

REPORT TO COUNCIL

Public Safety General Obligation Bond Independent Citizen Committee

PART I – Public Safety General Obligation Bond

Background

On July 15, 2010, City Council approved Resolution #36800 to refer a measure to Portland voters authorizing the issuance of General Obligation (GO) bonds up to the amount of \$72,400,000 to provide funding for the replacement of aging fire and emergency response vehicles, to finance the construction of a fire station and an emergency response center, and provide funding for a public safety emergency radio system. On November 2, 2010 voters approved the public safety GO bond measure, titled Measure 26-117.

As part of Measure 26-117, the City provided a Public Safety General Obligation Bond Proposal which summarized the key elements for the four projects: Apparatus Replacement; Fire Station Construction; Emergency Response Center; and the Public Safety Emergency Radio System Replacement. The Proposal also provided information on the financing plan and estimated taxpayer impacts.

Bond Issuance and Management

Measure 26-117 contained language that stipulated the conditions under which the City could issue bonds and manage bond proceeds:

The Council is authorized to issue bonds on or after January 1, 2011, in the aggregate amount not to exceed \$72,400,000, which shall be general obligations of the City. The bonds may be issued in one or more series.

The proceeds of such bonds shall be placed in a special fund to be established by the Council, and shall be used for capital construction, improvements and costs, which consist of:

- Providing fire and emergency response vehicles that are needed to maintain existing service levels and replace aging fire and emergency response vehicles including a minimum of four rapid response emergency medical vehicles;
- Providing funds for replacement of the City's obsolete public safety emergency radio system; providing a fire station and related facilities; and providing an emergency response center.

If the bonds are to be issued in more than one series, prior to the issuance of any bonds subsequent to the first offering, the Chief Administrative Officer of the City shall present to Council a report on the bond expenditures to date and a listing of any savings that have occurred due to lower than expected construction costs and/or apparatus replacement prices.

Exhibit A

These general obligation bonds are specifically authorized, and shall not be counted as within the limitation of Section 7 -204 of the Charter of the City of Portland. Taxes imposed to pay the principal and interest on indebtedness incurred through the issuance of these general obligation bonds for capital construction, improvements and costs shall not be limited by sections 11 and/or 11b, Article XI of the Oregon Constitution, but rather are hereby specifically authorized and shall be in addition to all other taxes that may be levied according to law.

Prior to the second and/or third series of bonds being issued, the Chief Administrative Officer shall present to Council the bond expenditures to-date and a listing of any savings that have occurred due to lower than expected construction costs and/or apparatus replacement prices so that if the City Council agrees, the dollar amount of the second or third series of bonds issued would be reduced by an amount equal to the savings accrued during expenditures of the prior bond issuance(s).

Exhibit A

Public Safety GO Bond Fund Activity as of December 2011

Bond Sales – Actual and Planned

The spreadsheet below shows the current budget for the program and a projection of costs over time for the program. Items to note include:

- The program had its first debt sale in May 2011 for \$26,662,244.
- The program is projected to have its second debt sale in FY 2013-14.
- At this point the second debt sale plans to use all of the bonding authority approved by the voters.
- No project savings are anticipated at this point and the program anticipates using the interest earnings forecasted over the life of the program (\$273,475).
- The program will be completed in FY 2015-16.

