

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 2012

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.
- New revenues to the program include grants and the remaining proceeds from the City's 1998 GO bond program for Fire facilities.
- The program will be completed in FY 2015-16.

Public Safety GO Bond Program Projection

<u>Requirements</u>	Projection thru				
	Current budget	FY 2012-13	Total FY 2013-14	Total FY 2014-15	Total FY 2015-16
Fire Station 21	\$11,489,000	\$3,542,361	\$6,707,633	\$1,239,009	\$0
Fire Apparatus	\$20,529,000	\$6,483,671	\$5,278,443	\$3,950,443	\$4,816,443
ECC	\$4,000,000	\$4,000,000	\$0	\$0	\$0
Public Safety Emergency Radio System	\$52,096,007	\$7,640,933	\$13,831,371	\$30,623,703	\$0
Admin Costs (Fund level requirements of GFOH, E	\$625,000	\$130,403	\$164,868	\$164,868	\$164,861
Fire project management	\$377,000	\$114,999	\$131,000	\$131,001	\$0
Bond issuance costs	\$560,000	\$230,999	\$329,001	\$0	\$0
Program contingency	\$0	\$0	\$0	\$0	\$0
TOTALS	\$89,676,007	\$22,143,366	\$26,442,316	\$36,109,024	\$4,981,304
Checktotal (S/B \$0)					
<u>Resources</u>					
Other PSSRP cash for 800 MHz radio system	\$13,156,007	\$13,156,007	\$0	\$0	\$0
Property sales (Station 21)	\$600,000	\$0	\$600,000	\$0	\$0
Grants (Station 21)	\$800,000	\$800,000	\$0	\$0	\$0
Grants (Apparatus)	\$1,220,000	\$1,220,000	\$0	\$0	\$0
GO bond proceeds (1998)	\$1,500,000	\$1,500,000	\$0	\$0	\$0
GO bond proceeds (2010)	\$72,400,000	\$26,662,244	\$45,737,756	\$0	\$0
Miscellaneous	\$0	\$2,890	\$0	\$0	\$0
Interest earnings	\$0	\$309,846	\$112,842	\$91,395	\$15,894
Total resources	\$89,676,007	\$43,650,987	\$46,450,598	\$91,395	\$15,894
Checktotal (S/B \$0)		\$0			
Beginning fund balance		\$0	\$21,507,622	\$41,515,904	\$5,498,275
Ending fund balance		\$21,507,622	\$41,515,904	\$5,498,275	\$532,865

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 November 2012.

Public Safety GO Bond Program

Program budget and actual life to date expenses and revenues

	Original budget	Current budget	Life to date actuals through Nov 2012	Balance
<u>Requirements</u>				
Fire Station 21	\$7,900,000	\$11,489,000	\$732,865	\$10,756,135
Fire Apparatus	\$19,800,000	\$20,529,000	\$2,989,850	\$17,539,150
Emergency Coordination Center	\$4,000,000	\$4,000,000	\$2,980,876	\$1,019,124
Public Safety Emergency Radio System	\$52,096,007	\$52,096,007	\$7,362,073	\$44,733,934
GO bond fund costs (General Fund Overhead)	\$625,000	\$625,000	\$11,136	\$613,864
Fire project management	\$575,000	\$377,000	\$0	\$377,000
Bond issuance costs	\$560,000	\$560,000	\$230,999	\$329,001
Program contingency	\$0	\$0	\$0	\$0
TOTALS	\$85,556,007	\$89,676,007	\$14,307,799	\$75,368,208
<u>Resources</u>				
Other cash for Public Safety Emergency Radio System	\$3,156,007	\$3,156,007	\$3,156,007	\$0
Public Safety Emergency Radio System replacement monies	\$10,000,000	\$10,000,000	\$10,000,000	\$0
GO bond proceeds (2010)	\$72,400,000	\$72,400,000	\$26,662,244	\$45,737,756
GO bond proceeds (1998)	\$0	\$1,500,000	\$1,500,000	\$0
Grants	\$0	\$2,020,000	\$720,000	\$1,300,000
Property sales	\$0	\$600,000	\$0	\$600,000
Miscellaneous	\$0	\$0	\$2,890	(\$2,890)
Interest earnings	\$0	\$0	\$253,143	(\$253,143)
Total resources	\$85,556,007	\$89,676,007	\$42,294,284	\$47,381,723

