



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 29, 2011

Rita Sanders, Mayor
City of Bellevue
210 West Mission Ave.
Bellevue, NE 68005

City Council Members
City of Bellevue
817 North 4th Street
Bellevue, NE 68005

Dear Mayor Sanders and Council Members:

On March 7, 2011, officials from the City of Bellevue (City) met with the Auditor of Public Accounts (APA) to discuss the DC Electric contract for electrical repair at Haworth Park. At its November 22, 2010, meeting, the Bellevue City Council (Council) approved the award of this contract to DC Electric in the amount of \$20,327. Subsequently, when City officials signed and entered the contract, the contract amount increased to \$37,837. The increased amount of the contract did not appear to have Council approval. As a result, Patrick Sullivan, the City Attorney, and Mayor Sanders requested an investigation by the APA to determine whether this was an isolated incident or an issue with other City contracts as well.

Although the APA's investigation of City contracts began in early March of 2011, the issuance of this letter was necessarily delayed due to unforeseen circumstances. Specifically, in June of 2011, the APA commenced, ancillary to an ongoing investigation by the Nebraska State Patrol, an examination of Bellevue Public Schools. The school examination involved not only similar contract issues as those presented in the City investigation, but also many of the same vendors and other principals. In order to ensure the accuracy and consistency of the information obtained in both projects, therefore, it was necessary to complete and review the majority of the Bellevue Public Schools examination prior to concluding the City contracts investigation and releasing this letter – a task that required a number of additional months and is still ongoing.

From the Council's meeting minutes, which are found on the City's website, the APA identified 77 contracts entered into by the Council since May 2009. The City Clerk identified another 9 contracts, for a total of 86 contracts. See **Exhibit 1**.

Because the City lacks a system designed to account for and maintain all contracts, the APA could not be assured all of the City's contracts were provided. The APA examined 46 of the 86 contracts to determine whether the amounts approved by the Council agreed to both the contract amounts and to the amounts paid through April 26, 2011. In summary, for the 46 contracts examined, we noted 21 contracts with \$502,439 in contract changes made without Council approval, including \$328,945 in contract changes that were already paid and \$173,494 in changes that were not paid as of April 26, 2011. See **Exhibit 2** for details.

Neb. Rev. Stat. § 16-321(2) (Cum. Supp. 2010) states:

“Except as provided in section 18-412.01, no contract for enlargement or general improvements, such as water extensions, sewers, public heating system, bridges, work on streets, or any other work or improvement when the cost of such improvement is assessed to the property, costing over thirty thousand dollars shall be made unless it is first approved by the city council.”

Subsection (4) of that same statute provides:

“Advertisements for bids shall be required for any contract costing over thirty thousand dollars entered into (a) for enlargement or general improvements, such as water extensions, sewers, public heating system, bridges, work on streets, or any other work or improvement when the cost of such enlargement or improvement is assessed to the property, or (b) for the purchase of equipment used in the construction of such enlargement or general improvements.”

Because the costs of the majority of the City enlargement and general improvement projects reviewed by the APA were not assessed to the property, those projects appear not to fall within either of the above statutory mandates requiring Council approval or advertisements for bids. Nevertheless, exercising its authority under Neb. Rev. Stat. § 16-246 (Reissue 2007), the City has adopted a purchasing policy containing Council approval and public bidding requirements more restrictive than those prescribed by § 16-321.¹

According to Council Policy Resolution 4, effective June 14, 2010, all purchases made by the City for goods and services in excess of \$10,000 must be publicly bid, except for certain professional services considered by the Council to be unique. Furthermore, the Council must approve the payments for these goods and services. Prior to June 14, 2010, this policy did not contain a dollar threshold; rather, the City followed an informal policy of publicly bidding for goods and services costing in excess of \$20,000, according to the City Clerk.

The APA identified the following issues:

1. Contract Amounts Do Not Agree to Amounts Approved by the Council

Prior to each Council meeting, Council members receive copies of pending contracts and other information pertaining thereto, which allows each member the opportunity to review the provisions of those documents before voting on them. If the contracts are approved by the Council, the City Clerk has the Mayor sign each contract at the end of the meeting; however, according to the City Clerk, this process is not always followed.

Occasionally, a City department fails to make a contract that it is requesting available at the time of the Council meeting. This was the case with the DC Electric contract mentioned above. In such instances, the Council approves a preliminary version of the contract, but the final version

¹ Neb. Rev. Stat. § 16-246 (Reissue 2007) says, in relevant part: “A city of the first class may make all such ordinances, bylaws, rules, regulations, and resolutions not inconsistent with the general laws of the state as may be necessary or expedient, in addition to the special powers otherwise granted by law, for maintaining the peace, good government, and welfare of the city and its trade, commerce, and manufactures, for preserving order and securing persons or property from violence, danger, and destruction, for protecting public and private property, and for promoting the public health, safety, convenience, comfort, and morals and the general interests and welfare of the inhabitants of the city.”

is not signed until the department head provides it to the Mayor. This process frequently results in a discrepancy between the amount contained in the final contract agreement and that previously approved by the Council.

Vendor	Project	Contract Amount Approved by the Council	Final Contract Amount	Variance
DC Electric	Haworth Park Electrical Repair	\$ 20,327	\$ 37,837	\$ 17,510
Prairie Construction (1)	Fire Station 1 Renovation	\$ 378,000	\$ 399,716	\$ 21,716
Prairie Construction (1)	Fire Station 2 Renovation	\$ 359,000	\$ 378,809	\$ 19,809
Prairie Construction (1)	Fire Station 4 Renovation	\$ 404,000	\$ 428,260	\$ 24,260
Ronco Construction (1)	Fire Station 3 Renovation	\$ 249,400	\$ 276,789	\$ 27,389
HDR Engineering*	Harvell Dr. and Ft. Crook Rd.	\$ 15,500	\$ 14,244	\$ (1,256)
Total Variance				\$ 109,428

Note 1: The Council approved bids totaling \$1,390,400 for all of the fire station renovations. The individual amounts shown above come from the individual renovation contracts.

