

Public Safety General Obligation Bond Independent Citizen Committee 2016 REPORT TO COUNCIL



One of two new PF&R fire boats.

PART I – Public Safety General Obligation Bond

It is the job of the ICC to report on the expenditures and progress of the voter-approved Fire Station 21, Fire Apparatus, Public Safety Emergency Radio System Replacement (PSSRP), and Emergency Coordination Center (ECC) projects.

This is the final annual report to Council from the GO Bond Independent Citizens Committee (ICC), since all projects have either concluded or reached substantial completion.

However, the ICC will continue to meet and will submit a completion report when all projects have concluded, which will include completion of all testing and receipt of all equipment.

Background

On July 15, 2010, Resolution #36800 was approved by City Council 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

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

As a result of savings on projects and interest earnings, the City issued \$1.873 million fewer bonds than it had the authority to, making the total issued bonds \$70,527,000, less than the maximum amount authorized by the voters. Spending on the program is on track to be completed in FY 2017-18.

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 September 2016.

**Public Safety GO Bond Program
Financial Status Report**

| | Original budget | Current budget | Life to date actuals through September 2016 | Balance |
|--|----------------------|----------------------|---|---------------------|
| Requirements | | | | |
| Fire Station 21 | \$7,900,000 | \$10,524,377 | \$10,475,807 | \$48,570 |
| Fire Apparatus Replacement | \$19,800,000 | \$21,987,345 | \$14,060,820 | \$7,926,525 |
| Emergency Coordinations Center | \$19,848,543 | \$19,848,543 | \$19,631,571 | \$216,972 |
| Public Safety Emergency Radio System | \$52,096,007 | \$50,002,214 | \$41,877,322 | \$8,124,892 |
| Program administration costs | \$625,000 | \$1,211,820 | \$502,864 | \$708,956 |
| Fire project management | \$575,000 | \$162,414 | \$85,000 | \$77,414 |
| Bond issuance costs | \$560,000 | \$488,167 | \$488,167 | \$0 |
| Program contingency | \$0 | \$0 | \$0 | \$0 |
| TOTALS | \$101,404,550 | \$104,224,880 | \$87,121,551 | \$17,103,329 |
| 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 | \$70,540,309 | \$70,526,966 | \$13,343 |
| GO bond proceeds (1998) | \$0 | \$697,088 | \$642,983 | \$54,105 |
| Grants | \$0 | \$2,356,758 | \$2,356,758 | \$0 |
| Property sales | \$0 | \$701,755 | \$701,755 | \$0 |
| Miscellaneous | \$0 | \$59,541 | \$106,773 | (\$47,232) |
| Water and Facilities resources for ECC prc | \$15,848,543 | \$15,848,543 | \$15,631,571 | \$216,972 |
| Interest earnings | \$0 | \$864,879 | \$700,905 | \$163,974 |
| Total resources | \$101,404,550 | \$104,224,880 | \$103,823,717 | \$401,163 |

Notes

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2. Current budget is budget revised for changes in resources and programmatic changes
3. Negative balances for resources indicate the program received more revenue than planned in the current budget
4. Positive balances for resources indicate that resources are still to be received or ended up less than planned
5. Negative balances for requirements indicate the project spent more than planned for a line item in the current budget
6. Positive balances for requirements indicate that requirements are still to be incurred or ended up less than planned

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 community members 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
Cobi Jackson
Nicolette Johnson
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.

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

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

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.

Review of the multi-year projects has revealed that there were no service interruptions or major schedule upsets. Furthermore, there were significant savings to tax payers through the frugal use of bond money. Since the initial bond sale, less bond money was raised by bond issuance than originally approved by taxpayers. This, and the fact that City staff consistently found ways to purchase more with less, lead the ICC to conclude that the City has used taxpayer money wisely and responsibly.

Overall, the ICC members are impressed with the focus and professionalism of the City staff responsible for executing these projects, and appreciate the staff's courtesy and responsiveness.

PART IV – GO Bond-Funded Project Summaries

Apparatus Replacement

STATUS: NEARLY COMPLETE

Major Accomplishments in FY 2015-16

Quint

In November 2015, the Quint (ordered in March 2015, completed in Summer 2015) was delivered and entered service at Station 8 in North Portland.

Fireboats

By February 2016, both fireboats (delivered April and June 2015) were operating and undergoing final equipment adjustments.

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

In February 2016, the three tiller trucks (ordered in December 2014) entered service. The two new rehab/air/light units (ordered February 2014) were delivered in June 2016, entering service that July 2016. Nine fire engines were ordered by February 2016, with the first scheduled to be delivered by January 2017 and the rest to be delivered two at a time at intervals of two months. A water tender and three brush units were ordered in September 2016, and are scheduled for delivery Summer 2017.