Public Safety GO Bond Fund
Fund Projections

	Budget	Projection to June 2012	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
REQUIREMENTS							
Fire Station 21	7,900,000	551,896	1,746,658	4,459,160	1,142,286	-	-
Fire Apparatus	19,800,000	1,359,000	5,762,000	3,331,000	8,804,000	544,000	-
Emergency Coordination Center	4,000,000	1,000,000	3,000,000	-	-	-	-
Public Safety Emergency Radio System	53,090,921	12,785,138	5,772,991	9,856,247	24,676,545	-	-
Fund administration	625,000	-	26,306	199,563	199,563	199,568	-
Fire project management	575,000	-	115,000	153,331	153,331	153,338	-
Bond issuance costs	560,000	232,679	-	327,321	-	-	-
Program contingency	-	-	-	-	-	-	-
Total requirements	86,550,921	15,928,713	16,422,955	18,326,622	34,975,725	896,906	-
RESOURCES							
Radio system grants	994,914	994,914	-	-	-	-	-
Cash for Public Safety Emer. Radio	3,156,007	3,156,007	-	-	-	-	-
Emer Radio Systems Replacement Funds	10,000,000	10,000,000	-	-	-	-	-
GO Bond proceeds	72,400,000	26,662,244	-	45,737,756	-	-	-
Interest earnings	-	101,475	59,500	112,500	-	-	-
Total resources	86,550,921	40,914,640	59,500	45,850,256	-	-	-
Fund balance	-	24,985,927	8,622,472	36,146,106	1,170,381	273,475	273,475

Exhibit A

Financial Status: Revenues and Expenses – Budget v. Actual

The spreadsheet below shows the current budget for the program and life to date actual expenses and revenues through December 2011. Items to highlight include:

- The \$6,361,449 of Radio System project expenses were primarily for upgrading the existing system so that it would continue to function until it will be replaced through the GO bond program. Some of these project expenses were funded with General Fund dollars the City has dedicated to the project.
- Expenses for the Fire Station 21 project were for project planning and architectural and engineering work.
- Expenses for the Fire Apparatus project were for engineering and design services.

Public Safety GO Bond Fund

Program budget and actual life to date expenses and revenues

As per SAP

<u>Requirements</u>	Current budget	Life to date actuals through Dec 2011	Balance
Fire Station 21	\$7,900,000	\$123,452	\$7,776,548
Fire Apparatus	\$19,800,000	\$40,725	\$19,759,275
Emergency Coordination Center	\$4,000,000	\$0	\$4,000,000
Public Safety Emergency Radio System	\$52,096,007	\$6,361,449	\$45,734,558
GO bond fund costs (General Fund Overhead)	\$625,000	\$511	\$624,489
Fire project management	\$575,000	\$0	\$575,000
Bond issuance costs	\$560,000	\$229,932	\$330,068
Program contingency	\$0	\$0	\$0
TOTALS	\$85,556,007	\$6,756,069	\$78,799,938
<u>Resources</u>			
Other cash for Public Safety Emergency Radio System	\$3,156,007	\$3,156,007	\$0
Public Safety Emergency Radio System replacement monies	\$10,000,000	\$10,000,000	\$0
GO bond proceeds	\$72,400,000	\$26,662,244	\$45,737,756
Interest earnings	\$0	\$98,006	(\$98,006)
Total resources	\$85,556,007	\$39,916,258	\$45,639,749

PART II – GO Bond Independent Citizen Committee

Council Resolution #36900 stated that:

Portland's taxpayers expect transparency and accountability in the use of these funds and this will be achieved in part through the appointment of a five member independent citizen committee comprised of each City Council member's appointee that would report annually to the City Council and quarterly to the City's Chief Administrative Officer.

Measure 26-117 also contained language directing the creation of an independent citizen oversight committee:

The Council shall also appoint a five-member citizen committee with relevant expertise to review bond expenditures and provide annual reports to Council on whether such expenditures adhere to voter-approved uses. Each Council member shall recommend one member to serve on the citizen committee.

The following citizens have been appointed by City Council as the current members of the Public Safety GO Bond Independent Citizen Committee (ICC):

Mayor Adams	Kirk Hall, Chair
Commissioner Fish	Lou Savage
Commissioner Fritz	Steven Shane
Commissioner Leonard	Nicolette Johnson
Commissioner Saltzman	Scott Warnick

Structure of the Independent Citizen Committee

The December 20, 2010 memo from CAO Ken Rust and Chief Klum outlined the oversight structure of the ICC which included:

- Quarterly meetings until bond proceeds are expended
- Review of project status and financial reports
- Review of GO Bond fund financial reports
- Quarterly reports to the Chief Administrative Officer
- Annual reports to City Council

The ICC has met quarterly since it was established – March 9, May 4, September 7 and November 2, 2011.

