

**Public Safety General Obligation Bond
Independent Citizen Committee
2015 REPORT TO COUNCIL**



One of two new PF&R fire boats.

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. These bonds are intended to provide funding to replace aging fire and emergency response vehicles, to finance the construction of a fire station and an emergency response center, and to 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.
- 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.

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).

Public Safety GO Bond Fund Activity as of June 2015

Bond Sales – Actual and Planned

The program had its first debt sale in May 2011 of \$25,835,000 (producing \$26,662,244 to be spent on bond program expenditures) and had its second sale in March 2014 of \$22,670,000 (producing \$24,941,394 for bond program expenditures). The program had its third and final debt sale in the June of 2015. Total bonding authority approved by the voters is \$72,400,000.

Proceeds from a third and final bond sale were received in June 2015. As a result of savings on projects and interest earnings, the City issued fewer bonds (\$1.873 million) than the maximum amount authorized by the voters. Spending on the program is projected to be completed in FY 2016-17.

Financial Status: Revenues and Expenses – Budget vs. Actual

The following report shows the original and current budgets for the program and life to date actual expenses and revenues through June 2015.

Public Safety GO Bond Program
 Financial Status: Revenues and Expenses – Budget vs. Actual

	Original budget	Current budget	Life to date actuals through June 2015	Balance
Requirements				
Fire Station 21	\$7,900,000	\$11,930,122	\$10,471,585	\$1,458,537
Fire Apparatus	\$19,800,000	\$21,987,345	\$17,229,863	\$4,757,482
Emergency Coordinations Center	\$19,848,543	\$19,848,543	\$19,631,571	\$216,972
Public Safety Emergency Radio System	\$52,096,007	\$50,888,415	\$34,691,675	\$16,196,740
Program Admin costs	\$625,000	\$626,064	\$214,345	\$411,719
Fire project management	\$575,000	\$250,000	\$0	\$250,000
Bond issuance costs	\$560,000	\$560,000	\$471,392	\$88,608
Program contingency	\$0	\$0	\$0	\$0
TOTALS	\$101,404,550	\$106,090,489	\$82,710,431	\$23,380,058
Resources				
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	\$70,526,966	\$1,873,034
GO bond proceeds (1998)	\$0	\$1,620,000	\$1,405,015	\$214,985
Grants	\$0	\$2,356,758	\$2,110,291	\$246,467
Property sales	\$0	\$701,755	\$0	\$701,755
Miscellaneous	\$0	\$7,426	\$19,418	(\$11,992)
Water and Facilities Services resources for	\$15,848,543	\$15,848,543	\$15,576,493	\$272,050
Interest earnings	\$0	\$0	\$568,633	(\$568,633)
Total resources	\$101,404,550	\$106,090,489	\$103,362,823	\$2,727,666

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):

<u>Appointed By:</u>	<u>Member:</u>
Former Mayor Adams	Kirk Hall, Chair
Commissioner Fish	Mick Seidl
Commissioner Fritz	Cobi Jackson
Former Commissioner Leonard	Nicolette Johnson
Commissioner Saltzman	Vacant

Structure of the Independent Citizen Committee

The December 20, 2010 memo from former Chief Administrative Officer (CAO) Ken Rust and former Fire 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 2013, the ICC met February 6, May 1, August 28, and November 21. In 2014, the ICC met February 13, May 7, August 14, and November 13. In 2015, the ICC met February 12, May 6, August 5, and November 4.

Structure of Project Oversight Committees (POCs)

The December 2010 memo also outlined the creation of 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 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 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 seems to the ICC that the projects are generally on track to meet their projected budgets and timelines.

Overall, the ICC members are 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

Fire Station 21

Major Accomplishments in FY 2014-15

Construction was completed and station keys were handed to Portland Fire & Rescue (PF&R) on November 21, 2014. All work associated with the building permit was completed and a Certificate of Occupancy granted. In addition, all work associated with the Regional Arts & Culture Council (RACC) art effort was installed or delivered. This includes “The Ripple Wall” catwalk screen, a large wood carving installed in the meeting room, and fins to be applied to the dock gate.