Critical Issues and Risks Encountered in FY 2015-16

In February 2016, mechanical issues on the first fireboat were identified and addressed with the manufacturer, Oregon Iron Works. These issues identified with the first boat were addressed on the second before its delivery.

Status of Project Schedule

The project is currently on schedule.

Project Scope

The fire apparatus replacement project remains within its scope.

Upcoming Milestones

Initial delivery of the first of nine fire engines by January 2017, delivery of water tender and three brush units in Summer 2017.

Date of Completion

December 2017

Public Safety Emergency Radio System Replacement (PSSRP)

STATUS: NEARLY COMPLETE

Major Accomplishments in FY 2015-16

By December 2015, all Motorola equipment was installed and ready for power-up. The project also made a decision not to proceed with the Site on Wheels (SOW) purchase, largely due to higher priority items, and embarked on a necessary change-out of T-1 circuits at all sites to IP technology. The equipment for this change-out was staged and shipped for installation by June 2016. Testing of the new circuits took place over the summer of 2016.

Microwave and backhaul change-out from T-1 (telephone grade) circuits to IP based circuitry and equipment were completed and tested.

In March 2016, the City made a purchase offer on the Forest Heights Site and completed negotiations. While this cost is not being borne by the radio project, the overall benefits to this purchase are significant.

By June 2016, both East and West Simulcast loops were powered up and tested, with communications to be switched by October 2016 or shortly thereafter.

Walters Hill

The foundation for the Walters Hill site was poured in March 2016, and the project received final approval that Spring. Walters Hill as well has been completed and all P25 equipment has been moved to the new facility. The Analog equipment still in the old shelter will be scheduled for moving to the new facility. During the second quarter of 2016 the deployment of mobiles and portables continued, and the site's contracting work and testing for coverage was completed.

Mt. Scott

The Tower at Mt. Scott, owned by TriMet but used by a number of communication networks, was found to be 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 microwave equipment had impacts on the timing of testing the infrastructure of the radio system. The tower work was completed and the work of "de-tuning" for TriMet was completed by March 2016.

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. A generator for the site was purchased in March 2016.

Critical Issues and Risks Encountered in FY 2015-16

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 a Medium risk in our internal rating system.

Status of Project Schedule

The project is currently on schedule.

Project Scope

The PSSRP project remains within scope.

Upcoming Milestones

The schedule was adjusted to include BTS work on sites. The timeline was adjusted to accommodate the new IP change and additional testing. Motorola assigned a new engineer to our project due to a recent retirement.

During the 2nd quarter of FY 2016-17, the deployment of mobiles and portables will continue, the contracting work for Walters Hill will be completed and testing for coverage will have been completed. Coverage testing began as of April 26, 2016.

Other work that will continue (as examples)

- Lease revisions (Minor issues are being addressed)
- Logging recorder changes needed upgrades due to changes in the master controller. Working with CAD vendor for interface issues that were created during logging recorder upgrade for digital purposes. (Note, this has been completed).
- Begin work on implementation of WAVE broadband technologies.
- Complete major milestone of the Motorola main contract, leaving only the last milestone payment for closeout when all documentation is complete.

Projected Date of Completion

December 2017

Emergency Coordination Center

STATUS: COMPLETE

This project was completed in January 2014, and there is no work to report for FY 2015-16 or later.

Fire Station 21

STATUS: COMPLETE

This project was completed in November 2015, and there is no work to report for FY 2015-16 or later.

PART V – GO Bond Fund Project Financial **Summaries**

The following reports show the original and current budgets for each project and life to date actual expenses and revenues through September 2016.

**Public Safety GO Bond Program
Fire Apparatus Replacement
Financial Status Report**

| | Original Budget | Current Budget | Life to date actuals through Sept 30, 2016 | Remaining balance |
|-------------------------|------------------------|-----------------------|---|------------------------------|
| Requirements | | | | |
| Engines | \$7,392,000 | \$5,740,000 | \$63,254 | \$5,676,746 |
| Ladder Trucks | \$5,044,000 | \$4,098,846 | \$4,098,846 | \$0 |
| Quints | \$0 | \$1,556,112 | \$1,556,112 | \$0 |
| Brush Vehicles | \$669,000 | \$825,000 | \$0 | \$825,000 |
| Air/Light/Rehab Units | \$1,314,000 | \$1,291,287 | \$1,291,287 | \$0 |
| Dive Apparatus | \$215,000 | \$591,447 | \$0 | \$591,447 |
| Water Tender | \$628,000 | \$292,786 | \$0 | \$292,786 |
| Heavy Rescue Squad | \$1,200,000 | \$1,127,178 | \$1,127,178 | \$0 |
| Foam Unit | \$0 | \$540,546 | \$0 | \$540,546 |
| Fire Boats | \$3,338,000 | \$5,702,312 | \$5,702,312 | \$0 |
| Rapid Response Vehicles | \$0 | \$221,831 | \$221,831 | \$0 |
| Total | \$19,800,000 | \$21,987,345 | \$14,060,820 | \$7,926,525 |
| Resources | | | | |
| GO bonds | \$19,800,000 | \$20,430,878 | \$20,430,878 | \$0 |
| Grants | \$0 | \$1,556,467 | \$1,556,467 | \$0 |
| Total | \$19,800,000 | \$21,987,345 | \$21,987,345 | \$0 |

