

# **Pleasant Hill Recreation & Park District Citizens Bond Oversight Committee For Measure E Projects**

## **Third and Fourth Quarterly Report as of June 30, 2011**

### **I. Introduction**

This is the 3rd report of the Citizens Bond Oversight Committee (BOC) for the period ending June 30, 2011 and will cover six months of activities. This report summarizes the work of the Committee and its review of the District expenditures for the Measure E Bond Projects through the period ending May 31, 2011.

### **II. History and Overview of the Citizens Bond Oversight Committee**

The District placed a bond measure on the ballot in August 2009 for the residents of the District to consider funding for a new Senior Center, Teen Center, Community Center, Pleasant Hill Oaks Park upgrades and additional restrooms at Pleasant Hill Park, Rodgers-Smith Park, and Brookwood Park. Bond Measure E passed on a 75.7% vote. The total Bond amount was not to exceed twenty eight million dollars (\$28,000,000). It was stated in the Measure that an independent community oversight committee be appointed by the District Board to monitor Bond expenditures.

### **III. Committee Membership**

The Bond Oversight Committee (BOC) is made up of the following members: Steve Ganguet, Frank Gorham, Lisa Hagopian, Harold Jeffrey, Marie Simons, Norman Vanhole, Leo Vardas and Alternate Erin Hirst.

Due to the vacancy left by original Member Lily Ng last year, the PHRPD (District) Board appointed Frank Gorham as the replacement and Erin Hirst as the alternate. Both members were welcomed at the December 9, 2010 BOC meeting.

It was the consensus of the District Board to provide Alternate Erin Hirst with full voting rights in the absence of a BOC member. When all BOC members are present Ms. Hirst would maintain a residence at the table with full participation but without voting rights.

BOC Sub Committees are as follows:

- Communications: Norman Vanhole and Marie Simons
- Audit: Leo Vardas and Harold Jeffrey
- Construction: Steve Ganguet and Frank Gorham
- Budget: Lisa Hagopian and Erin Hirst

### **IV. Duties of the Committee**

1. Review the Capital Improvement Budget Expenditure Plan for the Measure E projects beginning in the fiscal year 2009/2010 through the end of the construction projects.
2. Monitor all plans and expenditures to ensure the funds are spent in accordance with Measure E.

3. Review construction expenditures to ascertain whether the construction expenditures are consistent with the budget.
4. Review any major changes in costs previously approved by the District.
5. Report to the voters and the people of the District quarterly regarding the revenues and expenditures of Measure E funds.
6. Review an annual Measure E financial report to ensure the funds are spent in accordance with Measure E.

## **V. Bond Oversight Committee Activities**

The Bond Oversight Committee met on January 20<sup>th</sup>, March 17<sup>th</sup> and June 23<sup>rd</sup> during 2011. Minutes from all three meetings have been approved and are attached for review.

The BOC approved the Second Quarterly Report with revisions at the January 20, 2011 meeting. Committee Chair Vanhole presented this report to the District Board at their meeting on February 23, 2011.

At the BOC meeting on March 17, 2011, it was the consensus of the BOC members to keep the same officers in place for the next year. The approved officers include Committee Chair Norman Vanhole, Vice Chair Leo Vardas and Secretary Marie Simons. Also at that meeting District Board Member Dennis Donaghu updated the BOC on the process and review of items that qualify for bond expenditure coverage.

The BOC agreed to future meeting dates on August 11 and October 20, 2011.

One point of clarification is that one of the BOC's duties spelled out in the Roles and Responsibilities for the District Bond Oversight Committee, Item 5 was to "Report to the voters and the people of the District quarterly regarding the revenues and expenditures of Measure E funds". This has not happened this year due to the ever changing budget adjustments and a continuing stream of invoices and design change orders. The previous Reports were timed to events and tried to show continuity to the changing events. This Report covers activities for a six month period from January through June 2011.

The BOC Annual Report for the close of business ending June 30, 2011 should follow as soon as the results of the Independent Audit of Measure E funds have been received and acted upon by the PHRPD and BOC.

## **VI. Sub Committee Reports**

The Audit Sub Committee comprised of Harold Jeffery and Leo Vardis met and reviewed expenditure charges to Measure E Bond funds since the inception through 11-30-10. They reviewed a total of 105 charges to Bond Measure E funds for an amount of \$842,599.95. A second review was performed on expenses from 12-1-10 to 5-31-11 that included 155 invoices for an amount of \$752,421.19 for a total amount of \$1,595,021.14. A review of change orders through May 20, 2011 was also conducted

by the Audit Sub Committee. The report on Expenditure Charges is included as Attachment A.