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):

Appointed By:

Former Mayor Adams
Commissioner Fish
Commissioner Fritz
Former Commissioner Leonard
Commissioner Saltzman

Member:

Kirk Hall, Chair
Mick Seidl
Steven Shane
Nicolette Johnson
Scott Warnick

Structure of the Independent Citizen Committee

The December 20, 2010 memo from former CAO Ken Rust and former Chief John 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. In 2012, the ICC met – February 1, May 2, July 1, and November 7.

Structure of Project Oversight Committees (POCs)

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

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

PART III – ICC Assessment and Comments

As previously noted, the Independent Citizen Committee (ICC) held quarterly public meetings with City staff responsible for each project funded by the Public Safety GO Bond to review the progress of each project. In addition, each project received guidance and input from project oversight committees.

The members of the ICC found the information provided by City staff to be comprehensive, timely, and informative. Staff members have been responsive to ICC questions, and have supplemented their regular presentations with additional information upon request. ICC members also provided City staff with various ideas and suggestions concerning the projects, to which City staff were responsive. The relationship between the ICC and City staff has been collaborative and productive.

The ICC does not provide 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 satisfied with the quality and presentation of information presented regarding the projects.

Based on the information presented to the ICC, it appears that the projects funded by the Public Safety GO Bond are consistent with the voter-approved purposes of the GO Bond, and that expenditures to date have also been appropriate. It also appears that execution of the projects to date have been professional and appropriate, and were designed to meet the purposes of the GO Bond in an economical fashion. 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 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 2012

The specifications for rapid response vehicles, a heavy rescue, tiller ladder fire trucks, fire engines, and fire boats were completed and updated.

Four rapid response vehicles were ordered, delivered, and fully outfitted for service.

Portland Fire & Rescue (PF&R) completed the pre-construction conference, mid-construction inspection, and final inspection of one heavy rescue (Squad 1) and one tiller ladder truck (Truck 3), which were manufactured and delivered to PF&R by Pierce Manufacturing.

Oregon Iron Works was selected through a competitive solicitation process to manufacture two fireboats. The marine engineering phase was completed and major components such as the engines and pumps were ordered and received.

Critical Issues and Risks Encountered in 2012

There were no insurmountable issues or risks encountered in 2012.

Status of Project Schedule

The Apparatus Replacement project is on schedule.

Project Scope and Potential Issues and Risks

The Apparatus Replacement project remains within its scope and no potential issues or risks are anticipated.

Upcoming Milestones

One fireboat is on schedule for delivery in the August of 2014 and the second fireboat is scheduled for completion in the August of 2014.

The competitive procurement process for fire engines and tiller ladder trucks is on schedule to be completed in 2013.

The specifications for the Air and Light Apparatus is scheduled for completion in 2013.

Projected Date of Completion

December 2016 (Date is dependent upon pending vendor selection)

Fire Station 21

Major Accomplishments in 2012

The land and in-water surveys were completed and the draft of the geotechnical report recommended a subsurface stabilization process called “compaction grouting.” The decision to stabilize just the underlying soil area of the Station 21 structure was made by the Fire Chief.

Portland Fire & Rescue’s (PF&R) request to surplus two properties acquired with the 1998 GO Bond was approved by City Council. PF&R has requested that the properties be sold and the proceeds be transferred to the Station 21 project. Both properties have been listed with a broker by the City’s Property Manager.

Also, the Land Use Review and required permits were approved. Skanska was selected as Construction Manager/General Contractor (CM/GC) for the upland work that is the station construction and ground stabilization; and Hickey Marine Enterprises began construction of the pilings for the two boathouses.