* Even though the contract was entered into for a lesser amount, this shows that controls are not in place to prevent contract amounts from changing after Council approval.

For the fire station renovations included in the above table, the Council accepted bids totaling \$1,390,400 for the fire station renovations. The minutes for the September 13, 2010, Council meeting provide the following details regarding the acceptance of those bids:

Recommendation on Award of Bid for Fire Station Renovations and Request to Proceed with Preparation of Bond Documents for Financing.

Fire Chief Perry Guido stated there were eight total bids received. The low bidder for the work on Fire Stations One, Two, and Four was Prairie Construction and for Station Three, the low bidder was Ronco Construction. The total construction costs are \$1,390,400. Past bills for such services as the sprinkler systems, cabling and phone systems, etc. fall outside of the construction bids but have to be included in the overall cost of the upgrades. Chief Guido presented a list of estimated costs that will need to be tabulated as part of the total renovation costs. The estimated grand total is \$2,400,000. He asked that the Council accept the low bids received for the construction costs of the four fire stations and to begin construction immediately. He asked for direction from the Council in either: 1) beginning the bonding process utilizing the existing hard bids for construction and using the estimates for the remaining parts of the project; or 2) postponing the bonding process until the architect seeks bids for the remaining items not included in the submitted hard bids and utilizing existing cash flow reserves to begin the construction process immediately.

Motion was made by Blood, seconded by Saniuk, to accept the bid of Prairie Construction for renovation work on Fire Stations One, Two and Four, subject to approval of the contract. Roll call vote on the motion was as follows: Houghtaling, Saniuk, Sanborn, Knutson, Preister and Blood voted yes; voting no: none. Motion carried.

Motion was made by Saniuk, seconded by Blood, to accept the bid of Ronco Construction for renovation work on Fire Station Three, subject to approval of the contract. Roll call vote on the motion was as follows: Houghtaling, Saniuk, Sanborn, Knutson, Preister and Blood voted yes; voting no: none. Motion carried.

Effective September 27, 2010, the former Mayor signed the contracts between the City and the contractors, which totaled \$1,483,574 – over \$93,000 more than the amount approved by the Council, only two weeks earlier.

In its October 11, 2010, meeting, the Council approved the fire station renovation contracts – doing so without any discussion regarding the changes in price from the bids accepted by the Council the previous month. In fact, as revealed below, the meeting minutes do not even document the total amounts of the contracts approved by the Council:

Approval of Contracts with contractors for renovation of the fire stations

Fire Chief Perry Guido explained that these are the contracts for the bids that were accepted by the Council at the last Council meeting.

Motion was made by Houghtaling, seconded by Blood, to approve the contracts with Prairie Construction and Ronco Construction for the renovations of the four fire stations. Roll call vote on the motion was as follows: Houghtaling, Saniuk, Sanborn, Knutson, Preister and Blood voted yes; voting no: none. Motion carried.

When final contracts are not provided to the Council members prior to their voting on those documents, there is a significant risk the contract provisions will change after Council approval, and services and equipment being provided may not be what the Council intended and approved. There is also an increased risk of unauthorized contract changes without adequate discussion and documentation of pricing changes between the acceptance of the bids and the approval of the contracts at Council meetings.

2. Amendments and Change Orders Not Approved by the Council

After the City enters into a contract, amendments or changes to the contract may be required. Currently, no City policies or procedures exist to address the approval of such contract changes. The APA found that 18 of the 46 contracts examined had been amended or changed without Council approval. In some instances, certain line item tasks included in the original contract had more or less work performed than originally planned, which changed the value of the contract. These types of variances are included in the table below under the “Line Item Changes” column. In other instances, new work was added that was not included in the original contract. These variances are included in the table below under the “Amendments/Change Orders” column. In neither case were the changes approved by the Council. The following are but a few examples of contract changes that were not approved by the Council. Again, see **Exhibit 2** for a complete listing.

Vendor	Original Contract Amount	Line Item Changes	Amendments/Change Orders	Final Contract Amount
Anderson Excavating (2)	\$ 998,582.00	\$ (15,600.00)	\$ 46,574.00	\$ 1,029,556.00
Cedar Construction	\$ 337,064.30	\$ 13,058.60	\$ 48,226.00	\$ 398,348.90
Hill-Farrell*	\$ 61,800.00	\$ 81,302.17	\$ 15,370.00	\$ 158,472.17
HR Systems	\$ 7,500.00	\$ 33,260.00	\$ 0.00	\$ 40,760.00
Prairie Construction (1)	\$ 399,716.00	\$ 0.00	\$ 30,722.99	\$ 430,438.99
Prairie Construction (1)	\$ 378,809.00	\$ 0.00	\$ 29,683.22	\$ 408,492.22
Ronco Construction (1)	\$ 276,789.00	\$ 0.00	\$ 18,255.00	\$ 295,044.00
US Asphalt	\$ 476,883.06	\$ (14,663.96)	\$ 33,867.18	\$ 496,086.28
Valley Construction	\$ 236,735.00	\$ 10,715.52	\$ 45,868.71	\$ 293,319.23

* The \$15,370 amendment was approved by the Council on 11/9/09. The amount was included above to obtain the final contract amount. Additionally, the APA could not determine whether payments totaling \$24,320 to this contractor applied to the contract or were for different services. The City indicated only \$1,620 applied to the contract but could not provide support for that determination. The APA included the entire \$24,320 with the line item changes above, as the descriptions of the work appeared to be related to the contract.

