This measure, along with the pension system, would pass, launching Portland Fire into a new era with a third platoon already in place, new stations, and new equipment.

The Portland Fire and Police Disability and Retirement Fund would go into effect July 1, 1949. The existing Fire Department Relief and Pension Fund and the Policemen's Relief and Pension Fund would be sun-setted as the two systems merged into the new system. Many members of the boards from each would continue to guide the new system, offering some stability for the Fund.

As much of an improvement as the new system was, it would see adjustments over the years. On November 2, 1954, a ballot measure was forwarded to voters to amend the charter authorizing a \$25 per month increase in pension benefit for members who retired prior to 1947. The living wage for

those members had fallen behind a fast growing economy. Adjustments meant the monthly paycheck for pre-1947 retirees would grow from \$110 per month to \$135 per month. Voters were very supportive with 50,928 yes votes versus 18,410 no votes.

On November 9, 1960, voters were again asked to amend the Fire/Police Pension Fund. This time, a pair of ballot measures were offered. City Measure 58 asked for an amendment authorizing an additional tax levy, not to exceed \$500,000 a year and increase the members contribution from 6% to 6.5%. City Measure 59 would amend the charter to increase the pensions of firefighters and police officers who retired prior to 1947 to be commensurate with current salaries so those receiving pensions would reflect growth that was awarded to current members' cost of living and contract raises. Both of these measures failed in the hands of voters.

A final ballot measure would be sent to voters for the November 4, 1964 election. This was described in the Oregon Journal as a complete rewriting of Article 1, Chapter 5 of the City Charter as it relates to the Fire and Police Disability and Retirement Fund. It did not suggest a change to the current taxation rate. The intent was to clarify existing provisions and strengthen their administration (nothing more specific was found). It would eliminate the requirement for the retiree to choose between a maximum pension or a reduction in the survivorship pension. It would also double the funeral benefit from \$100 to \$200. To defray any costs, members would have a boost in their contribution from 6% to 7% of their salary. The measure would also give the pension board the right to require medical and psychiatric examinations for any pension claims. It also provided for a mandatory retirement age of 64 years. This included Chief Officers. However, a provision was put into effect, delaying this provision until August 1, 1968, to spare then Fire Chief Dale Gilman from a mandatory retirement the following May. This measure would pass handily by a vote of 98,716 yes and 46,902 no.

Little more would change until a significant event occurred in 1984.

The Fire District #10 Effect

By the early 1980s, the city of Portland was expanding its boundaries to the east. At the same time, the city of Gresham was expanding to the west. Caught in the middle was Multnomah County Fire District #10.

District #10 was the largest fire district in the state of Oregon, having been formed on April 22, 1947. Numerous other fire districts were spread around mid-Multnomah County, each serving small townships. They would all eventually merge into Fire District #10, the final one joining on November 15, 1971. This would form a single fire district that covered most of the area east of Portland and mostly encircling Gresham.

The growth of Portland and Gresham were problematic for Fire District #10. Rules of annexation stated that when annexation took more than 50% of a fire stations response area, that fire station's assets would become part of the annexing body. With Portland and Gresham growing quickly, this did not bode well for Fire District #10. A deal was struck between Portland Fire and Fire District #10 to contract service for the fire district from Portland Fire. As part of that arrangement, all Fire District #10 employees would be transferred to Portland Fire for employment. The fire district would then

concede properties to either Portland or Gresham, as annexation consumed the necessary 50+% of each fire stations response area, but no employees would lose their job since they were now contracted from Portland Fire.

On July 1, 1984, the five year contractual agreement would begin. Portland Fire instantly grew by ten stations and 235 employees. To help integrate operations, firefighters and officers from both departments were intermixed throughout the now 38 stations that made up the operations of Portland Fire.

Fire District #10 firefighters would retain their own retirement system, which was under the Public Employees Retirement System (PERS). It would not take long before PERS retirements would take place and glaring differences between PERS and the Portland Fire & Police Disability and Retirement (FPD&R) Fund would show. The most significant issues was the pension calculation itself.

PERS pensions were calculated on the highest earnings within a 12 month period over the 36 months prior to retirement. Unused leave time could be factored into the pension calculation as well. This allowed some firefighters to retire at or above the wage they made while working. Portland firefighters would retire at 60% of the top pay scale of a firefighter, regardless of rank (even the Chief, theoretically the highest paid member, would only receive 60% of top firefighter pay). Fire District #10 Firefighters had also contributed to Social Security and were eligible for benefits. Portland Firefighters were exempt from Social Security and would earn no benefit from their employment with Portland Fire. One of the most galling features (according to Portland Firefighters) was the fact that Portland Fire members had to contribute 7% of their earned pay to their pension while PERS members made no such payment.

The angst led to a reform of FPD&R that would even the playing field or retirement benefits. The state of Oregon requires that any system that is not PERS must be equal to or better than PERS to be legal. While this seems a definitive statement, the battle as to which system is better raged on for decades and may never be sorted out. The simple fact is, the systems would become similar, yet remain different.

Pension Reform

Local 43 would lead the charge to bring changes to FPD&R. Through collective bargaining, a state statute regarding the "equal to or better than" criterion for public safety officer benefits was presented to city representatives in the bargaining process. City officials were not so much concerned about the needed changes, but more about the millage rate for the levy that funded the FPD&R pension system.

