

PERS projected to take 30% of payroll

By **PETER WONG**
Capital Bureau

SALEM — Oregon's public-pension contribution rate has an 80 percent likelihood of exceeding 30 percent of payroll within the next few years, according to an analysis presented to the system's governing board.

The projection was offered by Milliman, the firm that does the actuarial work for the Public Employees Retirement System, as the agency and lawmakers consider how they can deal with rising costs.

Those increased payroll costs will mean less money available for other government services, or potentially higher taxes.

The PERS board and agency staff say that policy changes are up to the Legislature, but through Milliman, they can analyze potential effects of various proposals. Milliman has offered such reports already.

A legislative work group has reviewed proposals for the 2017 session, which gets down to business starting Feb. 6.

The base rate set by the board for employer contributions the 2017-19 budget cycle is already at 20.8 percent. Although none of Oregon's more than 900 government employers pays that rate, it is an indicator of upward trends — more than 3 percentage points greater than the current rate.

Actual rates paid by employers hinge on the mix of employees hired before and after August 2003 — when lawmakers made pension benefits less generous for future workers — and the employer's proportion of public safety employees, who qualify for greater benefits.

The board on Sept. 30 set final rates for the 2017-19 budget cycle, which starts in mid-2017. Those figures are close to the preliminary rates projected about a year ago, so government employers have had time to prepare for the increases.

Although the state budget cycle is for two years, virtually all local governments budget for a single year.

The base rate actually

would have been up to 29 percent, but the rate was "collared," so the increase is spread out over the following two-year budget cycles in 2019-21 and 2021-23.

Although government contribution rates are limited this cycle, the PERS board said the full amounts are necessary to make up the gap between investment earnings — which account for seven of every 10 dollars paid out — and promised pension benefits.

Board Chairman John Thomas said Oregon has no intention of underfunding the system, unlike what has happened in states such as Illinois and New Jersey.

"As a board we are going to continue to stay current with the actuarial liabilities, as far as promised benefits are concerned," Thomas said.

Still, a combination of factors has led to a growing long-term actuarial liability of \$22 billion for Oregon PERS and a decrease in funded status to 71 percent as of the end of 2015. Funded status was 96 percent at the end of

2013, when lawmakers made further changes in the system, and 84 percent at the end of 2014.

A 2015 decision by the Oregon Supreme Court struck down the heart of 2013 legislation that would have pared cost-of-living increases for about 130,000 current retirees. The court ruled that the reductions cannot be applied to benefits earned before 2013, so \$5 billion in projected long-term savings were nullified.

The court upheld a provision barring out-of-state retirees from collecting payments intended to offset Oregon taxes on their pensions. But that provision will result in a fraction of the savings envisioned from the reduced cost-of-living payments.

Among other factors in Oregon PERS growing liability are investment returns lagging behind the assumed rate of 7.5 percent for the next two years — the board dropped the rate in 2015 from 7.75 percent — and updated mortality tables based on retirees living longer.

BRIEFLY

Council bans new bulk fossil fuel terminals

PORTLAND (AP) — The Portland City Council voted to ban new bulk fossil fuel storage facilities in the city.

Oregon Public Broadcasting reports it was one of several bills approved Wednesday that attempt to reduce the city's reliance on fossil fuels and cut greenhouse gas emissions.

The new zoning change bans new fossil fuel storage facilities in excess of 2 million gallons and limits existing terminals from expanding in size. The move comes at a time when energy companies have proposed building coal, petroleum and liquefied natural gas export terminals in the Northwest to better reach Asian markets.

The council also adopted an electric vehicle policy that aims to put 50,000 electric vehicles on city streets by 2030, and voted to require home energy audits when houses are placed on the market.

Body found in snowy driveway near Albany

ALBANY (AP) — Sheriff's detectives in Linn County are investigating the death of a man whose body was covered by a thin layer of snow.

Sheriff Bruce Riley says deputies and detectives responded Wednesday night after a caller reported that a stranger was deceased in his driveway east of Albany. There was no sign of foul play.

The sheriff says the man's wallet contained cash but no photo identification. No abandoned vehicle was in the area.

Riley described the body as that of a middle-aged man. He was about 5-foot-11, 200 pounds, and had brown hair, hazel eyes and a full, gray beard.