Structure of Project Oversight Committees (POC)

The December 2010 memo also outlined the creation of project oversight committees (POC's) for the four GO Bond-funded projects and the role of those POC's:

- Oversight of individual projects
- Quarterly reports to ICC
- POC representatives attend quarterly ICC meetings

PART III – ICC Assessment and Comments

As noted above, the Independent Citizen Committee (ICC) has held quarterly public meetings with responsible staff from various City departments to review the plans and progress for each project being funded by the Public Safety General Obligation Bond. In addition, each project has also received guidance and input from separate citizen advisory groups at other meetings.

The members of the ICC have found the information provided to it by City staff to be comprehensive, timely, and informative. Staff members have been extremely responsive to ICC questions, and have supplemented their regular presentations with additional information upon ICC request. ICC members have also provided City staff with various ideas and suggestions concerning the projects, and City staff has been responsive and not defensive in each instance. To date, the relationship between the ICC and City staff has been collaborative and productive.

The ICC cannot fulfill either a financial or performance auditing function, and can only proceed with the information presented to it at its quarterly meetings. With this observation, ICC members believe they have been kept fully informed by City staff, and are well satisfied with the quality and presentation of information presented by City staff regarding the projects.

Based on the information presented to the ICC, it appears that the projects funded by the Public Safety General Obligation Bond are consistent with the voter-approved purposes of the Bond, and that expenditures to date have also been appropriate. It also appears that execution of the projects to date has been professional and appropriate, and has been designed to meet the purposes of the Bond in an economical fashion. While it is too early in the life cycle of these projects to project their total cost and completion date with any certainty (and certain contingencies have been identified which could potentially impact project cost and completion date), it appears to the ICC that the projects are generally on track to meet their projected budgets and timelines.

Overall, the ICC members have been favorably impressed with the focus and professionalism of the City staff responsible for executing these projects, and appreciate the courtesy and responsiveness the ICC has received to date.

PART IV – GO Bond-Funded Project Summaries

Apparatus Replacement

Major Accomplishments in 2011

The project team for the Apparatus Replacement project awarded contracts for design and engineering of fireboats and heavy rescue apparatus. The project team also completed research on rapid response and completed an apparatus specifications assessment, for the aerial ladder trucks and the heavy rescue with crane. City Council authorized a pilot project contract with Pierce Manufacturing for the design and construction of heavy rescue apparatus. Research was also completed on fireboat design and marine engineering, in November 2011. The contract for the design and engineering of the fireboats was awarded to Jensen Marine.

Fire engine specifications tied to an existing purchasing contract were updated and used as a template for a new Request for Proposal (RFP) for GO Bond-funded fire engines. Recently, the contract for fireboat construction was awarded to Oregon Iron Works.

The project team is applying for UASI and FEMA grants to provide supplemental funding for the apparatus replacements.

Critical Issues and Risks Encountered in 2011

The project team had concerns about the anticipated time it could take to develop and write apparatus specifications. However, apparatus specifications were written and revised on a compressed schedule. Furthermore, collaborative review was conducted and the process was completed with the manufacturer.

Status of Project Schedule

The Apparatus Replacement project is on schedule.

Project Scope and Potential Issues and Risks

The Apparatus Replacement project has changed slightly due to projected rise in cost of materials, labor and construction which are higher than previously estimated. Actual number of apparatus may have to be adjusted due to price increases.

Upcoming Milestones

The project team for Apparatus Replacement will award a contract for the construction of the fireboats in the first quarter of 2012. Additionally, information from the Tri-Data Study, which will guide decisions for new rapid response vehicles, should be available in the first quarter of 2012.

