

Audit XXI - Potrero Bridge Project

Audit Shows Beaumont Taxpayers Will Pay For All of State Highway Project Themselves

Posted by [Libi Uremovic](#), May 7, 2013 at 01:48 pm

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On Tuesday, May 7, 2013 Council for the City of Beaumont will vote to adopt a Resolution to: 'Approve the Freeway Agreement with Caltrans and Authorize the City Manager to execute the Agreement'. The Resolution presented to Beaumont City Council includes the following information that shows the Agreement is detrimental to the City and Taxpayers of Beaumont.

Obligations of State: Page 2 of the Construction Cooperative Agreement lists the responsibilities of the City and Caltrans. No. 13 & 14 states the only obligations of Caltrans is to act as 'lead agency' for the California Environmental Quality Act and the National Environmental Policy Act. There is no funding or other any obligations from the State during the course of the Project.

Cities do not build state roads because state roads are the property and responsibility of the State. Page 4 No. 34 states: "Upon Obligation Completion, ownership or title to all materials and equipment constructed or installed for the operations and/or maintenance of the State Highway System within SHS right of way as part of the work becomes the property of Caltrans".

The City is obligating the Taxpayers of Beaumont to fully pay for a state construction project instead of sharing the costs throughout the state or even other cities in the Riverside County.

Obligations of the City: This Contract has several clauses that will obligate and burden the City.

Page 10 Item No. 80 states: "...if there are insufficient funds available in this agreement to place the right of way in a safe and operable condition, the

Implementing Agency (City) accepts responsibility to fund these activities until such time as Partners amend this agreement". This clause forces the City of Beaumont to 'find the money' to continue the project.

Page 13 Item No. 97 – 99: These clauses allow the State to force the City to complete the Project and states: "...if any Partner stops fulfilling Obligations, any other Partner may seek Equitable relief to ensure that Obligations continue". This allows the State to sue the City of Beaumont and force completion of the Project.

Funding: The Agreement is very clear that all funding responsibilities will be the burden of the City of Beaumont. Page 2 Item No. 9 of the Agreement lists the City as: 'Sponsor for 100% of the Project' and Item No. 12 states: 'City is the only Funding Partner'. Page 21 shows a Funding Summary listing the costs and funding of various aspects of the project.

There was \$5 Million in Federal Funding for this Project, but the Funding Chart on page 21 shows this money has already been received and spent. There is no other funding sources listed – only 'City'. The City has not stated how it will pay for the Project and the City can not received funding because Highways are State Property.

The Resolution obligates the City to complete the Project once it's started, but does not mention how the City will fund the Project. It obligates the City to pay \$70 Million in the next three (3) years without listing any revenue sources.

Item 4.b.1 on the Council Agenda is the Financial Update as of February 28, 2012. Total Revenues listed for the 8-month period are \$11 Million. Expenses on the Financial Update are listed at \$15,828,304, but these are only the expenses to operate the City. The City neglected to declare \$8.3 Million Bond Debt paid in September, \$3 Million spent through Fund 35, and \$1 Million spent through Fund 35 to pay Penalties to the Riverside Auditor/Controller. Actual Expenses for the first 8-months of this fiscal year were \$28 Million.

Projected forward; the City will receive a total of \$49.5 Million in Revenues in the next three Fiscal Years and incur \$71 Million in Expenses for the Basic Operations of the City. Another \$45 Million is obligated to pay past Bond Debt. The City of Beaumont currently spends money 2 ½ times faster than it receives money.

This Agreement would obligate the Taxpayers of Beaumont to pay another \$70 Million by 2016 and Page 6 No. 45 states: "...If implementing Agency (City) anticipates that funding for work will be insufficient to complete work, Implementing Agency (City) will promptly notify Sponsor (City). This leaves the City open to request more funds 'if needed' instead of staying within the Budget.

The City of Beaumont has already spent \$10,689,836.92 directly related to the Potrero Bridge Project with the following Vendors:

Department of Fish & Game - \$2,101.50

Harmsworth Associates - \$49,835.00

Union Pacific - \$85,646.86

Natures Image Inc - \$148,170.03

Community Bank - \$497,218.81

Los Angeles Engineering - \$3,157,068.51

Urban Logic Consultants - \$6,749,796.21

As of March 1st the City of Beaumont had \$7,958,155 in General Fund Checking, \$43,199.03 in Savings, and \$1.8 Million in the LAIF Account. There have been rumors of \$10 Million in Reserves, but there are no additional Reserves. As of this writing the City of Beaumont has not produced a 2012 GAAP Audit.

State highways are for state-wide use and all funding for state highway projects should be paid for with State funding, not burening the Taxpayers of one small City. It is not practical or financially feasible for the City of Beaumont to continue with this project.

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Libi Uremovic May 7, 2013 at 02:02 pm

the agreement makes no mention of how the project will be paid for, only that the total costs will be the burden of the city of beaumont....

this is a state project and all of the funding should come from the state....if the state thought there was a need for this project they would fund it themselves

....

