

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

**Semi-Annual Report as of December 31, 2012**

**Date Published: April 17, 2013**

## **I. Introduction**

This is the semi-annual report of the Citizens Bond Oversight Committee (BOC) for the period ending December 31, 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 July 1, 2012 and ending December 31, 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

## **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 13, 2012 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 the September 13, meeting has been approved and is attached for review.

At the meeting on September 13, 2012, the BOC approved the Semi-Annual Report for the period beginning January 1, 2012 through the end of June 30, 2012. Committee Chair Vanhole presented the report to the District Board on October 24, 2012.

The Semi-Annual Report for the period beginning July 1 through the end of December 31, 2012 is scheduled for review and approval at the BOC meeting on March 21, 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 #23 through #28 with McFadden Construction
2. Critical Solutions ten change orders #30 through #39
3. Harriman and Associates three change orders #32 through #34
4. Dahlin Group, Inc. five change orders #5 through #9
5. Page + Moris two change orders #4 and #5
6. Matriscope Engineering Labs, Inc. contract for the Teen and Senior Centers two change orders #2 and #3 and the Community Center contract change order #1.
7. DL Falk Community Center eight construction contract change orders #1 through #8.
8. Abey Arnold Associate change order #1
9. Aquatech Consultancy, Inc. two change orders #1 and #2
10. Bay Alarm Teen Center contract change order #1 and Senior Center contract change order #1.

There were a total of forty-two change orders, concerning ten firms processed for a six month period beginning July 1 and ending December 31, 2012. McFadden change order #24 was “no cost” but adjusted the final completion date of both the Teen and Senior Center projects to November 26, 2012.

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 <\$92,537>. (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, 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 July through December were reviewed by the Construction Subcommittee as follows:

The amounts for the Senior Center were \$564,722.24 for July, \$401,026.66 for August, \$921,690.46 for September, \$59,532.12 for October, \$156,132.03 for November and \$0.00 for December for a total of \$2,103,103.51. The amounts for the Teen Center were \$82,450.64 for July, \$224,975.41 for August, \$66,446.01 for September, \$402.50 for October, \$61,847.92 for November and \$0.00 for December for a total of \$436,122.48.

As of this reporting period, construction of both the Senior Center and Teen Center is complete and both buildings are now in operation. Over the next few months, the project will enter into the contract closeout and acceptance phase to ensure potential claims issues and related adjustments in compensation are properly accounted for and resolved.

All extra work and change orders for the Senior Center and Teen Center were funded through available contingencies and /or deleting items within the approved schedule of values.

On July 17, 2012, the District held a bid opening for the construction of the Community Center and DL Falk Construction of Hayward was named the apparent low bidder. On July 25, 2012, the contract was awarded to DL Falk Construction for the sum of \$8,222,500.00 and construction began shortly thereafter.

Construction of the Community Center is underway and the site excavation and pouring of the main building slab is complete. Framing has begun and will continue for several months followed by roofing. All extra work and contract change orders for the Community Center were funded through available contingencies.

For the period of July through December 31, 2012 the Construction Subcommittee reviewed five invoices as follows:

The amounts for the Community Center were \$251,949.89 for August, \$161,918.40 for September, \$349,391.80 for October, \$165,646.80 for November and \$183,210.40 for December for a total of \$1,112,117.29. *(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, 2012, showed bond fund payments were \$4,888,007.85 and revenue (interest earned on unspent bond proceeds) was \$23,689.56. The cumulative Measure E expenditures since inception at December 31, 2012, for all projects were \$16,857,450.55.

In summary, selective tests of July through December 2012 invoices examined by the Audit Subcommittee were deemed appropriate for payment from Measure E bond funds.

Lastly, the Audit Subcommittee adjusted two amounts reported in its Semi-Annual Report for January to June 30, 2012. The total Measure E expenditures since the beginning of all bond work (last line page 1) should read \$11,969,442.70. Earned interest (on page 3, item D) should read "...on invested (unspent) bond funds was \$24,186.61 for the six months."

Including the above two noted adjustments, the Audit Subcommittee reported total expenditures and revenues (interest earned) for the fiscal year ending June 30, 2012 that 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 13, 2012 BOC meeting minutes that is attached for review. In

addition, this Subcommittee prepared the Semi-Annual Report for the period of January through June 30, 2012 for presentation at the District board meeting on October 24, 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. 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, 2012 was forwarded to all members of the BOC during the middle of January 2013. 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 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 FY 2011/2012 as \$9,925,657. This validation was noted within their Audit Subcommittee Report for the period of July through December 31, 2012.

## **VIII. Summary**

The BOC is pleased to report the construction of the Senior Center and Teen Center (funded by Measure E) were completed during this reporting period and both facilities are serving the public. The BOC is also enthusiastic about the Community Center ground breaking and we look forward to its completion date estimated for the end of 2013. The Pleasant Oak Park improvements are planned to begin mid-year 2013.

The BOC understands some change order/ payment issues are pending before the construction contract closeout and acceptance phases of the Senior and Teen Centers will be completed. Also as of December 31, 2012 based on the information provided to the BOC, total budgeted expenses (incurred and forecasted) exceed available funds by <\$92,537> 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.

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

**Submitted By:**

The Pleasant Hill Recreation & Park District Citizens Bond Oversight Committee

**Attachments:**

1. September 13, 2012 Meeting Minutes
2. Attachment A – Budget Subcommittee Report for July to December 31, 2012
3. Attachment B – Construction Subcommittee Report for July to December 31, 2012
4. Attachment C - Audit Subcommittee Report for July to December 31, 2012
5. Attachment C-1 - Measure E Expenditure Payments Spreadsheet through December 31, 2012.