Fire Station 21

Major Accomplishments in 2011

The Fire Station 21 project team executed a contract with Yost Grube Hall Architects (YGH) to develop a concept design of Fire Station 21. The Fire Station 21 project team also completed the Request for Proposal (RFP) for an architectural and engineering design team to take the fire station, dock, and boathouse through the design phase.

Furthermore, the project team and the Portland Development Commission (PDC) started the development of a Memorandum of Understanding (MOU) regarding the removal of the Madison Street dock. The MOU was allowed to sunset, due to the anticipated timing of the transfer of the Madison St. Dock to Portland Parks & Recreation (PP&R). The anticipated date for the transfer of ownership of the Madison St. dock from Portland Development Commission (PDC) to Portland Parks & Recreation will occur by March 2012.

Critical Issues and Risks Encountered in 2011

The Fire Station 21 project team had issues about securing the requisite permits for work in the Willamette River. This risk was minimized by thoroughly briefing and working with the Portland Inland Waters Streamlining Committee.

Status of Project Schedule

The Fire Station 21 project continues to remain tentatively on schedule. The procurement process for the architecture/engineering team took longer than anticipated. The decision to use a Construction Manager/General Contractor (CM/GC) to deliver the project is expected to result in a significant reduction to the total project time.

Project Scope and Potential Issues and Risks

The Fire Station 21 Project remains within its scope. As information is gained through more in-depth investigations relating to geotechnical conditions and other development related costs, “unknown conditions” remain a potential risk to the budget.

The projected costs for the Fire Station 21 project renovation developed for the GO Bond budget did not take into consideration the costs for a new boathouse and modification of the dock. The design will keep the boathouse as close as possible to the station, in order to utilize the existing gangway. This will reduce both cost and response time.

Additionally, the project team has to address the fact that the US Fish and Wildlife service only allows construction in the Willamette River within specific timeframes. If additional unexpected delays occur, the project may be prevented from beginning construction as scheduled. The Fire Station 21 project team is also managing the in-water permitting process. This process remains the most complex and challenging aspect of the planning process. Because the project team wishes to have a structure in the water by the summer of 2012, the design team is identifying and discussing strategies to reduce the anticipated amount of time required for the various regulatory entities to review and provide approvals.

Exhibit A

Another concern the Fire Station 21 project team is addressing is the geology of the site. The proposed site will be studied and evaluated as the project moves forward. This could present unexpected challenges to meet seismic standards. Geologic evaluations and engineering are still in progress and being studied by experts.

Upcoming Milestones

The Fire Station 21 project team will develop with Portland Parks & Recreation (PP&R) a new Memorandum of Understanding (MOU) regarding shared use of the Madison St. Dock. It is anticipated that the transfer of ownership of the dock, from PDC to PP&R will occur by March 2012.

Results from the geological evaluation of the proposed site will be completed in 2012.

It is anticipated this project will be LEED certified at the gold level.

Public Safety Emergency Radio System Replacement

Major Accomplishments in 2011

The Bureau of Technology Services (BTS) collected inventory data for the current radio system and began validating the data. This was done for both radio sites and remote/handheld equipment. BTS also completed and confirmed a comprehensive stakeholder/user list.

Engineering analysis by Federal Engineering was completed and the first major deliverables of the project (needs analysis and inventory analysis) were developed, reviewed, and approved.

Critical Issues and Risks Encountered in 2011

BTS and Public Safety System Revitalization Program (PSSRP) began to spend extra time and effort to quantify the risks of an aging system, and ensuring open and proactive communication with all affected agencies. The constraints of finite dollars available for the project and site restrictions (no additional tower sites planned) remain high on the issues confronting the project. PSSRP continues to work with the Federal Engineering consultant team, to ensure that the constraints of the project are properly used in the consultant's reports.

