

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

Semi-Annual Report as of December 31, 2013

Date Published: March 20, 2014

I. Introduction

This is the semi-annual report of the Citizens Bond Oversight Committee (BOC) for the period ending December 31, 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 July 1, 2013 and ending December 31, 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 September 19 and December 12, 2013 during this six month timeframe. Minutes for both meetings have been approved and are attached for review.

At the meeting on September 19, 2013, the BOC approved the Semi-Annual Report for the period beginning January 1, 2013 through the end of June 30, 2013. Committee Chair Vanhole presented the report to the District Board on October 10, 2013.

The Semi-Annual Report for the period beginning July 1 through the end of December 31, 2013 is scheduled for review and approval at the BOC meeting on March 20, 2014.

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. D.L. Falk Community Center Construction six change orders #12 through #17
2. WRA, Inc. change order #2
3. PRA Group Consulting change order #1
4. Critical Solutions four change orders #46 through #49
5. Goodland Landscape Construction nine change orders #3, & #5 through #12 for the Pleasant Oaks Park with change order #4 voided

There were a total of twenty-one change orders, concerning five firms processed for a six month period beginning July 1 and ending December 31, 2013.

In summary, the revised total budget is \$29.6M for all five Measure E fund projects. (Teen Center \$3.61M, Senior Center \$10.35M, Community Center \$11.44M, Pleasant Oaks Park \$4.2M and Rehabilitation of Park Bathrooms \$0.) As of December 31, 2013, there remains budgeted a total overall Measure E project budget fund deficiency of <\$93,773>. *(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 July through December 31, 2013, the BOC received a total of seven Community Center construction invoices for review. There were two separate payment invoices received in December and one invoice #16 was voided. In addition, the BOC received a total of six Pleasant Oaks Park invoices for review.

During this time period, the Construction Subcommittee reviewed invoices in detail as follows:

The amounts (including change orders) for the Community Center were \$498,362.73 for July, \$835,610.75 for August, \$694,161.15 for September, \$739,722.66 for October, \$218,740.04 for November and \$821,414.17 for December for a total of \$3,808,011.50. The amounts for the Pleasant Oaks Park were \$380,334.46 for July, \$485,988.57 for August, \$726,677.21 for September, \$749,536.40 for October, \$521,864.82 for November and \$197,461.68 for December for a total of \$3,061,863.14.

All extra work and change orders were funded through available contingencies.

As of this reporting period, construction is significantly complete for both the Community Center and Pleasant Oaks Park. *(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 December 31, 2013, showed bond fund payments were \$7,148,320.35 and revenue (interest earned on unspent bond proceeds) was \$5,741.02. The cumulative Measure E expenditures since inception at December 31, 2013, for all projects were \$28,813,430.43 that now exceeds the \$28 million received from Measure E bond sales. Also, since the beginning of the projects, invested Measure E funds have earned \$221,061. The BOC notes the District has

added other funding sources (including interest earned and WW funds) to complete Measure E project work.

In summary, the Audit Subcommittee examined 85 additional invoices recorded as Measure E project expenses during the months of July through December 2013 that were deemed appropriate for payment from Measure E bond funds.

Lastly, the Audit Subcommittee reported total expenditures and revenues (interest earned) for the fiscal year ending June 30, 2013 agree with the District's external auditors' reports prepared on the basis of the District's financial statements including Measure E. *(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 September 19 and December 12, 2013 BOC meeting minutes that are attached for review. In addition, this Subcommittee prepared the Semi-Annual Report for the period of January through June 30, 2013 for presentation at the District board meeting on October 10, 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. 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, 2013 was forwarded to all members of the BOC during December 2013. Included in the Financial Statements is the Independent Auditor's Report prepared by Fechter & Company, Certified Public Accountants. This report states that it is the auditor's opinion, "the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Hill Recreation and Park District as of June 30, 2013, and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America".

In addition, the Audit Subcommittee has confirmed expenses as stated in the Financial Statements for FY 2012/2013 as \$9,695,668. This validation was noted within their Audit Subcommittee Report for the period of July through December 31, 2013.

VIII. Summary

The BOC is pleased to report the construction of the Community Center and Pleasant Oak Park improvements (funded by Measure E) were significantly completed during this reporting period. The Grand Opening of the Community Center was held on January 26, 2014 and this facility began serving the public in February 2014. The Grand Opening of the Pleasant Oaks Park was held on March 2, 2014 and the park was serving the public the following weekend.

The BOC understands some change order/ payment issues are pending before the construction contract closeout and acceptance phases of the Community Center and Pleasant Oak Park will be completed. In addition, as of December 31, 2013 based on information provided to the BOC, total budgeted expenses (incurred and forecasted) exceed all available funds by <\$93,773>. Staff anticipates the use of the District's general fund to cover any remaining fund deficiencies after final project costs are known.

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.

Lastly, the BOC congratulates the District Board, staff, consultants and all parties involved in the successful completion of the last two projects funded by Measure E.

Submitted By:

The Pleasant Hill Recreation & Park District Citizens Bond Oversight Committee

Attachments:

1. September 19, 2013 Meeting Minutes
2. December 12, 2013 Meeting Minutes
3. Attachment A – Budget Subcommittee Report for July to December 31, 2013
4. Attachment B – Construction Subcommittee Report for July to December 31, 2013
5. Attachment C - Audit Subcommittee Report for July to December 31, 2013
6. Attachment C-1 - Measure E Expenditure Payments Spreadsheet through December 31, 2013.