



CITY OF WASILLA

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COUNCIL MEMORANDUM 96-57

From: John T. Felton, Public Works Director/City Engineer

Date: May 27, 1996

Subject: Status of CIP/LID Projects

One of the most difficult tasks I have had since coming to work for the City has been ascertaining the financial status of the road construction projects. This has taken a great deal of my time and should not have been necessary. The data for this report came from my review of the project files and the records kept in the Finance Department. As I shall explain in detail, there was a significant lack of basic project management skills used on these projects. The attached summary shows that the funding deficit for these projects is approximately \$462,000. This did not have to occur and I can assure the Council that it will not occur as long as I am responsible for design and construction projects.

The Hallea Lane water/road improvements, Wilder/Adventure road LID, Southview road LID, West Point/West Cove LID and the Nelson/Lucille Intersection projects all appear to be within budget and will not need the entire amount of funds appropriated. I am in the process of closing these projects and will send the assessment data to the Finance Department.

The Nelson Avenue deficit is due to an error in the basic management of the project. The Finance Department was directed to close this project and set the assessment roll prior to all of the bills being in. This caused the billings to come to a project that was closed and bills that rightly should have been shared by the LID are now totally payable by the City. The project administrator should have never closed that project until he was sure that all of the billings were in and were correct.

Peck Street is a similar scenario with a much larger bill attached. Again the data was available in the Finance Department to avoid the budget problems. The record shows that there were not enough monies available to award the construction contract. This project should have been brought back to the Council for additional funding prior to the award of the construction contract. There was no need to rush the award. The City did not have all of the right-of-way necessary to construct the road. This led to a delay claim made by the Contractor. This claim was mishandled by the contract administrator and resulted in a \$60,000 payment to the Contractor. In order to keep the project on what I thought was budget, I deleted approximately \$60,000 of work from the contract. This is why the sidewalks and seeding were not finished on the project. The Hearing Master has made his determination on the condemnation and it appears as if the City will be paying approximately \$30,000 for the property at the northern end of the street. There are approximately \$22,000 remaining in Fund 11 to pay for a portion of

these right-of-way costs. The City would have incurred all of these costs; but, the Council should have been made aware of them prior to the monies being spent.

In all of the cases above, the monies have been spent. In the case of Glennwood the monies are necessary to award the construction contract. In reviewing the Glennwood case I found that the scope of the job and the direction given to the two design firms fluctuated greatly over the course of the project. This confusion has been the chief cause for the escalation of the project costs. The Council directed that this contract not be awarded until the right-of-way was in hand. The final easements were obtained last week and the City should now go forward with the project. In my research I found that there was no project construction contingency, that the construction was under funded, and that there was no agreement for the construction administration and surveying. These all account for the \$282,790 short fall in the project budget. I have been holding the contract and the City has not signed it.

The Contractor signed the Glennwood contract and presented the required bonding and insurance last October. He has been incurring costs and has schedule his work to start this project this June. Therefore, it would be in the City's best interests to proceed with this contract and award a notice to proceed on June 1, 1996. I am not willing to issue this notice until there are sufficient funds available to finish the project.

It is extremely important that the Council know that this sort of situation will not be reoccurring. The Mayor, Mr. Nelson and his staff and I have spent a good deal of time developing administrative procedures to assure that there are no recurrences. Departments will not be kept in the dark as to the actions of other departments; contracts will not be taken to the Mayor or the Council until the funds for them can be shown to exist; no contract will be issued without a finite scope of work and time table. I believe the Glennwood Paving project is an example of how the system is now working. This project would have probably started out "in the hole" and stayed there until it was finished. How we have exact figures and are working together to assure that it stays on budget.

RECOMMENDATION:

It is recommended that the Council commit to fund these project shortfalls as the number one priority in the FY 97 CIP budget and authorize the signing of the Glennwood Contract at this time.



John T. Felton
Public Works Director/City Engineer

APPROVED
DATE: 5/29/96
BY: [Signature]

CIP/LID FUNDING STATUS FY 96

PROJECT		Funds Remaining
Hallea	Road	\$4,000
Wilder/Adventure		\$14,000
Peck Street	Over Budget Finish Project ROW Settlement	(\$155,658) (\$62,500) (\$30,000)
Southview		\$67,000
Nelson Avenue		(\$49,639)
Nelson/Lucille		\$100
West Point/ West Cove		\$33,500
Glenwood		(\$282,790)
TOTAL		(\$461,987)

Note: A number in parentheses indicates a deficit.