

# Bond Oversight Committee Meeting Minutes March 21, 2013



Pleasant Hill  
Recreation & Park District

People, Parks, and Programs Since 1951

The March 21, 2013 Bond Oversight Committee Meeting of the Pleasant Hill Recreation & Park District (PHR&PD) was called to order by Committee Chair Norman Vanhole at 6:02 p.m. in the Conference Room at the Administration Office.

## **PLEDGE OF ALLEGIANCE**

Committee Chair Norman Vanhole led the Pledge of Allegiance.

## **ROLL CALL**

**MEMBERS PRESENT:** Hagopian, Hirst, Jeffrey, Simons, Vanhole, Vardas

**ABSENT:** Gorham

**STAFF & BOARD PRESENT:** Blair, Bonato

## **PUBLIC COMMENT**

There was no public comment.

## **TO APPROVE MINUTES OF JAN. 17, 2013. (ACTION)**

Before taking action on the January 17, 2013 minutes, Committee Chair Vanhole announced he had omitted the "Election of Officers" on this agenda and requested if there were any other additions to the agenda. It was recommended by Secretary Simons to hold the discussion on "Election of Officers" under the New Business topic on the agenda.

Upon motion of Vardas/Jeffrey, the Committee approved the minutes of January 17, 2013 with the revision to change the date on page 2, within the fourth paragraph from March 17 to March 14, 2013.

## **REVIEW AND APPROVE THE DEC. 31, 2012 BOC REPORT. (ACTION)**

Chair Vanhole opened this item for discussion and he stated the #6 topic "Subcommittee Reports" would be combined with this action item.

Committee Member Jeffrey responded he had a question on page 3; fourth paragraph of the BOC report, but noted Member Gorham was not present to answer his questions. His question was specific to the monthly construction invoice amounts listed for the Senior and Teen Centers as reported by the Construction Subcommittee. Jeffrey further indicated the Audit Subcommittee compared these invoice amounts in total for all six months to the actual payment amounts and was off by about \$100,000. Jeffrey further stated he would not have a problem with the listed amounts if the wording explains what was included in the invoice amount. Accounting Supervisor Blair commented anyone reading the report would assume the amount specified to be the actual payment amount and not the requested amount. Member Simons asked if this discrepancy had occurred in the last six month review and Member Jeffrey responded the difference at that time was minor.

Member Simons stated she had two questions on the Construction Subcommittee section that she forwarded to Member Gorham by email earlier in the month. The first question was to

confirm there were no December invoices submitted for both the Senior and Teen Centers since the report listed "\$0.00" amounts. The question arose due to the reported grand total being higher than the listed monthly amounts which led one to believe there were missing amounts for the month of December. Member Simons stated the second question pertained to the fact the Construction Subcommittee report had included the January invoice for the Community Center whereas the period timeframe for the Semi-Annual report was for July through December. The construction invoices for the Community Center began in August and maybe it was the intent to have an equal six months of reporting similar to the other facilities. Simons further stated she did not include the January invoice within the BOC Semi-Annual report to be consistent with the reporting timeframe.

Member Simons stated after reviewing the Master Program Budget report updated by CSI as of 3/15/13 she had a concern related to the program contingency amount of \$500,000. Specifically, this amount is reported as "0" and has been allocated in total to other projects. The Master Program Budget report as of 1/7/13 that was handed out to the BOC members at the meeting on January 17, 2013 was misleading in that it reported a remaining balance of \$500,000; however, on the left hand side column that was highlighted in dark red and very hard to read, it stated the comment of "Program Contingency- Consumed". Simons further stated with this consideration and after reviewing the numbers in more detail, it appears the total bond costs of \$29,142,537 against total revenues of \$29,050,000 leaves a shortfall of <\$92,537> for the December 2012 reporting period. This deficit is reported on the Master Program Budget summary and should also be reported in the BOC Semi-Annual Report with a revision made to the Budget Subcommittee conclusion section. Member Hagopian agreed a revision would be necessary to reflect this revised interpretation of the program contingency numbers.