Audit Sub Committee Members Jeffrey and Vardas forwarded memorandums addressed to the BOC Chair Vanhole, one dated 6-14-11 from Member Jeffrey that is titled "Transmittal of BOC Bond Expenditures Subcommittee summaries". The second memo prepared by Member Vardas is titled "Change Order Review (as of May 20, 2011)". These reports are included as Attachments B and C.

The BOC was also copied on an email sent to Mark Blair, District Accounting Supervisor, from Frank Gorham, Construction Sub Committee Member summarizing his comments from the BOC meeting of June 23, 2011, titled "Re: BOC Meeting on Jun.23, 2011". This email copy is included as Attachment E.

Another memorandum was received by the BOC Chair from Erin Hirst, Budget Sub Committee Member, dated June 13, 2011, stating Observations and Recommendations of her review of District invoices that is included as Attachment D.

The above mentioned memorandum along with other information received was discussed by the BOC at its meeting on June 23, 2011. It was the consensus that this information would be summarized and submitted to the District as a request for further information to support cost impacts, etc. Committee Chair Vanhole submitted this summary by an email on June 28, 2011 addressed to Accounting Supervisor Mark Blair as "RE: BOC Request" that is included as Attachment F.

A meeting was held on July 6, 2011 in the District Office to cover the points raised in Member Erin Hirst's memo. In attendance at this meeting were BOC Members Norman Vanhole and Erin Hirst, District Manager Bob Berggren, District Accounting Supervisor Mark Blair, Ron Johnson, of CSI, the District's Construction Manager and Hamid Sarvi, the District's Interim Project Manager.

Also discussed at the above mentioned meeting were the PHRPD Program Budget Update as of June 3, 2011 and Budget Status Report by Ron Johnson, District Construction Manager. (Even though all issues raised were discussed, no conclusions were drawn by the BOC Members present. The issues addressed were brought back to the BOC at their meeting in August for comments and resolution. Prior to that meeting, the BOC members received responses to these issues by District staff that has been included within Attachment F for review).

The role of the BOC is to monitor expenditures and bring to the public light issues related to bond money spending and project management cost efficiencies as an outcome of their questioning during the review process. For clarification, the BOC as a separate entity cannot ensure that Bond money is spent effectively, cost overruns are avoided and mismanagement of funds does not occur because their review takes place after project and spending decisions are made by the PHRPD Board and staff.

The term "oversight" could be misleading to public expectations since it may imply erroneously that oversight by the BOC is exercised in advance of Measure E

expenditures. The PHRPD Board maintains the fiduciary role of ensuring that the projects are managed both efficiently and cost effectively. However, the BOC does play an important oversight role that protects the public by diligently reviewing expenditures after they are made to ensure these expenses are only for the Measure E projects as approved by the voters and then to report their findings to the public.

Generally the BOC found the Measure E bond funds to be reasonably managed and the District's responses to BOC questions have been forth coming.

It is unknown at this time if the District has a strategic plan with measurable goals, results, and time frames to ensure all Measure E Bond projects are brought on line as promised and within budgets now that the construction phases of the Teen Center and Senior Center are in progress.

## **VII. Summary**

The Bond Oversight Committee will continue to serve the public as a conduit to the District Board ensuring public expectations are met in regards to the Measure E general obligation bond projects.

The Bond Oversight Committee wishes to congratulate McFadden Construction of Stockton, California for their successful contract award on both the Senior and Teen Center projects and looks forward to the new and enhanced Senior Center and Teen Center facilities in the near future that will serve the community for a very long time.

### **Submitted By:**

The Pleasant Hill Recreation & Park District Citizens Bond Oversight Committee

### **Attachments:**

1. January 20, 2011 Meeting Minutes
2. March 17, 2011 Meeting Minutes
3. June 23, 2011 Meeting Minutes
4. Attachment A - Expenditures Charges to Bond Measure E
5. Attachment B - Transmittal of BOC Bond Expenditures Subcommittee Summaries
6. Attachment C - Change Order review (as of May 20, 2011)
7. Attachment D - Pleasant Hill Parks & Recreation District – Bond Oversight Committee – Review of Invoices
8. Attachment E - Email titled Re: BOC meeting on June 23, 2011
9. Attachment F - Email titled Re: BOC Request with District Staff Responses