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Jacqueline May 7, 2013 at 02:50 pm

And the vote is.....5-0 why do we even have a council anymore? They just do whatever Alan tells them to do anyway. Its his city now, not ours.

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Dex May 7, 2013 at 02:59 pm

I can't believe the city would try and tackle this on their own. I tried looking through various council meetings for info about this, and I can see where there were numerous objections to going forward with this plan....yet the council just goes ahead and rubber stamps everything with their approval. I thought they were required to hold public meetings about this, especially if they are even considering spending OUR money that way. Yet from what I have read, the city has not been very forthcoming with the specifics about who is actually responsible for picking up the tab on this, and to what extent. I am very disappointed in how the city is handling this matter....they should be ashamed of themselves for wanting to mortgage our futures like this.

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Dex May 7, 2013 at 03:08 pm

And we still have the MAJOR issue of water. Where in the heck is all this water for future development supposed to materialize from? It is going to force us to import more water (IF its even available), and that translates in higher rates for everyone. Our potential sources of water are continuously getting less and less, yet we keep building full steam ahead as if there is no bottom to the well.

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Jacqueline May 7, 2013 at 03:10 pm

We will be drinking our own pee Dex- thats Beaumont next new source of water

to put in the basin for more building. Drink up!!!!

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 **Washy** May 7, 2013 at 04:23 pm

WOW new low Libi take something Lloyd worked hard on and make your own blog....There is great discussion of this going on with others on the original blog

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 **Libi Uremovic** May 7, 2013 at 06:07 pm

just got off the phone with Craig Hartzheim from the gaap auditing firm...he confirmed that there is no 2012 gaap audit.... as of may 7th, 2013 the city has never turned in the paperwork needed for the auditors to perform the audit....

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 **Lloyd White** May 7, 2013 at 06:11 pm

Hi Washy, I respectfully disagree. I didn't have the actual agreement the council will be approving tonight. Libi review of the agreement has provided an answer to my question about the \$5 million federal funds. Also, I wasn't aware of how much authority the state would have to force Beaumont to complete the project on time and the fact that the citizens could be forced to accept additional taxes by the state if the City's financing plan wasn't sufficient. The information Libi details from the agreement makes an even larger argument against accepting the agreement. Anytime I consider making a large purchase in my personal life, for example a car or a home, and the seller puts additional restrictions, timelines or penalties (i.e. this price is only good until the end of the day) I turn and run away as fast as possible. I still have faith our city council members are reasonable intelligent people who can see how bad this project could be for our city. I am hoping they will at least slow things down and not accept the agreement until the funding plan has been explained and future projects expected costs revealed. I will be at the council meeting tonight to see if my faith is misplaced.

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 **Washy** May 7, 2013 at 08:19 pm

Well I lost all faith in them. My home is for sale and I am not staying to the end. But Libi very well could have added this to your already informative blog and not started another LOOK AT LIBI blog

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Ken May 7, 2013 at 08:48 pm

well at least Alan is being honest..If ya never provide the info...ya never get the results!!

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Jeremiah Price May 7, 2013 at 09:15 pm

Interesting - I am going to follow this up. I was told something entirely different. Jeremiah

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Jeremiah Price May 7, 2013 at 09:37 pm

Thank you, Libi, for going a whole day presenting facts instead of slamming people. Good stuff here and I am going to see what the deal with this GAAP audit is because I was told they were waiting on it and you were told the city hadn't submitted the paperwork. One of the two of them isn't telling it right. Very sobering stuff both you and Lloyd have presented - I wish I was a resident so I had a voice in it. Calmo presented another point of view that also has merit. There are long-term benefits to the project, but that won't matter if the city is bankrupt, which it will be if it is done on these terms. The cost outweighs the benefits. And the terms - the only ones that will benefit are CalTrans and the contractor who gets the bid. That tends to be suspicious in itself. I think many in this city will be watching to see who that contractor is if the project is approved, and the right or wrong choice will certainly impact the next election. This is a decision that rightfully belongs on a ballot for the people to decide.

Jeremiah

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Jeremiah Price May 7, 2013 at 09:43 pm

Libi -

Can you help with the name of the gaap auditing firm? Are they local to us up here? Jeremiah

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Libi Uremovic May 7, 2013 at 09:52 pm

it's the weekly audit that i published early so people would have the information for the council meeting...

'...My home is for sale and I am not staying to the end....' let us know how that

works out for you....a buyer can only get a loan for the value of the home - which is half its worth in beaumont.... you say it's not your debt - it's 'the city's debt', but in a democratic system the people are the governmentthere's no one else to pay the debt except the taxpayer... every household will have to contribute \$5,000 in the next three years to pay for the bridge...

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 **Jeremiah Price** May 7, 2013 at 10:02 pm

I wonder how Beaumont would look if that \$78mil was spent on road improvements on existing roads. And the horrendous mess that is Beaumont Ave from 1st to 6th St. over the 10 freeway should take precedence over the bridge and road to nowhere if we are going to spend money on a road.

