

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

Semi-Annual Report as of June 30, 2013

Date Published: September 19, 2013

I. Introduction

This is the semi-annual report of the Citizens Bond Oversight Committee (BOC) for the period ending June 30, 2013. 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, 2013 and ending June 30, 2013.

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

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 17, March 21, April 17 and June 26, 2013 during this six month timeframe. The meeting on December 12, 2012 was rescheduled to January 17, 2013 due to the VIP Senior Center Open House originally planned for the same date. Minutes for all four meetings have been approved and are attached for review.

At the meeting on April 17, 2013, the BOC approved the Semi-Annual Report for the period beginning July 1, 2012 through the end of December 31, 2012. This report was published on April 17, 2013 and Committee Chair Vanhole presented the report to the District Board on May 9, 2013.

The Semi-Annual Report for the period beginning January through the end of June 30, 2013 is scheduled for review and approval at the BOC meeting on September 19, 2013.

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 #29 through #30 with McFadden Construction pertaining to the final close-out of the Senior and Teen Centers
2. Critical Solutions six change orders #40 through #45 related to all projects
3. Diamond Beach Inc. DBA Acoustic Specialties two change orders #1 and #2 related to the Senior Center
4. Pacific General Engineering four contract change orders (Co.#1 for each) and one contract change order (Co.#2) all related to the Senior Center
5. Page + Moris one change order #6 related to the Community Center
6. Matriscope Engineering Labs, Inc. contract change order #2 for the Community Center
7. DL Falk (Community Center) construction contract three change orders #9 through #11
8. Abey Arnold Associate change order #2 for the Pleasant Oaks Park
9. Jerry Haag one change order #6 related to the Pleasant Oaks Park
10. Goodland Landscape Construction (Pleasant Oaks Park) contract two change orders #1 and #2

There were a total of twenty-two change orders, concerning ten firms processed for a six month period beginning January 1 and ending June 30, 2013.

In summary, for all five of the Measure E fund projects, (Teen Center \$3.57M, Senior Center \$10.05M, Community Center \$11.3M, Pleasant Oaks Park \$4.2M, Rehabilitation of Park Bathrooms \$0) there is budgeted an overall Measure E project budget fund deficiency of <\$80,983>. *(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.

Before this reporting period, construction of both the Senior Center and Teen Center had been completed and both buildings are now in full operation. As of the date of this report there was one final payment issued to McFadden Construction for the Senior Center and Teen Center for the amount of \$150,000. This payment was made under the terms and conditions of the Claim Settlement Agreement approved March 11, 2013 between the PHR&PD and McFadden Construction. After this payment is made a Notice of Completion will be filed and all retentions will be released.

On May 2, 2013, the District held a bid opening for construction of Pleasant Oaks Park and Goodland Landscape Construction of Tracy was named the apparent low bidder. On May 5, 2013 the contract was awarded to Goodland Landscape Construction for the sum of \$3,260,000 and construction began in June 2013.

Construction of the Community Center is progressing quickly and as of the June invoice the project is approximately 50% complete in terms of contract dollars spent. The current exterior work includes miscellaneous site work, completing the roofing, exterior windows are installed, and the second course of stucco is being applied. The interior includes electrical, sheet rock installation and HVAC. All extra work and contract change orders for the Community Center were funded through available contingencies. During

this reporting period, the Committee received a total of eight invoices for review. It should be noted there were two payment invoices received for both March and June.

Construction of the Pleasant Oaks Park has begun and the nature of the work includes clearing, grubbing and rough grading. Only one invoice has been submitted to date.

In summary for the period of January through June 30, 2013 the Construction Subcommittee reviewed eight invoices for the Community Center and one invoice for the Pleasant Oaks Park as follows:

The amounts (including change orders) for the Community Center were \$630,082.85 for January, \$443,134.97 for February, \$461,947.58 for March, \$489,958.94 for April, \$321,259.51 for May and \$947,722.26 for June for a total of \$3,294,106.11. The amount for the Pleasant Oaks Park was \$397,007.55 for June. There are no objections to the contract change order payments made for this period and all payments made qualify for bond measure funds. *(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 ending June 30, 2013, showed bond fund payments were \$4,807,659.53 and revenue (interest earned on unspent bond proceeds) was \$12,196.43. This interest amount when added to interest earned the first six months of the fiscal year (\$23,689.56) brought the total interest earned for the fiscal year to \$35,885.99. The cumulative Measure E expenditures since inception at June 30, 2013, for all projects were \$21,665,110.08. Also since the inception of the projects; invested Measure E funds have earned a total of \$215,320.

In summary, selective tests of January through June 2013 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 17, March 21, April 17 and June 26, 2013 BOC meeting minutes that are attached for review. In addition, this Subcommittee prepared the Semi-Annual

Report for the period of July through December 31, 2012 for presentation at the District Board meeting on May 9, 2013.

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

As of June 30, 2013 based on the information provided to the BOC, total budgeted expenses (incurred and forecasted) exceed available funds by <\$80,983> to complete all projects.

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 during this reporting period.

Submitted By:

The Pleasant Hill Recreation & Park District Citizens Bond Oversight Committee

Attachments:

1. January 17, 2013 Meeting Minutes
2. March 21, 2013 Meeting Minutes
3. April 17, 2013 Meeting Minutes
4. June 26, 2013 Meeting Minutes
5. Attachment A – Budget Subcommittee Report for January to June 30, 2013
6. Attachment B – Construction Subcommittee Report for January to June 30, 2013
7. Attachment C - Audit Subcommittee Report for January to June 30, 2013
8. Attachment C-1 - Measure E Expenditure Payments Spreadsheet through June 30, 2013