- (1) These change orders were entered into prior to Council approval at the March 28, 2011, meeting.
- (2) After a reviewing a draft of this letter, the City explained that change orders were unnecessary because provisions were included in the specifications to charge for removal of additional debris beyond the normal depth of debris. However, because these extra costs were not included in the original contract amount of \$998,582, they should have received Council approval.

Furthermore, at its September 14, 2009, meeting, the Council approved an HR Systems contract to update the City’s personnel system through the revision of the personnel policy and job descriptions for a cost not to exceed \$7,500. At the December 14, 2009, Council meeting, the

former City Administrator reported that the City had paid HR Systems \$7,600 for the services approved in September and also requested \$8,000 for additional services. These services included reviewing the structure of each department and recommending how to provide more efficiency and better utilization of manpower, as well as the development and implementation of both on-going training programs and a revised job interviewing procedure.

The Council requested a comprehensive list of what was received for the first \$7,600 spent, postponing approval of the request for additional funding until that list was provided. This request was never returned to the Council for approval. At the approval of the former City Administrator, the City continued to receive services from HR Systems from December 2009 through November 2010, resulting in total payments of \$33,160. A summary of these transactions follows:

Original Contract	Amount Spent	Additional Request	Total Amount Spent
September 14, 2009	As of December 14, 2009	December 14, 2009	December 2009 to November 2010
\$7,500	\$7,600	\$8,000	\$33,160
		(Request Not Approved by Council)	

Despite the lack of Council approval, the City continued to pay invoices for services from HR Systems. The Council approved the payments for each invoice at its meetings.

3. Payments Not Approved by the Council

The City entered into a contract with Charles “Ken” Bunger to provide consulting services in the development and construction of the World Baseball Village project. The provisions of the contract defined his costs for the period of August 1, 2009, to the completion of the project, estimated to be April 2010, as follows:

Project Management Fee: \$3,500 per month for no less than 20 hours
 Redevelopment Project Plan Fee: \$4,500 one-time fee
 Preparation of Project Documents Fee: \$150 per hour

Between September 2009 and February 2010, the City paid Ken Bunger \$37,257 for consulting services provided from August to November 2009, as follows:

Number	Date	Amount	Description
WBV001	9/28/2009	\$ 7,175.00	8/1/2009 - 9/14/2009 project management fees at \$4,250 and preparation of purchase agreement for 19.5 hours at \$150 per hour for \$2,925.
WBV002	9/28/2009	\$ 4,500.00	Redevelopment project plan fee
WBV003	11/9/2009	\$ 6,309.00	9/15/2009 - 10/31/2009 project management fees (for time period of 8/1/2009 to 10/31/2009 is \$10,500 less \$4,250 already paid) along with \$59 for copies.
WBV004	11/23/2009	\$ 1,767.00	11/1/2009 - 11/16/2009 project management fees, along with \$17 for copies.
WBV005	2/22/2010	\$17,506.50	11/17/09 - 11/30/09 project management fee of \$1,750, \$6.50 for copies, and \$15,750 for the negotiation and drafting of project redevelopment agreement, management agreement, redevelopment covenants, insurance documents, and other exhibits for 105 hours at \$150 per hour. According to the 12/14/09 minutes, this payment was not approved with the list of bills; the Council approved all others but specifically excluded this one.
	Total	\$37,257.50	

Neb. Rev. Stat. § 16-404(1) (Reissue 2007) states, in relevant part:

“All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected to the council.”

At its December 14, 2009, meeting, the City presented the Council with invoice WBV005, seeking payment of \$17,506 to Ken Bunger. Councilman Sanborn requested this invoice to be removed from the list of bills to be paid, as it was not itemized. The Council approved the payment of the bills presented, with the exception of the Ken Bunger invoice. This bill was subsequently paid by the Finance Department on February 22, 2010; however, it was never returned to the Council for approval in accordance with § 16-404(1). Additionally, the City could not find a copy of the contract with Ken Bunger that was signed by the Mayor.

Excerpt from December 14, 2009, Council meeting minutes

<p><u>Approval of Bills</u> <u>Mr. Sanborn</u> asked that the bill presented by Ken Bunger be pulled from the list of bills to be paid as the bill is not itemized.</p> <p><u>Motion</u> was made by Sanborn, seconded by Preister, to approve the payment of bills as presented with the exception of the bill from Ken Bunger. Roll call vote on the motion was as follows: Houghtaling, Saniuk, Sanborn, Knutson, Preister and Blood voted yes; voting no: none. Motion carried.</p>

4. Amounts Paid on Contracts Not Adequately Tracked

During the period examined by the APA, the City’s Finance Department did not track contracts in the accounting system to ensure the correct amounts were paid for each contract. Currently, the City is entering the contract amounts approved by the Council into the accounting system as purchase orders to track the amounts paid on the contracts. When a contractor requests payment from the City, the Finance Department will reduce the balance on the purchase order in the accounting system, which allows the amount paid on a contract and the amount still outstanding to be tracked. Because these procedures were implemented after the time period of this examination, the APA did not test or examine the procedures to ensure they were properly implemented.