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**Public Safety GO Bond Program
Public Safety Emergency Radio System
Financial Status Report**

| | Original budget | Current budget | Life to date actuals through Sept 2016 | Remaining balance |
|-------------------------------|------------------------|-----------------------|---|------------------------------|
| Requirements | | | | |
| Personnel Services | \$1,474,147 | \$1,687,996 | \$1,728,380 | (\$40,384) |
| External Materials & Services | \$45,415,955 | \$41,136,274 | \$36,986,495 | \$4,149,779 |
| Internal Materials & Services | \$1,018,480 | \$2,671,429 | \$2,506,445 | \$164,984 |
| Capital Outlay | \$0 | \$516,435 | \$656,002 | (\$139,567) |
| General Operating Contingency | \$4,187,425 | \$3,990,080 | \$0 | \$3,990,080 |
| Total | \$52,096,007 | \$50,002,214 | \$41,877,322 | \$8,124,892 |
| Resources | | | | |
| GO bonds | \$38,940,000 | \$36,828,799 | \$36,828,799 | \$0 |
| Replacement monies and cash | \$13,156,007 | \$13,156,007 | \$13,156,007 | \$0 |
| Miscellaneous | \$0 | \$17,408 | \$17,408 | \$0 |
| Total | \$52,096,007 | \$50,002,214 | \$50,002,214 | \$0 |

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**Public Safety GO Bond Program
Emergency Coordinations Center
Financial Status Report**

| | Original budget | Current budget | Life to date actuals through September 2016 | 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 |

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Public Safety GO Bond Program
 Fire Station 21
 Financial Status Report

| | Original budget | Current budget | Life to date actuals through September 2016 | Remaining balance |
|--------------------------------------|--------------------|---------------------|---|-------------------|
| Requirements | | | | |
| Direct costs | | | | |
| Construction-Station | \$4,915,000 | \$6,370,769 | \$6,319,411 | \$51,358 |
| Construction staging area lease | \$0 | \$33,600 | \$32,652 | \$948 |
| Construction-Boathouse | \$0 | \$1,891,253 | \$1,891,253 | \$0 |
| Construction-Pilings/in-water | \$0 | \$268,897 | \$268,897 | \$0 |
| Temporary structure/moves | \$11,000 | \$238,491 | \$236,697 | \$1,794 |
| Telecomm | \$44,000 | \$62,673 | \$64,140 | (\$1,467) |
| RACC art | \$98,000 | \$157,350 | \$157,350 | \$0 |
| Total direct costs | \$5,068,000 | \$9,023,033 | \$8,970,400 | \$52,633 |
| Indirect costs | | | | |
| Professional services | \$760,000 | \$927,123 | \$920,275 | \$6,848 |
| Facilities Services hours | \$659,000 | \$429,927 | \$439,626 | (\$9,699) |
| Permits and fees | \$282,000 | \$114,288 | \$114,434 | (\$146) |
| Miscellaneous | \$101,000 | \$30,006 | \$31,072 | (\$1,066) |
| Total indirect costs | \$1,802,000 | \$1,501,344 | \$1,505,407 | (\$4,063) |
| Subtotal | \$6,870,000 | \$10,524,377 | \$10,475,807 | \$48,570 |
| Contingency | \$1,030,000 | \$0 | \$0 | \$0 |
| Total | \$7,900,000 | \$10,524,377 | \$10,475,807 | \$48,570 |
| \$0 | | | | |
| Resources | | | | |
| GO bonds (2010)-Original for Station | \$7,900,000 | \$7,418,231 | \$7,408,925 | \$9,306 |
| 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 | \$697,088 | \$642,983 | \$54,105 |
| Miscellaneous | \$0 | \$2,890 | \$17,731 | (\$14,841) |
| Grants | \$0 | \$800,291 | \$800,291 | \$0 |
| Property sales | \$0 | \$701,755 | \$701,755 | \$0 |
| Total | \$7,900,000 | \$10,524,377 | \$10,475,807 | \$48,570 |

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PART VI – Conclusions

This will be the last annual report presented by the ICC, as the last two remaining projects will be substantially complete in 2017. It is, however, the committee's intent to issue a final written report once all of the four original projects have been entirely completed. Until that time, the committee will continue to meet quarterly to review any remaining expenditures, deliveries, equipment modifications, and any other project-related occurrences related.