

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

**Quarterly Report as of December 31, 2011**

**Date Published: April 10, 2012**

## **I. Introduction**

This is the quarterly report of the Citizens Bond Oversight Committee (BOC) for the period ending December 31, 2011. 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 October 1, 2011 and ending December 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.

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

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 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 October 20 and December 8, 2011 during this quarterly timeframe. Minutes from both meetings have been approved and are attached for review.

The BOC reviewed the Quarterly Report as of September 30, 2011 and discussed proposed revisions at the December 8, 2011 meeting. The BOC agreed to a future meeting date on January 12, 2012 to finalize and approve the Quarterly Report as of September 30, 2011. Committee Chair Vanhole presented this report to the Pleasant Hill Recreation & Park District (PHR&PD) Board at their meeting on January 25, 2012.

At the meeting on December 8, 2011, the BOC approved a recommendation by the PHR&PD to support bi-annual reporting, to continue to meet on a quarterly basis and to provide a schedule of the meeting and reporting dates for the District Board's consideration and approval.

The BOC was informed by District staff that the Independent Audit of Measure E funds had been completed and the report would be presented to the PHR&PD Board during January 2012.

The Quarterly report as of December 31, 2011 is scheduled for review and approval at the BOC meeting on March 8, 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 #2 through #7 with McFadden Construction
2. Critical Solutions four change orders #14 through #17
3. Harriman and Associates four change orders #23 through #28
4. Parc Services Inc. change order #1
5. PRA Group Consulting Engineers change order #3
6. Dahlin Group, Inc. change order #3
7. Page & Moris contract change order #3
8. A previously approved Jerry Haag change order

There were a total of twenty-one change orders, concerning eight firms processed for the fourth quarter. None of the change orders resulted in modifications to agreed upon contract completion dates.

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 \$3.45M, Senior Center \$9.65M, Community Center \$11.3M, Pleasant Oaks Park \$4.5M, Rehabilitation of Park Bathrooms \$0.) As of December 31, 2011 there is a fund variance of <\$114,233> which when taken into account reduces the actual contingency amount to \$385,767. *(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 utilizing bond funds, 3) ensure both construction contract expenditures and change orders (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 committee 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 committee is also not responsible for ensuring progress payments are accurate in regard to the actual measured quantities. These responsibilities are fulfilled by the Construction Management firm hired by the PHR&PD.

As of the Second Quarter for FY 2011/12, 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 October, November and December were reviewed by the Construction Subcommittee as follows:

The amounts for the Senior Center were \$433,057.80 for October, \$623,879.41 for November and \$730,357.25 for December for a total of \$1,787,294.46. The amounts for the Teen Center were \$169,101.90 for October, \$296,101.37 for November and \$358,955.10 for December for a total of \$824,158.37.

As of the end of this reporting period, the contract for both buildings is approximately 39.5% complete in terms of dollars spent. Specifically, the Senior Center is approximately 37% and the Teen Center is approximately 40% complete in dollars spent.

To date the project has been able to fund Contract Change Orders through down scoping and deleting items with in the submitted Schedule of Values. Concerns were raised to the BOC in regard to two specific areas of concern: 1) The content and items contained in the schedule of values and 2) Contract change orders compensating the contractor for overtime. Both of these concerns have been satisfactory addressed and

explained to the Construction Subcommittee. *(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 quarterly 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 quarter ended December 31, 2011, showed bond fund payments were \$3,058,001.71. The cumulative Measure E expenditures since inception at December 31, 2011, for all projects were \$7,082,480.99.

The District's Independent Auditor's final report for Measure E revenues and expenditures for Fiscal Year 2010/2011 match the Audit Subcommittee's revenues and expenditures previously reported in the BOC Quarterly Report as of September 30, 2011.

In summary, selective tests of October through December 2011 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 October 20 and December 8, 2011 BOC meeting minutes that are attached for review. In addition, this Subcommittee prepared the Quarterly Report as of September 30, 2011 for presentation and is working with District staff on ways to "show case" the District's accomplishments regarding the Measure E Bond Projects.

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. Annual Review of the Measure E Independent Financial Report**

One of the duties of the BOC is to review an annual Measure E financial report to ensure the funds are spent in accordance with Measure E.

A copy of the Measure E Funds Financial Statements as of June 30, 2011 was forwarded to all members of the BOC for review on January 30, 2012. Included in the

Financial Statements is the Independent Auditor's Report prepared by R.J. Ricciardi, Inc Certified Public Accountants. This report states that it is the Auditor's opinion, the financial statements present fairly, in all material respects, the financial position of the Measure E Funds of the PHR&PD as of June 30, 2011 and the changes in financial position for the year ended in conformity with U.S. generally accepted accounting principles.

In addition, the Audit Subcommittee has confirmed expenses as stated in the Financial Statements for both FY 2009/10 (\$446,838) and FY 2010/11 (\$1,596,948). This validation was noted within their Audit Subcommittee Report as of September 30, 2011 and December 31, 2011, respectively.

### **VIII. Summary**

The planning and execution of the construction phases of the Senior and Teen Center activities seem to be progressing from site preparation, underground utilities, and foundation work to the erection of building structures. Cooperative weather (unusual for this time of the year) has strengthened the construction activities to-date.

The demolition of the old Community Center has been completed; and with the design completed, the drawings have been submitted to the City of Pleasant Hill for approval.

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. October 20, 2011 Meeting Minutes
2. December 8, 2011 Meeting Minutes
3. Attachment A – Budget Subcommittee Report as of December 31, 2011
4. Attachment B – Construction Subcommittee Report as of December 31, 2011
5. Attachment C - Audit Subcommittee Report as of December 31, 2011
6. Attachment C-1 - Measure E Expenditure Payments Spreadsheet through December 31, 2011.