The APA noted the following miscellaneous issues:

- The City had two contracts with Hill-Farrell, including one contract for the renovation of the sleeping quarters in fire stations 1, 2, 3, and 4. The APA found \$24,320 in additional amounts paid to Hill-Farrell, which the City did not identify as payments under the contract. The APA included the entire \$24,320 as payments under this contract, as they appeared to be related to the renovation of the fire stations based on the invoice descriptions. The City determined only \$1,620 applied to the contract but lacked documentation to support that determination.
- The City had a \$6,000 contract with Scott Welch for website development but paid this vendor \$9,229. However, the City indicated the total amount spent under the contract was only \$5,613, and the remaining \$3,616 was not part of the contract, even though the invoices indicated the other services were web hosting and software installation. The APA included the entire \$9,229 as payment under the contract, since all of the invoices appeared to relate to website development.

- The City could not provide the APA with the documentation and approval regarding the \$18,255 change order to Ronco Construction. The City was able to provide supplementary information, but it did not agree to the amount in the change order.
- The City overpaid TAB Construction by \$1,609 for channel repair work at Gilbert Park. The City received an invoice dated August 31, 2010, requesting payment of \$1,609, which was paid on October 25, 2010. The vendor sent another invoice dated October 29, 2010, which included the previous balance from the City of \$1,609. The City paid the full amount of this invoice, causing the services to be paid for twice.

Moreover, the Finance Department did not have policies in place to safeguard its financial records appropriately. Both the Finance Director and his staff allowed individuals from other City departments to remove official financial records from the Finance Department, which could have contributed to the lack of documentation problems noted above. This issue was also noted in a management letter as part of the City's September 30, 2010, year-end financial audit.

Without adequate accounting of contract payments, as well as procedures to ensure financial records are adequately properly safeguarded, there is an increased risk of loss or misuse of City funds. The lack of controls over supporting documentation for amounts paid by the City also increases the risk of loss, duplicate payments or misuse of City funds.

5. Lack of Communication Among Departments

During the course of our investigation, the APA observed instances of breakdowns in communication between the City Administrator's office, the Finance Department, and the City Clerk's office. According to the City's website, these offices have the following duties:

- City Clerk – responsible for the accurate maintenance of city records, ordinances, resolutions, bonds, Council minutes, and legal notices and publications.
- Finance Department – responsible for the recording and reporting of all City financial transactions, as well as coordinating all fiscal activities of the City.
- City Administrator – appointed by the Mayor and confirmed by the Council to handle the day-to-day operations of the City.

April 29, 2011, was the last day of employment for the previous City Administrator; however, he had to be contacted numerous times during this audit to provide an adequate response to the APA's questions regarding multiple contracts. According to the City Clerk, the previous City Administrator was the only individual with detailed knowledge of certain contracts. No single office maintains the City's contracts on file. Therefore, several contacts had to be made to various offices to try to obtain copies of signed contracts, amendments, and or change orders.

Additionally, the Finance Department and the City Clerk provided the APA with the majority of the information requested regarding the contracts. The APA gave the City Clerk and the Finance Department a preliminary list of requested documents. During our initial gathering of information and follow-up questions, the APA observed a marked lack of communication between the two departments. It took the APA several attempts to obtain the correct

documentation from our initial request. This issue was also noted in a management letter as part of the September 30, 2010, year-end financial audit. That letter states: “We experienced significant delays in the receipt of requested audit schedules and documentation, causing further difficulties in completing the audit.”

This lack of communication impedes the effectiveness of City operations, which may cause a loss of City funds.

6. Late Audit Reports

The City of Bellevue filed its two most recent audit reports late. Neb. Rev. Stat. § 84-304.01 (Reissue 2008) directs the APA “to establish, by rule and regulation, minimum standards applicable to all audit, financial, or accounting reports or copies of such reports required to be filed with the APA by any political subdivision of the State of Nebraska.” In compliance with that statutory directive, the APA has promulgated Title 41 NAC 1-003, which requires the audit report to be filed with the APA within six months after the political subdivision's fiscal year end, unless another time period is specifically authorized by State statute. The City’s fiscal year end is September 30, which requires the audit report to be filed with the APA by March 31 each year. The two most recent audit reports were received months late, as summarized below:

Year of Audit	Date Due	Date Received	# of Days Late
FY 2009	March 31, 2010	June 15, 2010	76
FY 2010	March 31, 2011	June 28, 2011	89

APA Overall Recommendations

We recommend the City implement comprehensive policies and procedures to address contracts for goods and services, including policies for proper approval of the final contract, changes to contracts after Council approval, and the accounting and payment of contracts. Specifically, we recommend:

- The City should always ensure the final contract is presented to the Council at the time of approval and is immediately signed by the Mayor. If the final contract is not available to the Council, it should not be approved. The final contracts should contain the projected final cost of the contract. If contract amounts differ from bids accepted by the Council, the Council should be notified, with the changes included in the official meeting minutes.
- The City should establish one central location in which to maintain all official City contracts. Departments may maintain copies of the contracts as needed; however, the original contracts should be kept in one location, permitting the Council to always locate and follow up on any contracts the City has awarded.
- The City should determine a dollar or percentage threshold of changes in contract amounts that must be approved by the Council, as opposed to those that could be approved at the department level. All change orders, regardless of dollar amount, should be reported to the Council and placed with the original signed contracts after recognition or approval by the Council.

- The City should ensure that all expenses are approved by the Council in accordance with § 16-404(1) before payment is made. This includes ensuring that contract payments are made pursuant to the terms of the actual contracts as approved and awarded.
- The departments within the City should work together to ensure that all financial information, including contracts, invoices, claims, and supporting documentation, is properly maintained. All financial records should be adequately safeguarded, and audit reports should be filed timely. All of this should be done to protect the City taxpayers' monies and ensure City funds are spent and accounted for appropriately.