Emergency responders moved from the modular unit into the station on November 24. Skanska de-mobilized and, after restriping the parking lot, the staging area was released to the Portland Development Commission (PDC). Soon after, the Eastbank Esplanade was reopened.

Contractor supplied training for operations and maintenance of the station’s systems occurred and the punch list work was completed December 31.

There were no accident/injuries reported onsite during the duration of the project. Credit should be given to Skanska’s demonstrated safety program.

The project is complete and cost \$1.458 million less than budget. All savings were returned to the bond.

LEED Gold certification was attained on July 2015.

Status of Project Schedule

The Fire Station 21 Project reached substantial completion on schedule. All punch list items were addressed.

Project Scope

The Fire Station 21 Project accomplished its scope.

Upcoming Milestones

There are no upcoming milestones.

Projected Completion Date

November 2015 commissioning

Apparatus Replacement

Major Accomplishments in FY 2014-15

Quints

In March 2015, a new quint apparatus was custom ordered to Portland Fire & Rescue's (PF&R) specifications. Construction was completed in the summer of 2015, and in September 2015, the vehicle was delivered for final outfitting at PF&R's Logistics Center.

Fireboats

In December 2014, the fireboat contract was extended until May 30, 2015, to allow ample time for full project completion. In March 2015, testing of the two new fireboats came to a close. Some issues identified during the testing process were resolved to meet PF&R's specifications. The first boat was delivered in April 2015. All issues identified with the first boat were corrected in the second boat prior to delivery. By June 2015, the second fireboat was delivered, and both went through thorough customer acceptance testing. At that time, the crews went through preliminary training on the new boats. Some minor warranty issues were identified and promptly addressed. In September 2015, PF&R worked through final equipment adjustments and alterations, all of which were warranty items. The warranty period however, per contract, does not begin until the boats are officially in service on a daily basis. This will happen after all of the crews are fully trained in the operation and maintenance of the vessels.

Tiller trucks, air/rehab/light trucks, misc.

In December 2014, three tiller trucks were ordered and specifications for two rehab/air/light trucks were complete. By March 2015 the three ladder trucks were ordered and under construction. In June 2015, the two new rehab/air/light unit specifications were finalized and a pre-construction conference was held that August. Construction is on schedule for delivery in summer, 2016.

The ordinance to authorize the purchase of new Pierce fire engines using the Houston-Galveston Area Council Buy program (H-GACbuy, a national cooperative contracting consortium) was approved by Council on March 18, 2015. The similarity of these engines to the four new engines PF&R just put into service allowed PF&R to continue to move toward fleet standardization, speeding up the acquisition and construction specification writing process. Specifications were reviewed to identify any cost savings through value engineering and by using feedback from mechanics and firefighters as to what was needed.

One tiller truck has arrived and is currently being outfitted. The other two will remain in Springfield until the outfitting of the first is finished.

The new Pierce fire engines were ordered and the preconstruction conference was conducted the third week of September. PF&R is currently awaiting final design drawings and price proposal for these apparatus.

Critical Issues and Risks Encountered in FY 2014-15

In December 2014, deficiencies pertaining to the fire boat specifications were tentatively resolved. Performance and paint issues related to the fireboats were collaboratively addressed with the manufacturer and PF&R. The manufacturer responded positively to correct issues and concerns with the project.

Exhibit A

In June 2015, there was a construction delay of the quint apparatus at the factory, but the issue was soon resolved by the distributor and progress resumed. Delays in construction were partially due to the high volume of apparatus being built by manufacturers. Issues identified at factory inspections are always a potential risk and are a fairly normal occurrence. These can sometimes create delays and potential additional costs, depending upon whether it is an error in PF&R's specification or an error during construction.

