

Pleasant Hill Recreation & Park District (PHR&PD) Citizens Bond Oversight Committee For Measure E Projects

Semi-Annual Report as of June 30, 2012

Date Published: October 8, 2012

I. Introduction

This is the semi-annual report of the Citizens Bond Oversight Committee (BOC) for the period ending June 30, 2012. This report summarizes the work of the Committee and its review of the District expenditures pertaining to Measure E Bond Projects for the period beginning January 1, 2012 and ending June 30, 2012.

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: Frank Gorham, Lisa Hagopian, Erin Hirst, Harold Jeffrey, Marie Simons, Norman Vanhole, and Leo Vardas.

BOC Sub Committees are as follows:

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

Note: During December 2011, Steve Ganguet rendered his resignation letter to Chair Vanhole. His resignation was accepted by the PHR&PD Board at their meeting on January 25, 2012 and the Board appointed Alternate Member Hirst as his replacement.

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 semi-annually 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 12, March 8 and June 21, 2012 during this six month timeframe. Minutes from all three meetings have been approved and are attached for review.

At the meeting on January 12, 2012, the BOC approved the recommendation to the District (PHR&PD) to accept the resignation of BOC Member Steve Ganguet and to appoint alternate Member Hirst as a permanent member of the BOC. Also, the BOC approved the Quarterly Report as of September 30, 2011 and Committee Chair Vanhole presented the report to the District Board on January 25, 2012. Lastly, the BOC approved a proposed tentative schedule for future meetings and reporting deadlines to be submitted to the District Board for approval.

At the meeting on March 8, 2012, the BOC reviewed and approved the BOC Quarterly Report as of December 31, 2011 that was published on April 10, 2012. Chair Vanhole presented this report to the District Board at their meeting on May 9, 2012.

At the meeting on June 21, 2012, it was the consensus of the BOC to maintain the same format for the Semi-Annual Report as of June 30, 2012 that was used for previous Quarterly Reports.

The Semi-Annual Report as of June 30, 2012 is scheduled for review and approval at the BOC meeting on September 13, 2012.

VI. Subcommittee Reports

Budget Subcommittee

The Budget Subcommittee comprised of Lisa Hagopian and Erin Hirst reviewed construction project change orders, 1) to ensure funds are spent in accordance with Measure E Expenditure Policy, 2) to report impacts of change orders to individual project budgets as well as the overall Measure E budget. The documents reviewed included the following:

1. Construction change orders #8 through #22 with McFadden Construction
2. Critical Solutions twelve change orders #18 through #29
3. Harriman and Associates three change orders #29 through #31
4. Parc Services Inc. two change orders #2 and #3
5. PRA Group Consulting Engineers contract #2 two change orders #4 and #5

6. PRA contract #3 change order #1
7. Dahlin Group, Inc. change order #4
8. RGA Environmental contract change order #1
9. Matriscope Engineering Labs, Inc. contract change order #1

There were a total of thirty-eight change orders, concerning eight firms processed for a six month period beginning January 1 and ending June 30, 2012. McFadden change orders #13, 16 and #19 were “no cost” but adjusted the final completion date of both projects to November 6, 2012. The contract extensions were due to adverse weather days recorded this past winter.

In summary, there remains budgeted a Measure E fund contingency of \$500,000 (1.73%) for all five of the Measure E fund projects, (Teen Center \$3.49M, Senior Center \$9.84M, Community Center \$11.3M, Pleasant Oaks Park \$4.3M, Rehabilitation of Park Bathrooms \$0.) As of June 30, 2012 there is a fund variance of <\$287,554> which when taken into account reduces the actual contingency amount to \$212,446. *(Please see Attachment A for further detail of the review by the Budget Subcommittee)*

Construction Subcommittee

The role and responsibilities of the Construction Subcommittee comprised of Frank Gorham are to 1) monitor construction contract bond expenditures during the construction phase to ensure proper allocation of Bond Funds, 2) monitor construction contract change orders (CCO) utilizing bond funds, 3) ensure both construction contract expenditures and CCO funds are clearly segregated between Bond and Non-bond expenditures and 4) report back to the BOC and the general public regarding questions, findings and conclusions related to construction phase bond expenditures.

This subcommittee is not tasked with ensuring the materials and method of construction are in compliance with the contract documents including the general provisions and the special provisions. This subcommittee is also not responsible for ensuring progress payments are accurate in regard to the actual measured quantities, nor is this subcommittee responsible for identifying or selecting items to be deleted in order to fund extra work. These responsibilities are fulfilled by the PHR&PD and/or its representatives.