As noted previously, § 16-404(1) (Reissue 2007) requires the Council to approve, by majority vote, all "orders for the appropriation or payment of money." Because the Council bears this fiscal responsibility and there is a lack of controls over City contracts and financial records, we strongly encourage the Council to implement policies regarding its contracts, change orders, and payment processes and enforce these policies within all departments of the City.

In order to safeguard City finances, the Council should consider making timely changes needed to address the financial issues identified in this letter.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Signed Original on File

Mike Foley
State Auditor

Enclosure: Exhibit 1 & 2

cc: Patrick Sullivan, City Attorney

**CITY OF BELLEVUE
CONTRACTS MAY 1, 2009 TO FEBRUARY 28, 2011**

Exhibit 1

Date	Vendor	Amount Approved by the Council (Note 1)	Description
Contracts Identified from Meeting Minutes:			
Contracts Examined by APA:			
5/11/2009	Vaida Construction	\$18,990.00	Installation of a sanity sewer line in Kramer Park
5/11/2009	DC Electric	\$132,400.00	Lights and electrical for football fields at Kramer Park
5/11/2009	Francois Construction	\$25,610.00	Paving around concession stand at Kramer Park
7/13/2009	HDR	\$15,500.00	Harvell Drive and Ft. Crook Road design (NDOR stimulus)
7/13/2009	HGM	\$17,500.00	Harvell Drive and Galvin Road design (NDOR stimulus)
7/13/2009	US Asphalt	\$476,833.06	25th St. and Hwy 370 improvement project
7/27/2009	US Asphalt	\$541,330.50	2009 asphalt overlay project
8/10/2009	Cedar Construction	\$337,064.30	CDBG storm sewer project
8/24/2009	Hank Eby and Sons	\$7,504.00	Paint District 2 fire station
9/14/2009	Scott Welch	\$6,000.00	Website development
9/14/2009	HR Systems	\$7,500.00	Professional services agreement to update HR policies
9/28/2009	Adams and Sullivan	\$5,850/month	Amendment to legal services contract
10/26/2009	Auto Body Authority	\$80 for basic vehicles	Police Department towing contract
10/26/2009	Roger's Towing	\$80 for basic vehicles	Police Department towing contract
Original - 4/6/2009 Amended - 11/9/2009	Hill-Farrell	Original - \$61,800 Amended - \$15,370	Amendment to include preparation of documents to get bids for sprinklers in fire stations
1/25/2010	Anderson Excavating	\$998,582.00	Coreslab demolition project
2/22/2010	Justin Thoms	Note 2	Custom farming of 62 acres at Baseball Village
2/22/2010	Justin Thoms	Note 2	Custom farming of 270 acres at 36th St and Capehart Rd
2/22/2010	DeMaranville Installations	\$93,000.00	Sprinkler installation for fire station 1 and 2
4/12/2010	Pink Grading	\$232,000.00	Fill dirt to be placed at Coreslab property
4/12/2010	Valley Construction	\$236,735.00	Construction of the street and storm sewer improvements for Phase 3 of the north Bellevue CDBG project
4/26/2010	DeMaranville Installations	\$49,400.00	Sprinkler installation for fire station 3
6/14/2010	HGM	\$6,500.00	Design of restrooms in Jewell Park
6/28/2010	TAB Construction	\$82,923.45	Channel repair at Gilbert Park
9/13/2010	Prairie Construction	\$378,000.00	Renovation work for fire station 1
9/13/2010	Prairie Construction	\$359,000.00	Renovation work for fire station 2
9/13/2010	Prairie Construction	\$404,000.00	Renovation work for fire station 4
9/13/2010	Ronco Construction	\$249,400.00	Renovation work for fire station 3
10/25/2010	TAB Construction	\$69,165.75	Arboretum Dr. and Fort Crook Rd. culvert extension project
10/25/2010	D & M Enterprises	\$21,724.68	North Trail project (Haworth Park)
10/25/2010	U. S. Grounds	\$207,328.00	Grounds project (Haworth Park)
10/25/2010	Anderson Excavating	\$118,162.00	Tables and playgrounds project (Haworth Park) with \$10,973 mitigation for buildings with FEMA's approval
11/8/2010	HR Systems	\$3,000/month	Help with HR policies
11/22/2010	DC Electric	\$20,327.00	Electrical repair project in Haworth Park
11/22/2010	Security Equipment Inc	\$46,633.00	Installation of keyless entry systems in the four fire station
12/13/2010	Security Equipment Inc	\$82,457.00	Security cameras for the fire stations and the training site
12/13/2010	Quality Fence	\$53,330.65	Replacement of the Baldwin Field fencing
12/13/2010	Anderson Excavating	\$245,204.80	Wastewater treatment plant demolition project
1/10/2011	Patrick Sullivan	\$5,850/month	City Attorney
1/24/2011	Auto Body Authority	\$80 for basic vehicles	Police Department towing contract renewal
1/24/2011	Roger's Towing	\$80 for basic vehicles	Police Department towing contract renewal
2/14/2011	Justin Thoms	Note 2	Renewal of farming contracts
2/14/2011	Campground Automation Systems Inc	\$550/month with estimated \$8,900 in set up costs	Automated campground reservation system
Contracts Not Examined by APA:			
5/26/2009	Best Cut Lawn Care Inc.	\$73,920.00	Right of way mowing
6/8/2009	Resolution 2009-15	None noted	Audits of annexed SIDs
7/13/2009	Interstate Power Systems	\$75,100.00	2 emergency generators
8/24/2009	Muller Brothers	\$8,873.00	Tuck pointing at District 2 fire station
10/12/2009	G & K Solutions	\$13,026.00	Civilian employee uniforms
10/12/2009	Offutt AFB America First Communities	\$2,500.00	Amendment to fire inspections on the Offutt Community Center
10/26/2009	HWS Consulting	\$36,862.00	Survey and Design of exit ramps with NDOR (city share is 10%)
11/23/2009	Terracon Consultants	\$3,875.00	Pre-demolition environmental survey of the Coreslab Property
12/14/2009	Zoll Medical Corp.	None noted	Fire Department's record management software system

