

Bond Oversight Committee Executive Summary

Final Report as of December 31, 2014

To the District Board and Members of the Public,

The Bond Oversight Committee (BOC) is pleased to present the final report on the capital program activities funded by Measure E bonds. In 2009, the Pleasant Hill Recreation & Park District (PHR&PD) voters approved a \$28 million bond measure that established a Bond Oversight Committee to be appointed by the Board of the District. This committee is comprised of seven citizens who have served voluntarily for the past five years and have met quarterly in open meetings to verify that:

- All bond funds have been spent in accordance with the Measure E ballot language;
- No bond money has been spent on administrator salaries and other operating expenses;
- A separate account has been established for deposit of bond proceeds;
- An independent audit has been performed annually on this account; and
- A report is made to the voters of the District regarding the revenues and expenditures of the Measure E funds.

In fulfilling its duties, the BOC has reviewed all expenses charged to the Measure E account to ensure compliance with the following ballot measure language:

“To provide safe parks and recreational facilities for children, families and seniors in Pleasant Hill by upgrading or replacing the Teen Center that keeps youth away from gangs; the outdated and undersized Senior Center; the deteriorating Community Center; and aging sports fields, restrooms and other facilities at parks throughout our community”.

In summary, the BOC reports the total expenses of \$29,817,315 has been spent in accordance with the original Measure E bond intent and has been allocated to the following projects:

• Construction of a new Senior Center	\$10,313,507
• Construction of a new Teen Center	3,607,057
• Construction of a new Community Center	11,706,228
• Pleasant Oaks Park Improvements	<u>4,190,523</u>
Total Project Costs:	\$29,817,315

Note: One set of Pleasant Hill Park Bathrooms were replaced as part of the Teen Center Project.

The total revenue sources necessary to fund the project costs are as follows:

• Measure E “Net” Bond Proceeds	\$27,982,469
• Interest Earned on Proceeds	221,061
• EBRPD Measure WW Proceeds	1,353,985
• District Parkland Fund Reserves	89,568
• District General Fund Reserves	<u>170,232</u>
Total Funding Sources:	\$29,817,315

Note: East Bay Regional Park District (EBRPD) awarded Measure WW funds to PHR&PD in the amount of \$150,000 for the Teen Center and \$1,203,985 for the Community Center.

Measure WW is a \$500 million bond measure passed by the voters in 2008 that enables EBRPD to keep pace with the recreation needs of the growing population in Alameda and Contra Costa

counties. With these funds, EBRPD has been able to acquire and protect more than 30,000 acres of open space and increase the network of preserved parklands. In addition to adding to the Regional Park System, Measure WW funds may be awarded for recreational needs of 34 cities and local park districts within both counties.

In addition to the Measure WW funds, the PHR&PD provided an amount of \$259,800 from their unrestricted parkland and general fund reserves to ensure the completion of the projects. It should also be noted the PHR&PD board and staff spent many hours providing policy direction, project oversight, and administrative services; such as budgeting, accounting and reporting that did not get charged to Measure E funds. Also, in order to save costs on the new Community Center landscaping, District staff provided the labor and only the material costs were charged to the Measure E program.

To recap the first series of Measure E bonds was issued in 2010 in the amount of \$20 million and the second (final) series of bonds was issued in 2012 in the amount of \$8 million. The ballot measure stated the bonds may be issued (in more than or fewer than three series). The principal (\$28,000,000.00) and interest costs (\$25,180,077.50) for both bond issues total \$53,180,077.50 to be paid over a period of 30 years. The average annual debt payments are approximately \$1,780,000 each year for both bond issues.

It should also be noted both bond series (2010 and 2012) were sold on the market with a premium in the total amount of \$28,940,690. The premium amount of \$940,690 was used to finance bond issuance costs of \$958,221 leaving a "net bond proceeds" of \$27,982,469 to be used to fund project construction costs. The bond issuance costs included fees for bond counsel, disclosure counsel, financial advisor, underwriter, rating agency, bank trustee and other miscellaneous costs.

The ballot measure stated "With the estimated highest tax rate required to be levied to fund the bonds is \$29 per \$100,000 of assessed valuation in fiscal year 2014-15 and decreasing every year after that." On a home valued at \$400,000 to \$600,000 this would equate to a maximum annual tax amount of \$116 to \$174, respectively. The BOC has confirmed this tax rate has not been exceeded for the past five years.

Independent audits of the PHR&PD funds including Measure E have been performed every year. Since the inception of the bond program, the BOC has reviewed the District's annual audit report each year to validate the Measure E expenses and revenues have been reported correctly. The BOC also confirmed costs for administration, furniture, fixtures and equipment were not charged to the Measure E bond funds. (These Measure E unfunded items were paid from fundraising donations and/or District operating reserves). This review has been documented within the BOC reports annually.

For Fiscal Year 2013-2014, the Independent Auditors Report has provided an unqualified opinion that states: "the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Hill Recreation and Park District as of June 30, 2014, and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America." The BOC has confirmed the Measure E funds have all been spent and 2013-2014 expenditures and revenues have been recorded correctly. The final annual expenditures reflected in the FY 2013-2014 District audit report is \$5,836.49 more than what was reported in the Semi-Annual Report as of

June 30, 2014 that was published on July 17, 2014. This additional amount is attributed to legal review expenses that were paid at the end of July for services rendered prior to June 30, 2014. The BOC Audit Subcommittee revised their report and expenditure spreadsheet to include this additional amount in September 2014, prior to the commencement of the audit process.

Attached to this "executive summary" are charts that will provide additional cost information by each Measure E Project so the Public can see how the funds were distributed by major cost categories. One major cost item the Public may not be aware of is the permit fee paid to other governmental and utility agencies for design review and utility connection fees, respectively. These agencies include the City of Pleasant Hill, Contra Costa County, Contra Costa Water District, Pacific Gas & Electric, Flood Control, Central Sanitation, etc. For all the projects, the total permit fees were about \$822,000 that equals almost 3% of the total Measure E project costs.

The BOC recognizes the District has been diligent in adhering to the spirit and intent of the voter-approved bond measures and has demonstrated excellent accountability and stewardship of Measure E bond funds. In addition, the BOC thanks District staff for their professionalism and responsiveness in providing the necessary and adequate technical assistance in order for the BOC to fulfill its legal obligations and purpose.

The BOC wishes to congratulate the District and the Public for their support to provide such wonderful recreational facilities that will be enjoyed by the community for many years to come. All the BOC members have appreciated this opportunity to serve the community with this worthwhile endeavor.

Sincerely,
Measure E Bond Oversight Committee
The Pleasant Hill Recreation and Park District

Measure E Bond Oversight Committee:

Norman Vanhole, Chair
Leo Vardas, Vice Chair
Marie Simons, Secretary
Frank Gorham, Member
Lisa Hagopian, Member
Erin Hirst, Member
Harold Jeffrey, Member

Attachments:

Attachment-1 Summary of PHR&PD Measure E Expenditures by Project
Attachment-2 Community Center Pie Chart
Attachment-3 Pleasant Oaks Park Pie Chart
Attachment-4 Senior Center Pie Chart
Attachment-5 Teen Center Pie Chart

NOTE: Additional information about the review process and Measure E Project expenses can be found on the District BOC website within the Semi-Annual Report as of June 30, 2014 and the Final Audit Subcommittee Report and Measure E Expenditure Payments Spreadsheet revised as of September 2014.