Member Simons pointed out the Master Program Budget report as of 3/15/13 reported a surplus of \$12,867 with the addition of \$400,000 in WW funds. This revenue addition appears to wipe out the deficit from the previous reporting period.

Member Jeffrey requested clarification on the delineation of WW funds from Measure E bond proceeds and he also asked if the Audit Subcommittee should focus their review on only the Measure E funds. Accounting Supervisor Blair responded the accounting system is not set up to break down each line item expense between Measure E money and WW funds. Blair further explained how the accounting system was set up to report capital project revenues and expenses. Member Simons confirmed capital project accounting requires all expenses to be accounted by project, not by revenue sources, or there would be a loss in budget control of the total project costs. All revenues sources would be accounted for by project in total not by specific expense. With this consideration, Accounting Supervisor emphasized the Audit Subcommittee should review all Measure E project expenses regardless of the funding source.

Member Simons summarized the revisions that were needed to finalize the BOC Semi-Annual Report as of December 31, 2012. The revisions include a change to the Budget Subcommittee Report conclusion and coordinating with Member Gorham on the questions by Members Jeffrey and Simons related to the monthly invoice amounts reported for the Senior, Teen and Community Centers.

Member Jeffrey noted he had \$13,000 more for the eight DL Falk change orders that totaled \$92,780.36 as compared to the Budget Subcommittee report total of \$79,780.36. Jeffrey further stated the total contract amount to date was correct.

Member Jeffrey reported the Audit Subcommittee received the memo that stated the Board had approved the McFadden contract settlement of \$150,000. Jeffrey further stated the Audit Subcommittee reviewed the additional legal and rebill costs associated with the construction problems of the project. His concern was whether certain work efforts had been paid twice by a payment to the primary contractor and then as a rebill payment to another subcontractor. District Board Member Bonato responded each party placed their bargaining chips on the table and then negotiated a final settlement amount. Member Jeffrey implied that with the additional legal, rebill and settlement costs; the overall costs may be more than originally planned or less but he would not know for sure not being privy to all the negotiating amounts. Jeffrey emphasized the legal cost alone was approaching \$100,000. Member Simons commented the additional WW funds were allocated to cover any additional costs associated with these projects. Board Member Bonato clarified the Board had not taken action as of yet with the WW funds in the amount of \$400,000. Bonato further stated the Board was aware of the additional costs and the need to find a source of funds to cover these costs. Member Hirst commented she had seen some charge backs to the McFadden contract for work not completed.

Member Jeffrey reported the Audit Subcommittee reviewed invoice payments for the month of January and February 2013 and he noted there were no issues to date except for the McFadden construction close out. The Community Center construction appeared to be progressing smoother than the construction of the Senior and Teen Centers.

Committee Chair Vanhole proposed a "mission accomplishment" report be published for the public on the completed Senior and Teen Center projects. Chair Vanhole suggested this report include a graph or pie chart reflecting a comparison of original project estimated costs to actual completed costs.

After a lengthy discussion by all members, it was decided not to take action on this item. The consensus of the BOC was to schedule a special meeting on April 17, 2013 to approve the revised BOC Semi-annual Report as of December 31, 2012 and to hold the Election of Officers for the 2013-2014 year.

#### **SUB-COMMITTEE REPORTS.**

Committee Chair Vanhole combined this discussion item with the above action item #5 "Review and Approve the Dec. 31, 2012 BOC Report".

#### **STAFF REPORT ON BUDGET AND RELATED EXPENDITURES**

There were no comments made under this topic.

#### **OLD BUSINESS**

There were no comments made under this topic.

#### **NEW BUSINESS**

There were no comments made under this topic.

#### **ADJOURNMENT**

Committee Chair Vanhole adjourned the meeting at 7:05 p.m.

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Marie Simons, Committee Secretary