The piling installation was completed in October 2012, on-time and within budget. Due to overall project budget constraints, the upgrade and relocation of the David Campbell boathouse currently moored at Station 6 is postponed until after project completion.

The specifications for the new boathouse and associated float system to house the fireboat and rescue boat were completed. Oregon Ironworks was selected through a competitive solicitation process to manufacture the boathouse and associated float system.

An Invitation to Bid (ITB #11548) to salvage fixtures in the existing station was issued in November. There were no responses to the invitation, and therefore salvage did not occur in December as previously planned.

Finally, PF&R was successful in earning a Port Security grant award of \$800,000, which will go toward funding of the new boathouse.

Critical Issues and Risks Encountered in 2012

The projected costs for the Station 21 renovation developed for the GO Bond budget did not take into consideration the costs for a new boathouse and modification of the dock. None of the in-water work is funded by the Bond request.

Also, during the 2011 GO Bond Annual Report to Council, the ICC noted that GO Bond Funds would not be used for construction of the new Campbell Firefighter Memorial at Fire Station 21, and received assurances from PF&R that it was aware of this limitation and is in compliance when designing Fire Station 21 and its plaza.

Last, the project’s budget scenario improved with the award of the Port Security Grant; however, until Skanska completes a comprehensive cost estimate, the budget for this project remains tentatively within budget.

Exhibit A

The CM/GC's cost estimate at 100% Design Development completion revealed that the project was over budget. A value engineering effort to bring the project back within budget is in process.

The contract price and liability issues associated with the Port Security Grant were successfully negotiated with Oregon Ironworks.

Status of Project Schedule

The project continues to remain tentatively on schedule. The permit process to install the temporary Station 21 structures have affected the schedule.

Project Scope and Potential Issues and Risks

The Fire Station 21 project remains within its scope; however, the permit process to install the temporary Station 21 structures has affected the schedule.

Depending upon the results of the value engineering effort, additional Land Use Review approval criteria may need to be revisited, in which case, there would be a second application and submittal.

Due to the accelerated piling installation schedule to make the in-water work window for 2012, the pilings were permitted separately from the station. An additional Corps of Engineers/Department of State Lands permitting effort will be required to include the station work.

At the request of the Chief, a community meeting room has been added to the station program.

The building permit process may affect the schedule.

As the design process progresses through documentation, the CM/GC as part of their pre-construction services, will continue to identify constructability issues as they relate to design to help the project stay within budget, as well as continue to identify construction-related issues and suggest potential mitigation strategies.

Upcoming Milestones

Construction is scheduled for July 2013. Demolition of the existing station will be followed by a three month soil stabilization effort.

The Emergency Responders will likely move into the temporary facility, a specially remodeled modular unit and apparatus shelter, in late June or early July. Emergency response from that location should remain uninterrupted.

It is anticipated that the station will be LEED certified at the gold level. The boathouse is ineligible for LEED certification, due to the fact that it is not a land based, permanent structure.

Projected Date of Completion

September 2014

Public Safety Emergency Radio System Replacement

Major Accomplishments in 2012

The Radio Project receives expert-level technical and project assistance from the consulting firm Federal Engineering, Inc. (FE). Under their contract FE submitted the required six contractual deliverables. All six were accepted and signed off by Public Safety Systems Revitalization Program (PSSRP) and the Sponsors. Those deliverables are: Existing Inventory and Assessment, Stakeholder Needs Analysis, Requirements Definitions, Feasibility Analysis, Conceptual Design, and System Technical Specifications. FE delivered the System Technical Specifications in Request For Proposal (RFP) format, which saved the project team the considerable effort of re-writing the specifications into requirements.

At the City's request, FE provided guidance on tower conditions and potential site restrictions, due to facility space or tower space. FE identified and analyzed all the available site documentation regarding the towers and tower site equipment structures. At this time, no additional action on tower surveys or site survey work will occur until such time as the RFP responses are received from the vendor community, due March 1, 2013.