In September 2015, mechanical issues on one of the new fireboats were identified and are currently being addressed with the manufacturer, Oregon Iron Works. This issue should be resolved very soon. This is not affecting on-going training.

Status of Project Schedule

The initial project schedule is currently on track. The budget was adjusted to include the purchase of the Quints.

Project Scope

The fire apparatus replacement project remains within its scope.

Upcoming Milestones

PF&R will continue to monitor construction of the apparatus on order. Continue to work on the specifications of the water tender, brush vehicles, foam unit, and dive van by evaluating apparatus needs.

Projected Date of Completion

December 2016 (Date is dependent upon pending vendor selection)

Public Safety Emergency Radio System Replacement

Major Accomplishments in FY 2014-15

In March 2015, equipment was installed at a number of sites, including antennae work, and is being readied for “power-up”. BTS staff used a temporary delay at Mt. Scott to ensure that there was site readiness throughout the system, prior to transitioning any units over to the digital infrastructure.

Microwave upgrades and changes in equipment are continuing. All microwave equipment is either onsite or awaiting installation pending the completion of sites listed above, with the exception of Mt. Scott and the second loop at Walters Hill.

All portable and mobile radios for Portland Police Bureau (PPB) and Portland Fire & Rescue (PF&R) were deployed and are in use. Bureaus currently in progress with subscriber work are Parks & Recreation, the Bureau of Emergency Management (PBEM), and the Bureau of Emergency Communications (BOEC). Subscriber work for outside agencies has also begun, with the Multnomah County Sheriff’s Department just completed and with Gresham being the next large entity. Additional subscriber equipment and accessories were purchased, and the larger additional orders for this equipment is essentially complete. The project expects a few other subscriber purchases in the process of completing the ancillary customers.

Console installations for all locations for the City were completed. Consoles for Oregon Health and Science University (OHSU) and Milwaukie (Lake Oswego Dispatch) are in progress. This is an important step that needs to be completed prior to the system upgrade to a new version (7.15) that is scheduled for February 2016.

In general, all site work is moving ahead with good progress. All Motorola equipment was installed and is ready for “power-up”. The progress of the sites is as follows:

Walters Hill

Significant milestones occurred on this site. The permitting process was completed by September 2015, and the intent to award to a contractor was announced. However, the actual build process has yet to begin and the estimated completion date was moved to first quarter of 2016. This will not delay the overall completion and testing of the system.

Willalatin Tank/Lookout Point

Due to a City permitting moratorium at this particular location, permits were not issued for the building replacement at this location until May 2, 2015. However, work commenced immediately upon permit issuance. Construction should take approximately 90 days.

Lookout Point permits were received in March 2015, and completion occurred by June 2015. Replacement building completion is also expected within 90 days. No tower work is needed beyond antenna change-out at these two locations.

Mt. Scott

The Tower at Mt. Scott, owned by TriMet but used by a number of communication networks, is severely overloaded. A preliminary study conducted by the City found that the current loading standards of the industry were exceeded by approximately 30 percent. This site is critical to the overall radio system, and the delay in being able to install new antennae and

Exhibit A

microwave equipment had impacts on the timing of testing the infrastructure of the radio system. A re-engineering of the site was done to provide an alternative design. This was completed and Motorola has since subcontracted to Mastec, and permits were released for work to begin on this remediation.

Biddle Butte

An abandoned building was acquired at this site, and a new generator is being installed for backup power. The equipment at this site will be moved to the acquired building at a later date.

Critical Issues and Risks Encountered in FY 2014-15

Radio system failures can still occur prior to full system cutover. System component failure could have dramatic effect on PPB and PF&R to carry out their mission. This risk is considered “medium” in our internal rating. We continue to monitor the current radio environment. The system is considered “stable” at this time but catastrophic failure can occur. Site sharing and system sharing with other radio providers are options in the event this occurs.

