



**REPORT TO COUNCIL**

**DATE:** September 26, 2016

**TO:** City Council

**FROM:** Bond Oversight Committee

**SUBJECT:** Accept the year one Bond Oversight Committee report on the \$68,000,000 Parks 2014 general obligation bond. (Report)

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We are pleased to submit for your consideration and acceptance the first Bond Oversight Committee report. The purpose of this report is to reflect on the progress of the Parks Bureau as they carried out the first year of the 2014 Parks Replacement Bond.

Individual City Council members appointed members of the committee to represent the larger Portland community. To carry out this purpose, the committee meets quarterly with Parks Bureau staff to discuss and review progress on bond projects, difficulties that have arisen, changes in project scopes and other pertinent information related to the Replacement Bond. This report evaluates the Parks Bureau in three categories: 1) Adherence to the language of the bond; 2) Fiscal accountability; and 3) Transparency.

The full report, as attached, will be shared with the Parks Board and Bond Team. This version, as well as a shorter, graphic version, will be available online. Printed copies will be available upon request.

The Bond Oversight Committee will continue to meet throughout the second year of the Parks Replacement Bond and report back on an annual basis to City Council.

Sincerely,

Dion Jordan, Karen Loper Tracy, Jonath Colon, Don Grotting and Zari Santner Bond Oversight Committee Members



# Annual Report

2015-2016

**Bond Oversight Committee**

Parks Replacement Bond  
City of Portland, Bureau of Parks & Recreation

Dear Portland City Commissioners:

The voters of Portland passed the Parks Replacement Bond measure by a margin of three to one. As called for in the measure, a five-member oversight committee was formed to review expenditures and provide annual reports. In 2015, individual City Council members appointed five members to the committee: Dion Jordan, Jonath Colón, Don Grotting, Zari Santner and Karen Loper Tracy.

The purpose of this report is to show the progress Portland Parks and Recreation (PP&R) has made as it began to implement the first year of the Parks Replacement Bond. To carry out its purpose, the committee met quarterly with PP&R staff to review progress, discuss challenges encountered, and the solutions PP&R came up with to implement their charge.

As a committee, we care deeply about our parks system and recognize the impressive work of the Parks Bond Team, during this first year of implementation. While much of the work completed has been behind-the-scenes thus far – prioritizing projects, determining budgets and timelines, and requesting bids – we are beginning to see tangible results.

We are also beginning to notice trends. This report evaluates the performance of PP&R in three categories: 1) Adherence to the language of the bond; 2) Fiscal accountability; and 3) Transparency.

We are pleased to submit for your acceptance our first Annual Report. The Bond Oversight Committee will continue to meet throughout the remaining years of the Parks Replacement Bond and will report back on an annual basis.

Sincerely,

Bond Oversight Committee

Dion Jordan, Chair

Jonath Colón

Don Grotting

Zari Santner

Karen Loper Tracy

## **Introduction**

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In 2014, 74% of Portlanders voted to authorize up to \$68 million of repairs to the City's existent park infrastructure. Funds are intended for repair, replacement, and expansion of existing facilities, and are not intended for operating expenses or development of new facilities.

In 2015, the Bond Oversight Committee was appointed by individual members of the Portland City Council. Mayor Hales appointed Don Grotting, Commissioner Fritz appointed Dion Jordan, Commissioner Fish appointed Karen Loper Tracy, Commissioner Novick appointed Jonath Colón, and Commissioner Saltzman appointed Zari Santner to serve on the committee for the duration of the Replacement Bond. Each year of the Replacement Bond, the committee is responsible for providing an Annual Report to Council.

This committee has strong connections to the Portland community and is committed to the work of Portland Parks and Recreation (PP&R) in carrying out the promises of the Replacement Bond.

The intent of this report is to reflect on the performance of PP&R staff during year one of the Replacement Bond. As an oversight committee, members aim to represent the larger Portland community. Therefore, this report highlights matters of greatest interest to that community.

## **Bond Oversight Committee Mission & Objectives**

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The language of the bond states that "A five-member oversight committee will review bond expenditures, provide annual reports." To fulfill this charge, the committee meets, at minimum, on a quarterly basis with Parks Bureau staff beginning in June of 2015.

In February 2016, the Bond Oversight Committee clarified its mission to include the review of three specific areas: 1) Adherence to the language of the bond; 2) Fiscal accountability; and 3) Transparency.

## Objective 1: Adhere to the Language of the Bond



*Definition: Deliverables are based on the promises contained in the language of the voter's completed pamphlet.*

### **BONDS TO FIX PLAYGROUNDS; TRAILS; IMPROVE PARK FACILITIES; SAFETY, ACCESSIBILITY.**

**QUESTION:** Shall Portland fix, improve park facilities by issuing bonds estimated to maintain current tax rate; require audits and public oversight? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

**SUMMARY:** Measure would authorize \$68,000,000 in general obligation bonds for Portland Parks & Recreation facilities. Because previous bonds are scheduled to be repaid, City's parks bond tax rate is not expected to increase from current rate of \$0.0877 per \$1000 of assessed value.

Current Status: Tax rate remained consistent.