Anyone with information is asked to contact the Linn County Sheriff's Office at 541-967-3950.

Roseburg Forest Products, union agree to new pact

ROSEBURG, Ore. (AP) — Roseburg Forest Products and its union workers have reached a deal on a new contract.

The *News-Review* reports the previous contract expired in June, and work had been continuing under that agreement.

Union workers previously took issue with mandatory overtime shifts and frozen pensions in previous contracts.

They rallied at company headquarters in Springfield at least twice earlier this year.

Specifics of the new contract have not been released. It affects nearly 2,000 employees, mostly in Douglas and Coos counties.

James Manning appointed to Oregon Senate seat

EUGENE (AP) — Lane County commissioners appointed James Manning as the new state senator for much of Eugene and Junction City.

The *Register-Guard* reports Wednesday's 3-2 vote was a shock because Manning had been the third choice of local Democratic Party officials.

Manning replaces state Sen. Chris Edwards, a Democrat who is resigning at the end of the year for an administrative job at the University of Oregon. Manning will serve out the last two years of Edwards' term.

Audit faults water resources dept. data collection

By **CLAIRE WITHYCOMBE**
Capital Bureau

SALEM — An audit released Thursday by the Secretary of State's Office calls on the state's Water Resources Department to improve its long-term planning and management of Oregon's water supply.

The department is responsible for allocating water rights, enforcing the state's water laws and other aspects of water management. It's overseen by a citizen commission.

Noting that the state's water problems are positioned to worsen, the secretary of state's findings say the department could do more to "sustain current and future water needs," protect groundwater, and collect and analyze information about the state's water.

The audit comes on the heels of the governor's 2015 county drought declarations and state efforts to prioritize water issues in their wake.

A legislative drought task



Sean Ellis/EO Media Group

A sugar beet field in Eastern Oregon is irrigated in June. An audit released Thursday by the Secretary of State's Office calls on the state's Water Resources Department to improve its long-term planning and management of Oregon's water supply.

force recently identified gaps in the state's systems and resources for preventing and responding to drought.

While the water resources department gathers a lot of information about water supply, the department hasn't been able to analyze all of it, the audit found.

For example, the department's water availability models are based on decades-old data, although the department has 17 years' worth of information about streamflow measurement collected after 1987.

In other areas of water management, such as water

use reporting, the department lacks data altogether, the audit found.

"Only about 20 percent of water rights holders are required to report how much water they use to (the water resources department)," the audit states.

Agricultural users — who account for up to 85 percent of the state's water use — aren't required to report how much they use. As a result, the department lacks "a clear understanding of how much water is actually being used," the audit states.

Additionally, the department has focused more on collecting data on surface water than groundwater, demand for which is growing.

The audit also recommended the department adopt an overarching plan to set long-term water goals, and improve communication and how it manages its workload.

Finally, the audit noted that planning is key to managing the state's water in the long run.

Corrections

The Wednesday article "Project Exploration looks at Pendleton future" misstated one of the projects the city of Pendleton/Pendleton Development Commission helped fund. It was the Westgate interchange. The *East Oregonian* works hard to be accurate and sincerely regrets any errors. If you notice a mistake in the paper, please call 541-966-0818.

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Multimedia Consultants:

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541-278-2678 • tbriggs@eastoregonian.com

• Elizabeth Freemantle

541-278-2683 • efreemantle@eastoregonian.com

• Jeanne Jewett

541-564-4531 • jjewett@eastoregonian.com

• Chris McClellan

541-966-0827 • cmcclellan@eastoregonian.com

• Stephanie Newsom

541-278-2687 • snewsom@eastoregonian.com

• Dayle Stinson

541-278-2670 • dstinson@eastoregonian.com

• Audra Workman

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COMMERCIAL PRINTING

Production Manager: Mike Jensen

541-215-0824 • mjensen@eastoregonian.com

AccuWeather.com Forecast

TODAY	SATURDAY	SUNDAY	MONDAY	TUESDAY
Partly sunny, flurries; frigid	Very cold with some sun	Partly sunny and very cold	Cloudy and chilly	Cloudy with a bit of snow

PENDLETON TEMPERATURE FORECAST

15°	-4°	14°	7°	28°	24°	38°	33°	39°	30°
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HERMISTON TEMPERATURE FORECAST