For the period of January to June 30, 2012, the BOC received a total of six construction invoices for review for both the Senior Center and the Teen Center. Specifically, for this reporting period invoices for January through June were reviewed by the Construction Subcommittee as follows:

The amounts for the Senior Center were \$318,421.09 for January, \$570,953.70 for February, \$157,834.31 for March, \$389,412.14 for April, \$693,283.21 for May, and \$480,814.86 for June for a total of \$2,610,719.31. The amounts for the Teen Center were \$322,853.08 for January, \$240,269.28 for February, \$200,395.45 for March, \$125,123.86 for April, \$142,132.35 for May and \$96,133.88 for June for a total of \$1,126,907.90.

As of the end of this reporting period, the contract for both buildings is approximately 74% complete in terms of dollars spent including change orders. Specifically, the Senior Center is approximately 70% and the Teen Center is approximately 84% complete in terms of dollars spent.

The site construction and concrete work is substantially complete for both the Senior Center and Teen Center. A majority of the progress payments made this period included framing, drywall, roofing, plumbing and HVAC systems.

To date the project has been able to fund extra work and contract change orders through down scoping and deleting items within the submitted schedule of values. *(Please see Attachment B for further detail of the review by the Construction Subcommittee.)*

Audit Subcommittee

The role and responsibilities of the Audit Subcommittee comprised of Leo Vardas and Harold Jeffrey are to 1) monitor bond expenditures and review an annual Measure E financial report, 2) review any major changes in costs previously approved by the District and 3) report to voters and people of the District semi-annually regarding revenues and expenditures of Measure E funds. Findings and conclusions are as follows:

The Audit Subcommittee's analysis of the District's general ledger record of Measure E expenditures for the six month period ended June 30, 2012, showed bond fund payments were \$4,898,986.19. The cumulative Measure E expenditures since inception at June 30, 2012, for all projects were \$11,981,467.18

In summary, selective tests of January through June 2012 invoices examined by the Audit Subcommittee were deemed appropriate for payment from Measure E bond funds. *(Please see Attachment C and C-1 for further detail of the review by the Audit Subcommittee.)*

Communication Subcommittee

The Communication Subcommittee comprised of Norman Vanhole and Marie Simons prepared the January 12, March 8 and June 21, 2012 BOC meeting minutes that are attached for review. In addition, this Subcommittee prepared the Quarterly Report as of December 31, 2011 for presentation at the District board meeting on May 9, 2012.

The Communication Subcommittee encourages District residents to visit the Pleasant Hill Recreation & Park District's website or call the District office at (925) 682-0896 to review all pertinent BOC activities and public information, including agendas, meeting minutes and reports. In addition, the website has a "fact sheet" on the Measure E Bond Projects and the projects activities and construction progress updates. The BOC also invites the public to attend the BOC's meetings.

VII. SUMMARY

At the District Board meeting on June, 27, 2012, the General Manager announced the estimated “move in” date for the Senior Center and Teen Center would be October 30, 2012 and the Grand Openings are tentatively scheduled for November 14, 2012.

The General Manager reported that on April 18, 2012 the remaining \$8 million of Measure E obligation bonds were sold at an all-in interest cost of 4.35% that will result in a 2012/2013 tax rate to be set below the \$29.00 limit per \$100,000 of assessed valuation.

At the special meeting on May 29, 2012, the District Board rejected all construction bids for the Community Center and authorized the contract rebidding due to the lowest bid coming in at \$1.6 million over the construction budget of \$8.2 million.

Construction Project Manager Ron Johnson gave a presentation to the District at the June 13, 2012 Board meeting and discussed an estimated time line for the rebidding of the Community Center construction project. The minutes of this meeting may be reviewed in detail on the District’s website. Johnson further stated the construction of the Community Center is expected to begin in August 2012 with the goal of opening the facility in the winter of 2013.

Based upon the information provided by District staff to the Subcommittees, the BOC believes the District continues to generally comply with their mandated requirements and fiscal policies by appropriately spending Measure E funds on the voter approved bond projects.

The BOC thanks District staff for their responsiveness to all questions and documents requested by the members.

Submitted By:

The Pleasant Hill Recreation & Park District Citizens Bond Oversight Committee

Attachments:

1. January 12, 2012 Meeting Minutes
2. March 8, 2012 Meeting Minutes
3. June 21, 2012 Meeting Minutes
4. Attachment A – Budget Subcommittee Report for January to June 30, 2012
5. Attachment B – Construction Subcommittee Report for January to June 30, 2012
6. Attachment C - Audit Subcommittee Report for January to June 30, 2012
7. Attachment C-1 - Measure E Expenditure Payments Spreadsheet through June 30, 2012.