Jeremiah

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 **kim murphy** May 7, 2013 at 10:37 pm

Jeremiah,

That is what makes this INSANE there isn't any MONEY to repair our streets here in Beaumont! That is from the mouth of our Mayor-protem to me at the last meet and greet!!!

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 **Jeremiah Price** May 7, 2013 at 10:59 pm

Hi, Kim -

I guess it is encouraging to know at least one person in Beaumont government has a grip on financial reality and was honest about it. It's also encouraging to hear from someone who was there and asking questions. I wonder in whose mind this project originated and why they think it is so important that we should go into debt for it and put off repairs we can't afford on our existing infrastructure. Lloyd or Libi - do you have any info on that? Specifically on when it first originated? Jeremiah

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 **a little justice** May 8, 2013 at 12:05 am

I did not make it back to town in time for the meeting. Did the council vote on the bridge issue?

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Libi Uremovic May 8, 2013 at 08:12 am

council voted 5-0 to continue the potrero bridge project....
every time council passes a resolution they're allowing unlimited money to be spent pushing papersand it really doesn't matter to the city if there is a bridge actually builttheir goal is not to build a bridge - that cost moneytheir goal is to pillage the city...this is just an excuse...

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Jeremiah Price May 8, 2013 at 09:49 am

Libi -

I wasn't there and I don't have a quick source of information on this and you do. When you say continued, do you mean they continued it for more study and consideration or they voted to approve it? Either way it should have been tabled until they can show the money is actually there and not based on some pipe dream. I hope the council realizes how closely their actions on this are going to be watched - everyone realizes we don't have the money and they are going to be watching to see if that matters to the council. Their actions on this will prove the point one way or another. Jeremiah

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Judy Bingham May 8, 2013 at 12:39 pm

I was there and Council says "warehouses" will pay for the Potrero Overpass .You know, like the ones in Moreno Valley- -the ones that got MV City Council's homes and computers searched? They say not one taxpayer or homeowner in Beaumont will be obligated to pay for the Regional Overpass. Roger Berg gave us a history lesson and talked to the 3 citizens that were there as if we were 2nd graders. He just can't seem to get through to us, no matter how hard he tries. Your elected officials, DeForge, Berg, Knight and Castaldo are pathetic at best!

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Dex May 8, 2013 at 01:16 pm

And yet he seems to think there is plenty of funding available to build an interchange project that will not alleviate traffic problems, yet will SURELY change the way of life in our community. Isn't it time we take control of what is going on around here??

...

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ATC May 8, 2013 at 01:19 pm

"...the 3 citizens that were there ..."

And that, in a nutshell, is the underlying cause for the corruption in nearly every city in the state, even the country; very little involvement, oversight, or even attention paid by the general public, allowing the corruption and arrogance to take root and grow. Unfortunately, in this economy, the people who are concerned and that "could" actually make a difference are too busy trying to survive and take care of their families to spend much time getting involved and monitoring what their elected officials are doing. Does that justify it? No. But it does shed some light on it

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Jeremiah Price May 8, 2013 at 01:35 pm

I think Roger Berg and the others have another question to answer. Where are these warehouses which are supposed to pay for the road improvements? They depend on the bridge and road being built first, it would seem. So who pays for the road to be completed before the warehouses come in? If the developers want these warehouses so bad let them foot the bill for the infrastructure to support them. We get charged for the infrastructure for our homes - why should they not pay their share for their development. Second question, are these warehouses approved and locked in already? What is the fallback plan for this bridge and road if they never are. I don't like living on dreams.or appreciate those who do playing with my money.

Jeremiah

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Libi Uremovic May 8, 2013 at 01:39 pm

'...Council says "warehouses" will pay for the Potrero Overpass ...'

warehouses are 'people too'..?? 'the warehouses' owe the citizens of beaumont \$6 million right now....let 'the warehouses' pay their past debt before incurring new debt...

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Libi Uremovic May 14, 2013 at 08:16 am

the caltrans website shows no listing for this project...caltrans is not working on this project - <http://www.dot.ca.gov/dist8/>

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Dex May 14, 2013 at 12:54 pm

If you scroll down further, there is a link under "Planned Projects". But the link only references a contact email.

POTRERO BLVD. NEW INTERCHANGE PROJECT Email:
d8.potrero.blvd.new.icproject@dot.ca.gov

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Libi Uremovic May 14, 2013 at 01:10 pm

i tried sending an email through that address, but it gets rejected....i sent the potrero audit to the project office chief jamal elsaleh in san bernardino, the caltrans director, and to jerry to stop this ...

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Nancy Gall May 17, 2013 at 07:20 pm

This is an outrage! The city doesn't have the money or any legitimate way of obtaining this kind of money. We also need to look into why Caltrans went along with this. We demand city records and they won't turn them over. We want to see an audit and they delay it. There appears to be no way citizens can control their government. Democracy no longer lives in our city, just a despotic corruption.

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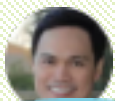


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