Noise from interference is intermittent and on-going. This was identified throughout our region, and was noted by other radio providers (WCCCA, CRESA, C-Comm). This is considered as Medium in our internal rating. Equipment is on hand to research this type of interference. However, intermittent interference is difficult to diagnose and determine who is at fault. The Federal Communications Commission (FCC) is aware of this issue, and has recently asked public safety radio users that have experienced interference, particularly from bi-directional amplifiers or distributed antenna systems, to fill out additional survey information. The Bureau of Technology Services (BTS) is continuing to research and work with other agencies on this problem.

This is considered as “low” in our internal rating. PPB and BTS communications are working on this issue and this should be resolved prior to any cutover of TriMet or our radio system.

Status of Project Schedule

All engineering tasks, with the exception of microwave testing, are on schedule. The schedule was adjusted to include BTS site work.

Project Scope

The project still remains within expected budget norms. Budget reviews have indicated that the radio project will likely result in some savings. The radio project managers have recommended some add-on projects that are being considered by the City and will be reviewed by the Radio Project Oversight Committee (RPOC) the Independent Citizens Committee (ICC) prior to finalization. This recommendation is currently in review at Procurement Services.

Upcoming Milestones

During the fourth quarter of 2015, the deployment of mobile and portable radios will continue, the contracting work for Walters Hill will begin and Mt Scott tower mitigation work should commence. Completion of that work will happen once the projected timeline is received.

Exhibit A

Projected Date of Completion

Summer 2016, based on the current schedule.

Exhibit A

Emergency Coordination Center

Major Accomplishments in FY 2014-15

The Emergency Coordination Center project was completed in October 2013, and a dedication ceremony was held in January 2014.

Critical Issues and Risks Encountered in FY 2014-15

Early in May 2014, a large mechanical unit (ASHP-1) incurred serious freeze damage and required replacement of major components. Completion of final building commissioning and issuance of the certificate of final completion was delayed, occurring in January 2015.

Date of Completion

January 2015

Exhibit A

PART V – GO Bond Fund Project Financial Summaries

The following reports shows the original and current budgets for each project and life to date actual expenses and revenues through June 2014.

Public Safety GO Bond Program
 Fire and Emergency Apparatus Replacement
 Financial status report

	Original Budget	Current Budget	Life to date actuals through June 30, 2015	Remaining balance
Requirements				
Engines	\$7,392,000	\$5,940,000	\$4,500,000	\$1,440,000
Ladder Trucks	\$5,044,000	\$4,049,328	\$3,611,766	\$437,562
Quints	\$0	\$1,553,032	\$1,385,285	\$167,747
Brush Vehicles	\$669,000	\$780,000	\$0	\$780,000
Air/Light/Rehab Units	\$1,314,000	\$1,400,000	\$1,141,852	\$258,148
Dive Apparatus	\$215,000	\$250,000	\$0	\$250,000
Water Tender	\$628,000	\$622,699	\$0	\$622,699
Heavy Rescue Squad	\$1,200,000	\$1,127,178	\$1,127,178	\$0
Foam Unit	\$0	\$300,000	\$0	\$300,000
Fire Boats	\$3,338,000	\$5,743,277	\$5,241,951	\$501,326
Rapid Response Vehicles	\$0	\$221,831	\$221,831	\$0
Project management	\$575,000	\$250,000	\$0	\$250,000
Total	\$20,375,000	\$22,237,345	\$17,229,863	\$5,007,482
Resources				
GO bonds	\$20,375,000	\$20,680,878	\$15,673,396	\$5,007,482
Grants	\$0	\$1,556,467	\$1,556,467	\$0
Total	\$20,375,000	\$22,237,345	\$17,229,863	\$5,007,482