20°	-2°	15°	7°	22°	16°	37°	32°	40°	31°
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PENDLETON
through 3 p.m. yesterday

TEMPERATURE	HIGH	LOW
Yesterday	20°	15°
Normals	39°	26°
Records	67° (1959)	-18° (1919)

PRECIPITATION
24 hours ending 3 p.m. 0.58"
Month to date 1.29"
Normal month to date 0.70"
Year to date 12.59"
Last year to date 9.39"
Normal year to date 12.21"

HERMISTON
through 3 p.m. yesterday

TEMPERATURE	HIGH	LOW
Yesterday	24°	19°
Normals	39°	27°
Records	68° (1939)	-7° (1932)

PRECIPITATION
24 hours ending 3 p.m. 0.64"
Month to date 0.87"
Normal month to date 0.76"
Year to date 8.77"
Last year to date 6.50"
Normal year to date 9.26"

SUN AND MOON

	Last	New	First	Full
Sunrise today		7:30 a.m.		
Sunset tonight		4:12 p.m.		
Moonrise today		7:44 p.m.		
Moonset today		9:40 a.m.		

REGIONAL FORECAST

Location	Temp	Conditions
Seattle	33/22	
Wenatchee	18/6	
Spokane	12/-6	
Aberdeen	36/22	
Olympia	33/19	
Moses Lake	18/-2	
Pullman	11/-5	
Tacoma	33/17	
Yakima	23/-3	
Longview	33/21	
Kennewick	18/0	
Walla Walla	14/0	
Lewiston	20/3	
Corvallis	33/20	
John Day	22/-3	
Enterprise	20/-8	
Salem	33/20	
Albany	33/21	
Eugene	34/18	
Bend	19/-1	
Ontario	28/1	
Medford	41/24	
Klamath Falls	31/8	
Burns	22/-10	
Caldwell	30/5	

Shown is today's weather. Temperatures are today's highs and tonight's lows.

Coastal Oregon: Sunshine and patchy clouds today. Clear to partly cloudy and chilly tonight.	Eastern Washington: Sunshine and patchy clouds today. Patchy clouds tonight. Clouds and sun tomorrow.
Eastern and Central Oregon: Clouds and sun today. A bit of snow in the south and upper Treasure Valley; flurries across the north and in central parts.	Cascades: Chilly today with some sun; a couple of flurries in the south.
Western Washington: Partly sunny today. Partly cloudy tonight.	Northern California: Cooler today with times of clouds and sun. Cold tonight. Mostly sunny tomorrow.

REGIONAL CITIES

	Today			Sat.		
	Hi	Lo	W	Hi	Lo	W
Astoria	39	26	pc	42	33	c
Baker City	18	-9	pc	9	-6	pc
Bend	19	-1	pc	25	10	pc
Brookings	47	31	s	46	34	pc
Burns	22	-10	pc	17	-1	pc
Enterprise	20	-8	sn	12	3	pc
Eugene	34	18	s	37	25	pc
Heppner	17	-4	sf	18	10	pc
Hermiston	20	-2	sf	15	7	pc
John Day	22	-3	sf	22	13	pc
Klamath Falls	31	8	pc	30	13	c
La Grande	20	-6	pc	17	7	pc
Meacham	16	-9	sf	17	5	pc
Medford	41	24	s	38	23	c
Newport	40	29	pc	40	35	c
North Bend	44	30	s	46	33	pc
Ontario	28	1	sn	14	-1	c
Pasco	18	1	s	15	4	pc
Pendleton	15	-4	sf	14	7	pc
Portland	33	21	s	34	31	sf
Redmond	21	-7	pc	24	5	pc
Salem	33	20	s	34	29	pc
Spokane	12	-6	s	10	0	pc
Ukiah	14	-11	sf	16	6	pc
Vancouver	34	21	s	33	29	sf
Walla Walla	14	0	sf	13	7	pc
Yakima	23	-3	s	19	3	pc

WORLD CITIES

	Today			Sat.		
	Hi	Lo	W	Hi	Lo	W
Beijing	43	21	pc	47	22	pc
Hong Kong	65	59	pc	69	66	pc
Jerusalem	53	44	pc	53	44	pc
London	52	42	pc	50	38	pc
Mexico City	73	51	pc	74	50	pc
Moscow	12	10	c	24	22	sn
Paris						