**CITY OF BELLEVUE
CONTRACTS MAY 1, 2009 TO FEBRUARY 28, 2011**

Exhibit 1

Date	Vendor	Amount Approved by the Council (Note 1)	Description
12/14/2009	Premier Health	\$30,000.00	Medical Director and Asst Medical Director for fire department
12/14/2009	Coventry Insurance	None noted	Partial self funded health insurance with TPA EBS
12/14/2009	Ameritas	None noted	Dental insurance
12/14/2009	Standard Insurance	None noted	Life and LTD insurance
1/11/2010	Safe-N-Secure Security Equipment	\$5,786.00	Police interview room recording system
2/22/2010	Best Cut Lawn Care Inc	None noted	Renewal right of way mowing
2/22/2010	Goodwill Industries Inc	None noted	Renewal City Hall, the Senior Center and all fire facilities mowing
2/22/2010	Munch Electric	\$8,040.00	Fire alarm tie-in work with sprinklers for stations 1 and 2
3/22/2010	JEO Engineering	None noted	Survey and design to stabilize the erosion in Gilbert Park
3/22/2010	Schemmer Associates	\$20,000.00	Survey for VFW Gilmore Lake Road erosion (split 50-50 with PMNRD)
4/26/2010	AmeriPride Services	None noted	Addendum to contract to include linen service for the fire stations
4/26/2010	Munch Electric	\$3,420.00	Fire alarm tie-in work with sprinklers for station 3
4/26/2010	NEMA	None noted	Hazardous material response
4/26/2010	Physio-Control Inc.	None noted	Technical service for LifePak 500 defibrillator machines
5/24/2010	JEO Consulting Group	\$50,000.00	Updating the City's zoning ordinance
7/12/2010	Kidde Fire Trainers	None noted	Maintenance services and fire training equipment purchase discounts
8/23/2010	JEO Engineering	None noted	2010 CDBG Olde Towne project
9/13/2010	Blue Prince Software	None noted	Software update for permits and inspections department
9/27/2010	One Beacon Government Risk	\$267,488.00	General Liability insurance
10/11/2010	Locate Plus Corp	None noted	Renew contract for the LP Police Information Data Service
10/25/2010	Dynex	None noted	Upgrade of the library software
11/8/2010	Wilson Estes Architects	None noted	Needs assessment study for the office space for the departments located in City Hall and the Annex
11/8/2010	Zoll Data Systems	None noted	Modification functions for one of the Fire Department's software programs
1/10/2011	U. S. Cellular	None noted	Cellular services and equipment
1/10/2011	Nebraska.gov	None noted	Credit card payments
<i>Total # of Contracts</i>			77
Additional Contracts Provided by City Clerk:			
Contracts Examined by APA:			
9/14/2009	Ken Bunger	Note 3	World Baseball Village
7/27/2009	Hill-Farrell	\$38,360.25	Storm Sewer CDBG Phase III
3/28/2011	Gary Troutman	\$1500 per month for 6 months	Separation Agreement (Note 4)
Contracts Not Examined by APA:			
	Best Cut Lawn Care	None noted	Right of way mowing
	Caterpillar Financial	None noted	Lease on new snow blower
	Century 21	None noted	Consultant for City real estate issues
	Metro Community College	None noted	Training program with Fire Department
	OPPD	None noted	Energy efficient grant for City library
	ZirMed	None noted	Fire department claims management
<i>Total # of Contracts</i>			9
Grand Total			86
Note 1: For contracts that indicate "none noted", no contract amounts were included for these contracts that were not selected for testing because the City does not always include the contract amounts in the meeting minutes. Since the APA did not select the contracts for testing, any information the Council received to approve the contract (such as bid amounts) was not requested from the City.			
Note 2: These contracts are custom farming contracts on land the City owns. While an overall contract price was not stated, the bids included per hour pricing for spring field preparation and mowing and also included per acre pricing for fertilizer, planting, spraying, etc.			
Note 3: Contract for project management fee of \$3,500 per month for no less than 20 hours; a one-time fee of \$4,500 for a redevelopment project plan; and \$150 per hour for preparation of project documents.			
Note 4: The APA reviewed the Council meeting minutes from May 1, 2009 through February 28, 2011. The City Clerk provided this additional contract to be reviewed which was after the period reviewed by the APA.			