#### **Anticipated projects include fixing, improving:**

- 10 to 20 play areas currently closed, at risk of closure, or deficient, including Couch, Creston, Kenton, Lents, Lynchview, North Park Blocks, Ventura parks

Current Status: Seven sites were underway in phase 1. Additional sites will be a priority in phase 2.

- Trails, bridges, including in Forest Park

Current Status: Three trails underway.

- Community pools, including Matt Dishman, Peninsula, Grant

Current Status: Two are completed. One is scheduled for 2017.

- Sellwood Park buildings, Rieke Field, Multnomah Arts Center, St. Johns Community Center
- Restrooms, roofs, other deficient parks, structures, and equipment

Current Status: Sixteen sites underway.

- Pioneer Courthouse Square failing structures, leaks, cracks

Current Status: Scheduled to begin construction in 2017.

- Barriers to accessibility for people with disabilities

Current Status: One site underway.

- Park maintenance facilities to address worker safety, efficiency

Current Status: Two sites underway.

- Funds are for repairs and other capital costs, not park operations. A five-member oversight committee will review bond expenditures, provide annual reports. Bonds may be issued in multiple series; audits required.

Current Status: To date, 47% of expenditures have gone to professional services, 38% to construction and 16% to administration.



## Objective 2: Maintain Fiscal Accountability

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*Definition: Maintain fiscal accountability as a core driver. Bond dollars are clearly and separately tracked. Ensure integrity and accuracy of financial statements.*

During the first year of the bond, the most significant work has been – hiring staff, creating timelines, refining project scopes, and predicting project costs. In carrying out their charge, PP&R has taken care to remain fiscally accountable by tracking bond dollars separately and has been transparent in providing information on expenditures to the Bond Oversight Committee and the public. In this regard, they have fulfilled their charge.

PP&R has noticed a trend in the bidding climate. Due to Portland’s robust construction climate, PP&R has received fewer bids than expected for its projects. In some cases, they have had to rebid projects altogether. This trend is not unique to the Replacement Bond, as other public projects across the City of Portland have experienced similar difficulties. This trend affects both schedule and budget for each project.

PP&R is projecting that this trend will continue. At this point, the bidding climate has not been detrimental. However, if the trend continues there will likely be impacts on the cost and schedule for each project. For this reason, the committee unanimously recommends establishing a program-wide contingency fund. This fund would ensure that PP&R has the resources and flexibility to ensure that the projects delivered fulfill the promises of the bond.

**Recommendation:** Establish a program-wide contingency fund

### Objective 3: Be Transparent with the Community

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*Definition: Act in a way that promotes equity, participation, accountability, and engenders trust.*

This committee has not been charged with evaluating the efforts of PP&R to be transparent with the community. The language of the bond states that “A five-member oversight committee will review expenditures, provide annual reports.” However, the committee is particularly interested in matters of equity and transparency and has therefore chosen to review and advise PP&R’s performance in this category.

As a committee, we applaud PP&R’s efforts to be transparent with the community. We have received extensive reports on their efforts throughout the first year of the bond and are impressed with their progress. It is up to the community whether or not they have fulfilled their charge to be transparent. We suggest PP&R use a measure that demonstrates not only their efforts to be transparent, but also the effectiveness of those strategies. Measuring the effectiveness of effort made will reduce costs by eliminating ineffective strategies, while also engendering trust by seeking to improve.

**Recommendation:** Demonstrate effectiveness of efforts to be transparent with the community

### Conclusion

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The Bond Oversight Committee is impressed and commends PP&R for their work to deliver the promises of the Replacement Bond with professionalism, competence and the desire to be inclusive.

During year two of the Replacement Bond, the Bond Oversight Committee will continue to meet with Parks Bureau staff on a quarterly basis and evaluate staff performance using the following three objectives: 1) Adherence to the language of the bond; 2) Fiscal accountability; and 3) Transparency.



# BOND OVERSIGHT COMMITTEE

Portland Parks & Recreation

# ANNUAL REPORT

2015-2016

The voters of Portland passed the Parks Replacement Bond by a margin of three to one. As called for in the measure, a five-member oversight committee was established to review expenditures and provide annual reports.

The purpose of this report is to reflect on the progress of Portland Parks and Recreation (PP&R) as they carried out the first year of the Parks Replacement Bond in three categories: 1) Adhere to the language of the bond; 2) Fiscal accountability; and 3) Transparency.

We are pleased to submit for your acceptance our first Annual Report. The Bond Oversight Committee will continue to meet throughout the remaining years of the Parks Replacement Bond and will report back on an annual basis.

Sincerely,

**Bond Oversight Committee**



## **BOND OVERSIGHT COMMITTEE**

*Left to right - Jonath Colón, Zari Santner, Dion Jordan (Chair), Mary Anne Cassin\*, Karen Loper Tracy, Mike Abbaté\*, Don Grotting*

## **ANNUAL REPORT SUB-COMMITTEE**

Zari Santner, Karen Loper Tracy

*\*Portland Parks & Recreation staff, not part of the committee*



# OBJECTIVE 1—ADHERE TO THE LANGUAGE OF THE BOND



**Definition:** Deliverables are based on the promises contained in the language of the voter’s pamphlet

## **BONDS TO FIX PLAYGROUNDS; TRAILS; IMPROVE PARK FACILITIES; SAFETY, ACCESSIBILITY.**

**QUESTION:** Shall Portland fix, improve park facilities by issuing bonds estimated to maintain current tax rate; require audits and public oversight? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

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Current Status: To date, 47% of expenditures have gone to professional services, 38% to construction and 16% to administration.