The Radio Project RFP was posted on November 20, 2012. A mandatory Pre-Proposal meeting was held on December 12, 2012, with approximately six vendors represented. After the morning overview and question/answer session, a tour of three radio sites provided an example of the site conditions that will generally be found at each of the City of Portland radio infrastructure facilities.

Potential Risks and Issues Identified in 2012

There is potential for increased impact on the project schedule and cost for training of BOEC personnel on new dispatch consoles and BTS personnel on site infrastructure hardware if the procurement process leads to the selection of a non-incumbent solution. To insure a fair and open competitive selection process, the RFP required the proposing vendors to submit a training plan for all relative personnel, which addresses the City's training needs and meets the project schedule time frames and restrictions.

Secondly, there is potential for impact on the project schedule and cost, if the selected solution requires tower and cabling space at tower sites that are currently loaded to or near capacity. This is being mitigated by evaluating the space requirements base on the Conceptual Design provided by FE and the capacities for each tower site based on current tower load. BTS/Communications will also evaluate what unused equipment could be uninstalled to provide additional space. Additionally, the City contacted the leased tower owners for additional information on site condition.

Lastly, BOEC must upgrade all its PC workstations to Windows 7 no later than April 2014. The schedule to complete this software upgrade could coincide with the radio project's schedule to upgrade or replace the radio consoles on the BOEC Operations Floor. The impact of these two scheduled changes could introduce a significant disruption to BOEC operations. This problem will be mitigated by having the Project Managers coordinate with BTS Deployment, BTS IT Services Manager at BOEC and BOEC

Exhibit A

Operations Manager to minimize the likelihood of these changes taking place simultaneously and the impact of these changes on BOEC Operations.

Status of Project Schedule

The Radio Replacement project is over-all on schedule, even though the City has, on two occasions, expanded review times of the FE deliverables. These extensions had no impact on downstream milestone dates.

Project Scope and Potential Issues and Risks

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

QA Report

CASE Associates, Inc. provides Quality Assurance (QA) services for all PSSRP projects. Their reports regarding the Radio Project, including project management, schedule, planning, communications and procurement phases, are all “green” and considered in good standing.

Projected Date of Completion

October 2015 (Date is dependent upon pending vendor selection)

Emergency Coordination Center

Major Accomplishments in 2012

A construction contract with Emerick Construction was executed on March 21 2012, and construction is underway for the new building, street, and site improvements, with completion expected in fall 2013. Construction is 38% complete as of December 31, 2012. Construction of the new 150 foot telecommunications tower is complete.

Issues Encountered in 2012

The project team continues to work through numerous technical changes as the Emergency Coordination Center (ECC) project progresses and 17 change order requests were approved for \$121,463 (as of September 24, 2012). Twenty-nine other changes are being reviewed and processed for approximately \$120,000. These are all within industry standards for changes during construction.

Status of Project Schedule

Building construction continues to proceed on schedule.

Project Scope and Potential Issues and Risks

The ECC project remains within its scope.

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 was scheduled to begin construction in 2012, but was delayed until 2013. 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 for use by the ECC contractor to help minimize the impacts.

Upcoming Milestones

Building construction continues to proceed on schedule. While completion of construction is expected in the fall of 2013, a three to six month shake-down period is anticipated between completion of construction and final move-in and beginning of operations. Final move-in and beginning of operations is anticipated by January 1, 2014.