CITY OF BELLEVUE
CONTRACTS EXAMINED BY APA

Exhibit 2

Per Minutes				Per Clerk					Finance Department	Notes	Unapproved Contract Amounts Paid	Unapproved Contract Amounts Not Yet Paid	Total Unapproved Contract Amounts
Council Approval Date	Vendor	Amount Approved by the Council	Description	Original Contract Amount	Changes in Items Noted in Contract	Amendments/ Change Orders	Change Orders Approved	Amendments Approved by Council	GL Detail & Invoices Amount Paid to April 26, 2011				
Contract Amounts do not Agree to Amounts Approved by Council													
9/13/2010	Prairie Construction	\$378,000.00	Renovation work for fire station 1. (Minutes didn't break down bids but included a total of \$1,390,400 for all 4 fire stations, including fire station 3, which was awarded to Ronco Construction.)	\$399,716.00	N/A	\$30,722.99	Fire Department Battalion Chief	No	\$350,063.05	The bid accepted by the Council was \$378,000. There was a post bid addendum of \$21,716 included in the cost of the signed contract, which was signed by Mayor Gary Mixan; however, the post bid addendum was not approved by the Council. The October 11, 2010, Council meeting minutes indicate, "these are the contracts for the bids that were accepted by the Council at the last Council meeting." The change order was to change the configuration of the sleeping rooms, painting of apparatus bay, add ceiling systems to showers, and over 10 other miscellaneous changes at a total cost of \$40,722.99 less \$10,000 contingency allowance. After the APA began its investigation, this change order was brought to the Council and approved; however, the change order had already been signed by City officials.	\$0.00	\$52,438.99	\$52,438.99
9/13/2010	Prairie Construction	\$359,000.00	Renovation work for fire station 2. (Minutes didn't break down bids but included a total of \$1,390,400 for all 4 fire stations, including fire station 3, which was awarded to Ronco Construction.)	\$378,809.00	N/A	\$29,683.22	Fire Department Battalion Chief	No	\$363,799.10	The bid accepted by the Council was \$359,000. There was a post bid addendum of \$19,809 included in the cost of the signed contract, which was approved by Mayor Gary Mixan; however, the post bid addendum was not approved by the Council. The October 11, 2010, Council meeting minutes indicate, "these are the contracts for the bids that were accepted by the Council at the last Council meeting." The change order was to provide electrical modifications, removal of additional paving, install new underground sprinkler system, change and replacement of kitchen items, such as countertops, wood doors, and millwork, add acoustical ceiling tile to Hall 201, install new VCT flooring in existing room, and several other changes at a total cost of \$41,683.22 less a \$12,000 contingency allowance. After the APA began its investigation, this change order was brought to the Council and approved; however, the change order had already been signed by City officials.	\$4,799.10	\$44,693.12	\$49,492.22
9/13/2010	Prairie Construction	\$404,000.00	Renovation work for fire station 4. (Minutes didn't break down bids but included a total of \$1,390,400 for all 4 fire stations, including fire station 3, which was awarded to Ronco Construction.)	\$428,260.00	N/A	N/A	N/A	N/A	\$384,534.00	The bid accepted by the Council was \$404,000. There was a post bid addendum of \$24,260 included in the cost of the signed contract, which was approved by Mayor Gary Mixan; however, the post bid addendum was not approved by the Council. The October 11, 2010, Council meeting minutes indicate, "these are the contracts for the bids that were accepted by the Council at the last Council meeting."	\$0.00	\$24,260.00	\$24,260.00
9/13/2010	Ronco Construction	\$249,400.00	Renovation work for fire station 3. (Minutes didn't break down bids but included a total of \$1,390,400 for all 4 fire stations, including fire station 3, which was awarded to Ronco Construction.)	\$276,789.00	N/A	\$18,255.00	No	No	\$265,512.48	The bid accepted by the Council was \$249,400. There was a post bid addendum of \$27,389 included in the cost of the signed contract, which was approved by Mayor Gary Mixan; however, the post bid addendum was not approved by the Council. The City did not provide the APA with the documentation identifying the changes to the contract. No change order form was provided.	\$16,112.48	\$29,531.52	\$45,644.00
11/22/2010	DC Electric	\$20,327.00	Electrical repair project in Haworth Park	\$37,837.00	N/A	N/A	N/A	N/A	\$0.00	The Council approved this contract for \$20,327, but the contract was actually entered into for \$37,837. The work has been started but nothing has been billed.	\$0.00	\$17,510.00	\$17,510.00