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

	Original budget	Current budget	Life to date actuals through June 2015	Remaining balance
Requirements				
Personnel Services	\$1,474,147	\$1,757,664	\$1,387,995	\$369,669
External Materials & Services	\$45,415,955	\$43,353,283	\$31,120,305	\$12,232,978
Internal Materials & Services	\$1,018,480	\$1,560,478	\$1,666,940	(\$106,462)
Capital Outlay	\$0	\$41,990	\$516,435	(\$474,445)
General Operating Contingency	\$4,187,425	\$4,175,000	\$0	\$4,175,000
Total	\$52,096,007	\$50,888,415	\$34,691,675	\$16,196,740
Resources				
GO bonds	\$38,940,000	\$37,730,000	\$27,273,900	\$10,456,100
Project cash	\$13,156,007	\$13,158,415	\$7,417,775	\$5,740,640
Miscellaneous	\$0	\$0	\$0	\$0
Total	\$52,096,007	\$50,888,415	\$34,691,675	\$16,196,740

Public Safety GO Bond Program
 Emergency Coordinations Center
 Financial status report

	Original budget	Current budget	Life to date actuals through June 2015	Remaining balance
Requirements				
Land	\$1,500,000	\$1,375,549	\$1,375,549	\$0
Building	\$15,881,570	\$18,256,022	\$18,256,022	\$0
Contingency	\$2,466,973	\$216,972	\$0	\$216,972
Total	\$19,848,543	\$19,848,543	\$19,631,571	\$216,972
Resources				
Facilities Services Fund cash	\$1,123,000	\$1,123,000	\$1,075,739	\$47,261
Debt sale proceeds	\$5,530,213	\$5,530,213	\$5,585,291	(\$55,078)
BTS Fund cash	\$65,000	\$65,000	\$65,000	\$0
GO bonds	\$4,000,000	\$4,000,000	\$4,000,000	\$0
Water	\$9,130,330	\$9,130,330	\$8,905,541	\$224,789
Total	\$19,848,543	\$19,848,543	\$19,631,571	\$216,972

Public Safety GO Bond Program
 Fire Station 21
 Financial status report

	Original budget	Current budget	Life to date actuals through June 2015	Remaining balance
Requirements				
Direct costs				
Construction-Station	\$4,915,000	\$6,263,506	\$6,315,189	(\$51,683)
Construction staging area lease	\$0	\$33,600	\$32,652	\$948
Construction-Boathouse	\$0	\$1,898,000	\$1,891,253	\$6,747
Construction-Pilings/in-water work	\$0	\$268,897	\$268,897	\$0
Temporary structure/moves	\$11,000	\$248,000	\$236,697	\$11,303
Telecomm	\$44,000	\$73,000	\$64,140	\$8,860
RACC art	\$98,000	\$157,350	\$157,350	\$0
Total direct costs	\$5,068,000	\$8,942,353	\$8,966,178	(\$23,825)
Indirect costs				
Professional services	\$760,000	\$1,157,609	\$920,275	\$237,334
Facilities Services hours	\$659,000	\$579,000	\$439,626	\$139,374
Permits and fees	\$282,000	\$358,000	\$114,434	\$243,566
Miscellaneous	\$101,000	\$51,000	\$31,072	\$19,928
Total indirect costs	\$1,802,000	\$2,145,609	\$1,505,407	\$640,202
Subtotal	\$6,870,000	\$11,087,962	\$10,471,585	\$616,377
Contingency	\$1,030,000	\$842,160	\$0	\$842,160
Total	\$7,900,000	\$11,930,122	\$10,471,585	\$1,458,537
Resources				
GO bonds (2010)-Original for Station 21	\$7,900,000	\$7,900,000	\$7,359,267	\$540,733
GO bonds (2010)-Transfer from Fire project management	\$0	\$325,000	\$325,000	\$0
GO bonds (2010)-Transfer from Apparatus project	\$0	\$579,122	\$579,122	\$0
GO bonds (1998)	\$0	\$1,620,000	\$1,405,015	\$214,985
Miscellaneous	\$0	\$3,954	\$2,890	\$1,064
Grants	\$0	\$800,291	\$800,291	\$0
Property sales	\$0	\$701,755	\$0	\$701,755
Total	\$7,900,000	\$11,930,122	\$10,471,585	\$1,458,537