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

Projected Date of Completion

January 2014

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
Fire and Emergency Apparatus Replacement
 Financial status report

	Current Budget	Life to date actuals (through Nov 2012)	Remaining balance
REQUIREMENTS			
11 Engines	\$7,040,000	\$0	\$7,040,000
4 Ladder Trucks	\$4,600,000	\$800,000	\$3,800,000
3 Brush Vehicles	\$604,714	\$0	\$604,714
2 Air Units	\$1,122,000	\$0	\$1,122,000
2 Fire Boats	\$5,013,277	\$1,800,842	\$3,212,435
1 Water Tender	\$600,000	\$0	\$600,000
1 Dive Apparatus	\$200,000	\$0	\$200,000
1 Heavy Rescue Squad	\$1,127,178	\$167,178	\$960,000
4 Rapid Res Med Vehicles	\$221,831	\$221,831	\$0
TOTAL	\$20,529,000	\$2,989,851	\$17,539,149
RESOURCES			
GO bonds	\$19,309,000	\$7,121,000	\$17,187,487
Grants	\$1,220,000	\$720,000	\$0
TOTAL	\$20,529,000	\$7,841,000	\$17,187,487

Exhibit A

Public Safety GO Bond Program

Fire Station 21

Financial status report

	Current budget	Life to date actuals through Nov 2012	Remaining balance
Requirements			
Direct costs			
Construction-Station	\$5,664,000	\$0	\$5,664,000
Construction-Boathouse	\$1,898,000	\$0	\$1,898,000
Temporary structure	\$300,000	\$0	\$300,000
Telecomm	\$73,000	\$11,254	\$61,746
RACC art	\$162,000	\$0	\$162,000
Total direct costs	\$8,097,000	\$11,254	\$8,085,746
Indirect costs			
Professional services	\$1,124,000	\$440,119	\$683,881
Facilities Services hours	\$879,000	\$202,190	\$676,810
Permits and fees	\$358,000	\$20,510	\$337,490
Miscellaneous	\$31,000	\$58,791	(\$27,791)
Total indirect costs	\$2,392,000	\$721,610	\$1,670,390
Subtotal	\$10,489,000	\$732,865	\$9,756,136
Contingency	\$1,000,000	\$0	\$1,000,000
Total	\$11,489,000	\$732,865	\$10,756,136
Resources			
GO bonds (2010)	\$8,589,000	\$2,968,000	\$5,621,000
GO bonds (1998)	\$1,500,000	\$1,500,000	\$0
Miscellaneous	\$0	\$2,890	(\$2,890)
Grants	\$800,000	\$0	\$800,000
Property sales	\$600,000	\$0	\$600,000
Total	\$11,489,000	\$4,470,890	\$7,018,110

Exhibit A

Public Safety GO Bond Program
Public safety emergency radio system
Financial status report

<u>Account</u>	<u>Current budget</u>	<u>Life to date actuals through Nov 2012</u>	<u>Remaining balance</u>
Requirements			
Personnel Services	\$1,474,147	\$704,264	\$769,884
External Materials & Services	\$33,058,408	\$6,136,807	\$26,921,601
Internal Materials & Services	\$1,018,480	\$521,002	\$497,478
Capital Outlay	\$12,357,547	\$0	\$12,357,547
General Operating Contingency	\$4,187,425	\$0	\$4,187,425
Total	\$52,096,007	\$7,362,073	\$44,733,935
Resources			
GO bonds	\$38,940,000	\$4,753,938	\$34,186,062
Project cash	\$13,156,007	\$2,608,135	\$10,547,872
Total	\$52,096,007	\$7,362,073	\$44,733,934

Exhibit A

Public Safety GO Bond Program
 Emergency Coordination Center
 Financial status report

Asset/project line item	Current budget	Life to date actuals through Nov 2012	Remaining balance
Requirements			
Land	\$1,500,000	\$1,500,000	\$0
Building	\$16,533,722	\$5,806,383	\$10,727,339
Contingency	\$1,814,821	\$0	\$1,814,821
Total	\$19,848,543	\$7,306,383	\$12,542,160
Resources			
Facilities Services Fund cash	\$1,123,000	\$1,123,000	\$0
Debt sale proceeds	\$5,530,213	\$5,560,710	(\$30,497)
BTS Fund cash	\$65,000	\$65,000	\$0
GO bonds	\$4,000,000	\$4,000,000	\$0
Water Fund	\$9,130,330	\$1,600,000	\$7,530,330
Total	\$19,848,543	\$12,348,710	\$7,499,833