**CITY OF BELLEVUE
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7/13/2009	HDR	\$15,500.00	Harvell Drive and Ft. Crook Road design (NDOR stimulus)	\$14,244.00	N/A	N/A	N/A	N/A	\$14,244.01	Council minutes indicated an approximate value of \$15,500 from a draft contract presented. The final contract was entered into for \$14,244. Even though the contract was entered into for a lesser amount, this shows that the controls are not in place to prevent the contract amounts from changing after the Council	\$0.00	\$0.00	\$0.00
Changes to Contracts, Amendments and Change Orders Not Approved by the Council													
4/6/2009	Hill-Farrell	\$61,800.00	Renovations for sleeping quarters in the fire stations 1, 2, 3, & 4	\$61,800.00	\$81,302.17	\$15,370.00	Fire Department	Yes - \$15,370 No - \$81,302.17	\$158,472.17	Original approved contract was not to exceed \$61,800. The Council approved a \$15,370 amendment for the preparation of documents for sprinkler bids on 11/9/09. The APA identified a total of \$81,302.17 paid outside of the contract and amendments approved by the Council. The City indicated only \$1,620 of this amount applied to the contract, but they could not provide support for their determination. The APA included the full amount as additional costs under this contract.	\$81,302.17	\$0.00	\$81,302.17
8/10/2009	Cedar Construction	\$337,064.30	CDBG storm sewer project	\$337,064.30	\$13,058.60	\$48,226.00	City Engineer	No	\$398,348.90	The APA used the amount approved by the Council as the original contract amount. The changes noted in the contract and the change orders were obtained from a cost estimate from the contractor.	\$61,284.60	\$0.00	\$61,284.60
4/12/2010	Valley Construction	\$236,735.00	Construction of the street and storm sewer improvements for Phase 3 of the north Bellevue CDBG project	\$236,735.00	\$10,715.52	\$45,868.71	City Engineer	No	\$293,319.23	The APA used the amount approved by the Council as the original contract amount. The changes noted in the contract and the change orders were obtained from a cost estimate from the contractor.	\$56,584.23	\$0.00	\$56,584.23
9/14/2009	HR Systems	\$7,500.00	Professional services agreement to update HR policies	\$7,500.00	\$33,260.00	N/A	Former City Administrator	No	\$40,760.00	Services for Phase 1 provided by HR Systems exceeded the amount approved by the Council for both Phase 1 and 2 by \$100. Gary Troutman went to the Council on 12/14/09 requesting an additional \$8,000 to continue with Phase 2 the project. The Council wanted a detail of the \$7,600 spent and tabled the issue until the next meeting. The Council never approved the additional expenses; however, the City paid an additional \$33,160. Gary Troutman approved the majority of costs for payments.	\$33,260.00	\$0.00	\$33,260.00
1/25/2010	Anderson Excavating	\$998,582.00	Coreslab demolition project	\$998,582.00	(\$15,600.00)	\$46,574.00	City Engineer	No	\$1,029,556.00	The \$15,600 decrease in price was due to work in the contract that was not performed. The APA was not provided documentation to determine what work was done on the change orders until after the draft report was provided to the City. These change orders were not approved by the Council.	\$30,974.00	\$0.00	\$30,974.00
7/13/2009	US Asphalt	\$476,883.06	25th St. and Hwy 370 improvement project	\$476,883.06	(\$14,663.96)	\$33,867.18	City Engineer	No	\$496,086.28	The \$14,663.96 decrease in price was for differences in the contract amounts compared to the actual amounts paid. Change orders were for miscellaneous repairs, such as installation of 36 inch RCP correctly and forcing the contractor to work over night.	\$19,203.22	\$0.00	\$19,203.22
12/13/2010	Anderson Excavating	\$245,204.80	Wastewater treatment plant demolition project	\$245,204.80	\$0.00	\$7,820.00	City Engineer	No	\$247,964.30	The purpose of the \$7,820 change order was not identified in the information provided to the APA until after the draft report was provided to the City.	\$2,759.50	\$5,060.50	\$7,820.00
5/11/2009	Vaida Construction	\$18,990.00	Installation of a sanity sewer line in Kramer Park	\$18,980.00	(\$1,593.00)	\$8,125.00	City Engineer	No	\$25,512.00	The \$1,593 decrease in price was to deduct seeding and rolled erosion control. The \$8,125 amendment/change order was mostly related to a 2000 gallon concrete tank that was installed and not part of the original contract.	\$6,532.00	\$0.00	\$6,532.00
7/27/2009	Hill-Farrell	\$38,360.25	Storm Sewer CDBG Phase III	\$38,360.25	\$5,908.63	N/A	City Engineer	No	\$44,268.88	The \$5,908.63 increase in cost is due to the actual costs exceeding the amount estimated in the contract.	\$5,908.63	\$0.00	\$5,908.63

CITY OF BELLEVUE
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Exhibit 2

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6/28/2010	TAB Construction	\$82,923.45	Channel repair at Gilbert Park	\$82,923.45	\$3,337.48	N/A	City Engineer	No	\$86,260.93	The \$3,337.48 consists of \$1,728.85 in payments over the contract amount and \$1,608.63 in an overpayment to the vendor. In August 2010, the city received an invoice for \$1,608.63, which was paid in October 2010. Later in October 2010, the city received another invoice, which included the \$1,608.63 as a prior balance. The City paid this amount again, for the second time.	\$3,337.48	\$0.00	\$3,337.48	
9/14/2009	Scott Welch	\$6,000.00	Website Development	\$6,000.00	\$3,228.70	N/A	No	No	\$9,228.70	The APA identified \$9,228.70 in payments over the contractual amount. The APA asked the City if all of the payment applied to the contract. The City indicated only \$5,613.23 applied to the contract; however, they could not provide support for their determination, so the APA included the full amount with the contract.	\$3,228.70	\$0.00	\$3,228.70	
4/26/2010	DeMaranville Installations	\$49,400.00	Sprinkler installation for fire station 3	\$49,400.00	(\$4,080.00)	\$2,000.00	None Noted	Yes - (\$4,080) No - \$2,000	\$47,320.00	The \$4,080 decrease was a contingency allowance and voluntary alternate amount built into the original contract, which were both deleted on a change order. One change was made to add an additional sprinkler piping for a cost of \$2,000.	\$2,000.00	\$0.00	\$2,000.00	
5/11/2009	Francois Construction	\$25,610.00	Paving around concession stand at Kramer Park	\$25,610.00	(\$2,238.50)	\$3,047.12	City Engineer	No	\$26,418.62	The \$2,238.50 decrease in cost is due to the square footage contained in the contract compared to the actual work performed. The \$3,047.12 change was an additional cost for 6 inch thick concrete for 41 yards that was not in the original contract.	\$808.62	\$0.00	\$808.62	
2/22/2010	DeMaranville Installations	\$93,000.00	Sprinkler installation for fire station 1 and 2	\$93,000.00	(\$6,000.00)	\$600.00	None Noted	Yes - (\$6,000) No - \$600	\$87,600.00	Station #1 - \$55,000; Station #2 - \$38,000. The \$6,000 decrease was a contingency allowance built into the original contract, which was deleted on the change order. Two changes were made on a change order for a net cost of \$600.	\$600.00	\$0.00	\$600.00	
7/13/2009	HGM	\$17,500.00	Harvell Drive and Galvin Road design (NDOR stimulus)	\$17,492.98	\$250.00	\$0.00	City Engineer	No	\$17,743.00	Minutes indicated the contract was approved for approximately \$17,500. The \$250 change related to the traffic signal design.	\$250.00	\$0.00	\$250.00	
									Count	21	Total	\$328,944.73	\$173,494.13	\$502,438.86