Status of Project Schedule

The Radio Replacement project is generally on schedule. There have been some contract delays, plus expanded City review periods.

Project Scope and Potential Issues and Risks

The Radio Replacement project remains within its scope, without any foreseen risks or issues anticipated at this time.

Upcoming Milestones

The requirements definition for the Radio Replacement project and the alternatives report are anticipated to be finalized and approved in 2012. These reports will help guide the City in selecting the best type of radio system to implement for this project. In addition, the high-level conceptual design of the Emergency Radio project is expected to be developed and completed in 2012.

Emergency Coordination Center

Major Accomplishments in 2011

All cost estimates were completed in August 2011, and were consistent with past estimates of the project budget. The bid phase of the project was completed, with all six qualified bids coming in under the project estimate.

Critical Issues and Risks Encountered in 2011

One of the issues that arose during 2011 was the conditions placed on the project through the street vacation ordinance and Portland Bureau of Transportation's (PBOT's) management of these conditions. Facilities Services worked with PBOT and the City Attorney's Office to reword and revise the vacation ordinance, which was submitted and approved by Council.

Status of Project Schedule

The Emergency Coordination Center (ECC) remains generally on schedule. Procurement Services must review and approve all bid documents for compliance with bid-related City programs. The lowest responsive bidder was rejected by Procurement Services and a Notice of Intent to Award issued for the second lowest responsive bidder. The rejected bidder has filed a protest which is being reviewed by Procurement. If the protest is resolved soon, construction may then begin by the end of the first quarter of 2012.

Project Scope and Potential Issues and Risks

The Emergency Coordination Center project remains within its scope.

The bid phase of the ECC project includes several risks that can potentially cause delays and increase costs; due to the fact that, this is a complex project with many bid requirements. Complex bidding processes can lead to more opportunities for contractors to omit details, which can lead to protests after the bid. Protests can delay the bid award and the start of construction. Bidders may be found to be non-responsive primarily due to non-compliance with the good faith efforts program.

The ECC project team is coordinating closely with the Water Bureau on a Water Bureau infrastructure project located near the intersection of Powell Boulevard and I-205. This project is scheduled for construction in 2012. The increased volume of truck traffic entering and leaving the Water Bureau project site could negatively impact traffic circulation along SE Powell Boulevard. Facilities Services has planned potential alternate vehicular project access routes to help minimize the impacts, if the Water Bureau project moves forward as scheduled.

Upcoming Milestones

The Emergency Coordination Center (ECC) project team anticipates the completion and the finalization of the bid award for the contracting on the project in the first quarter of 2012.

The ECC project team foresees the accommodation of temporary parking during construction, for all 911 Center staff and visitors. The construction of the ECC is expected to start by the end of the first quarter of 2012.

The ECC project is on track to achieve LEED Gold certification upon completion.

Exhibit A

PART V – GO Bond Funded Project Financial Summaries

The project status reports compare project budget, with life-to-date expenses.

Public Safety GO Bond program reports
Apparatus Replacement

	Budget	Dec 2011 Life to Date Actuals	Balance
EXPENSES			
Direct costs			
Engines (11)	\$7,392,000	\$0	\$7,392,000
Ladder trucks (4)	\$5,044,000	\$0	\$5,044,000
Brush vehicles (3)	\$669,000	\$0	\$669,000
Air units (2)	\$1,314,000	\$0	\$1,314,000
Fire boats (2)	\$3,338,000	\$0	\$3,338,000
Water tender (1)	\$628,000	\$0	\$628,000
Dive apparatus (1)	\$215,000	\$0	\$215,000
Heavy rescue squad (1)	\$700,000	\$0	\$700,000
Rapid response vehicles (4)	\$500,000	\$0	\$500,000
Total direct costs	\$19,800,000	\$0	\$19,800,000
Indirect costs			
Design specifications	\$0	\$40,725	(\$40,725)
Inspection travel	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0
Total indirect costs	\$0	\$40,725	(\$40,725)
Total expenses	\$19,800,000	\$40,725	\$19,759,275
RESOURCES			
GO Bonds	\$19,800,000	\$7,121,000	\$12,679,000
Grants	\$0	\$0	\$0
Total resources	\$19,800,000	\$7,121,000	\$12,679,000