The millage system of collecting funds for FPD&R pensions had actually been eliminated by the state legislature in 1963. Portland was the only system allowed to retain this privilege.

Then Local 43 President, Randy Leonard met with then Mayor Bud Clark to try and find a compromise that would serve the city and the firefighters. The suggestion was to amend Chapter 5 of the City Charter to update the pension plan. The stipulation offered by Leonard was that Firefighters would no longer have to contribute 7% of their pay, that the tab for that would be completely on the city.

This compromise allowed the city to continue to utilize the millage system previously "grandfathered" for continued use of FPD&R. A new pension system would have required a shift to PERS and proven very costly for the general fund of the city.

This discussion would result in the "Mayor's Task Force on Pension Reform." The task force convened in 1987 and would include a representative of the Fire Bureau, Police Bureau, Citizens-At-Large, and various city officials. By early 1989, the task force would recommend a series of changes to City Council. The major changes included:

- Elimination of the 7% member contribution to the pension plan
- Vesting of members after 5 years of employment rather than the previous 20 years
- Widow/Widower coverage after marriage to a member for at least one year, either while working or after retirement (the old plan required 5 years of marriage during employment)
- Pension benefit of 2.8% of the members final salary over the final 12 months of employment for each year of service, regardless of rank, maxing out at 30 years of service (the old plan was 2% of top firefighter pay maxing out at 30 years of service). Other pension calculation options of 2.6%, 2.4%, and 2.2% could be chosen, which would impact the survivor benefit.
- Maximum cost of living raise for each fiscal year would be 2% (the old plan tied raises to the percentage achieved by Local 43 in contract negotiations)
- Maintain the exemption from paying Social Security

The impact to taxpayers was estimated to be, on average, 39 cents per year per \$1,000 valuation on property. This would equate to \$23.40 per year (approximately \$59 in 2024 funds) for a home valued at \$60,000. City officials believed that this amount would cover pension obligations as long as city property values continued to grow at a greater rate than the cost of living over each subsequent year. City Council voted unanimously to place the measure on the November 1989 ballot.

Both Police and Firefighter Unions went to their members and asked for a contribution of \$300 per member to fund a public campaign. This raised over \$350,000 (\$892,000 in 2024 dollars) to convince Portland voters to adopt this change. On November 7, 1989, it would pass with 63,865 voting yes and 50,194 voting no, a 56% approval. The new system would become known as "Tier 2," while those who retired under the pre-1989 system would be referred to as "Tier 1."

The Sunsetting of the Fire & Police Disability and Retirement Fund

Nothing really lasts forever. And so it will be with the FPD&R Fund. Scrutiny of the FPD&R system existed from the beginning. It was essentially a "pay-as-you-go" system that assessed Portland property tax payers the amount necessary to meet the demand. As the number of retirees grew, so did the annual cost to taxpayers. However, it would stabilize with time and be relatively predictable. As property values grew, the percentage assessed grew. As firefighter wages (and pension benefits) grew, it largely matched the growth, and the system worked fine for decades.

While the pay-as-you-go approach may not seem intuitive, when considering the time it was developed, it may well have been quite brilliant. Following the stock market crash of October 1929 and the subsequent depression that followed, fortunes were lost and pension funds, along with other

investments, left people broke and in some cases destitute. FPD&R was not something that occurred overnight. It was being considered for years in advance, and no doubt the sting of the depression remained on the minds of those developing the system.

The thinking may have been to sidestep any market crash that might fail firefighters and police officers. The solution would be to create a pay-as-you-go system rather than rely on investment of funds. Regardless of the thinking, the FPD&R Fund worked, and never had to tap into the maximum percentage it could have taken from property taxes.

By mid 2005, the Portland City Club, a non partisan civic organization that does research on city issues, had decided to review FPD&R and report on the feasibility and future of the system. Their report, titled "Time For Change, " concluded that FPD&R must be "phased out" because it is detrimental to the city's financial health and places an unnecessary burden on taxpayers.

At that time, FPD&R paid out approximately \$87 million per year to 3,300 active and retired firefighters and police officers (in disability and pension). They also expressed concern over the handling of disabled members and return to work issues. The City Club membership would spend over seven months evaluating the system and bring their recommendations to City Council on February 3, 2006.

The disability system within FPD&R was considered flawed. The five person board that decided the fate of disabled members was made up of two firefighters and two police officers, along with one member of the public. Many felt that bias disallowed a fair disposition of disability benefits. The recommendation from the City Club was to place workers under state Workers Compensation systems.

In June of 2006, City Council would approve placing the issue on a ballot measure for the public to decide. On election day, November 7, 2006, the public would vote 4-1 to discontinue FPD&R, placing all new hires on the state's Public Employees Retirement System (PERS) beginning with anyone hired on or after January 1, 2007. This would seal the fate of FPD&R and bring a new chapter to the on-going story of Portland Fire's pension and benefit story.

FPD&R will continue to care for retired and disabled members until the final participant passes, likely some 40-50 years down the road. The obligation on taxpayers will gradually ramp down and disappear, relegating FPD&R to simply another chapter in Portland Fire History.

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