## OBJECTIVE 2—MAINTAIN FISCAL ACCOUNTABILITY



**Definition:** Maintain fiscal accountability as a core driver. Bond dollars are clearly and separately tracked. Ensure integrity and accuracy of financial statements.

**During the first year of the bond, the most significant work has been:**

- Hiring staff
- Creating timelines and prioritizing projects
- Refining project scopes
- Predicting project costs
- Scheduling construction activities

In carrying out their charge, PP&R has taken care to remain fiscally accountable by tracking bond dollars separately and has been transparent in providing information on expenditures to the Bond Oversight Committee and the public. In this regard, they have fulfilled their charge.

PP&R has noticed a trend in the bidding climate. Due to Portland’s robust construction climate, PP&R has received fewer bids than expected for its projects. In some cases, they have had to rebid projects altogether. This trend is not unique to the Replacement Bond, as other public projects across the City of Portland have experienced similar difficulties. This trend affects both schedule and budget for each project.

PP&R is projecting that this trend will continue. At this point, the bidding climate has not been detrimental. However, if the trend continues, there will likely be impacts on the cost and schedule for each project. For this reason, the committee unanimously recommends establishing a program-wide contingency fund. This fund would ensure that PP&R has the resources and flexibility to ensure that the projects delivered fulfill the promises of the bond.



VENTURA PARK OPEN HOUSE



SELLWOOD POOL'S BATHHOUSE ROOF TO BE REPLACED



MATT DISHMAN POOL DURING CONSTRUCTION

**RECOMMENDATION**  
**Establish a program-wide contingency fund.**

# OBJECTIVE 3—BE TRANSPARENT WITH THE COMMUNITY



**Definition:** Act in a way that promotes equity, participation, accountability, and engenders trust.



GRANT POOL DURING CONSTRUCTION



GRANT POOL AFTER COMPLETION OF CONSTRUCTION



COUCH PARK OPEN HOUSE

This committee has not been charged with evaluating the efforts of PP&R to be transparent with the community. The language of the bond states that “A five-member oversight committee will review expenditures, provide annual reports.” However, the committee is particularly interested in matters of equity and transparency and has therefore chosen to review and advise PP&R’s performance in this category.

**We applaud PP&R’s efforts to be transparent with the community. Efforts include:**

- 40 public meetings
- 95 yard signs
- 5,118 postcards
- Briefings with Bond Oversight Committee
- Website updates

Additional information about PP&R’s public outreach is available at [parksreplacementbond.org](http://parksreplacementbond.org) and in the 2015-16 Parks Replacement Bond Annual Report.

This committee has received extensive reports on their efforts throughout the first year of the bond and are impressed with their progress. It is up to the community whether or not they have fulfilled their charge to be transparent. We suggest PP&R use a measure that demonstrates not only their efforts to be transparent, but also the effectiveness of those strategies. Measuring the effectiveness of effort made will reduce costs by eliminating ineffective strategies. Seeking to improve outreach efforts will also help to engender trust within the community.


## RECOMMENDATION

**Demonstrate effectiveness of efforts to be transparent with the community.**

For more information on the Parks Replacement Bond, please visit [parksreplacementbond.org](http://parksreplacementbond.org). If you have feedback or would like to contact the Bond Oversight Committee, please email Jack Kostylo at [jack.kostylo@portlandoregon.gov](mailto:jack.kostylo@portlandoregon.gov) or call 503-823-5599.

Agenda No.  
**REPORT**  
Title

Accept the year one Bond Oversight Committee report on the \$68,000,000 Parks 2014 general obligation bond. (Report)

<p><b>INTRODUCED BY</b> Commissioner/Auditor: <b>Amanda Fritz</b></p>	<p>CLERK USE: DATE FILED <u>OCT 25 2016</u></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz <i>Amanda Fritz</i></p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By:  _____ Deputy</p> <p><b>ACTION TAKEN:</b> NOV 02 2016 <b>ACCEPTED</b></p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: Parks &amp; Recreation Bureau Head: Mike Abbaté <i>TRU ACTING DIRECTOR</i></p> <p>Prepared by: Megan George Date Prepared: September 23, 2016</p> <p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p><b>City Auditor Office Approval:</b> required for Code Ordinances</p> <p><b>City Attorney Approval:</b> required for contract, code, easement, franchise, charter, Comp Plan <i>LF</i></p> <p>Council Meeting Date <b>11/2/16</b></p>	

**AGENDA**

**TIME CERTAIN**   
Start time: **10:15 AM**

Total amount of time needed: **20 minutes**  
(for presentation, testimony and discussion)

**CONSENT**

**REGULAR**   
Total amount of time needed: **20**  
(for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	