Exhibit A

Public Safety GO Bond program reports
Fire Station 21

	Budget	Dec 2011 Life to Date Actuals	Balance
EXPENSES			
Direct costs			
Construction	\$4,915,000	\$0	\$4,915,000
Moves	\$11,000	\$0	\$11,000
Telecommunications	\$44,000	\$0	\$44,000
Percent for Art allocation	\$98,000	\$0	\$98,000
Total direct costs	\$5,068,000	\$0	\$5,068,000
Indirect costs			
Professional Services	\$760,000	\$32,905	\$727,096
Facilities Services	\$659,000	\$90,035	\$568,965
Permits and fees	\$282,000	\$0	\$282,000
Miscellaneous	\$101,000	\$512	\$100,488
Total indirect costs	\$1,802,000	\$123,452	\$1,678,549
Contingency	\$1,030,000	\$0	\$1,030,000
Total expenses	\$7,900,000	\$123,452	\$7,776,549
RESOURCES			
GO Bonds	\$7,900,000	\$2,968,000	\$4,932,000
Total resources	\$7,900,000	\$2,968,000	\$4,932,000

Exhibit A

Public Safety GO Bond program reports
Public Safety Emergency Radio System

	Budget	Dec 2011 Life to Date Actuals	Balance
EXPENSES			
Personnel Services	\$1,474,147	\$450,132	\$1,024,015
External Materials and Services	\$33,058,408	\$5,407,704	\$27,650,704
Internal Materials and Services	\$1,018,480	\$503,613	\$514,867
Capital Equipment	\$12,357,547	\$0	\$12,357,547
Contingency	\$4,187,425	\$0	\$4,187,425
Total expenses	\$52,096,007	\$6,361,449	\$45,734,558
RESOURCES			
GO Bonds	\$38,940,000	\$11,864,513	\$27,075,487
BTS Cash	\$10,000,000	\$10,000,000	\$0
PSSRP Cash	\$3,156,007	\$3,156,007	\$0
Total resources	\$52,096,007	\$25,020,520	\$27,075,487

Exhibit A

Public Safety GO Bond program reports
Emergency Coordination Center

	Budget	Dec 2011 Life to Date Actuals	Balance
EXPENSES			
Land	\$1,500,000	\$0	\$1,500,000
Building			\$0
Construction Services	\$11,045,869	\$0	\$11,045,869
Furniture fixtures and equipment	\$402,833	\$0	\$402,833
Moves	\$50,000	\$0	\$50,000
ComNet/IT	\$1,547,617	\$0	\$1,547,617
Other	\$220,000	\$0	\$220,000
Percent for Art allocation	\$220,333	\$0	\$220,333
Professional Services	\$1,510,000	\$1,004,833	\$505,167
City staff time	\$888,085	\$307,579	\$580,506
Permits, fees, misc, and overhead	\$639,832	\$179,411	\$460,421
Contingency	\$1,823,974	\$0	\$1,823,974
Total expenses	\$19,848,543	\$1,491,822	\$18,356,721
RESOURCES			
GO Bonds	\$4,000,000	\$4,000,000	\$0
Water Bureau	\$9,130,330	\$0	\$9,130,330
BTS Cash	\$65,000	\$0	\$65,000
Facilities Interagencies	\$1,050,000	\$1,050,000	\$0
Facilities debt sales	\$5,530,213	\$5,530,213	\$0
Fund balance	\$73,000	\$73,000	\$0
Total resources	\$19,848,543	\$10,653,213	\$9,195,330