

Renovation
of Gov's
Mansion -
Report

HOUSE COMMITTEE ON STATE AFFAIRS
13TH ALASKA LEGISLATURE

RENOVATION OF THE GOVERNOR'S MANSION
FIRST REPORT ***

REPRESENTATIVE MITCH ABOOD
CHAIRMAN

Introduction

Few projects in the State of Alaska have suffered the criticism which has plagued the recent renovation of the Governor's Mansion in Juneau. None would argue the need to bring the mechanical, electrical and fire sprinkler systems in the aging woodframed house into line with the Twentieth Century. It is incredible to think that there was no insulation in either the walls or the roof until 1983. For many years, the Department of Transportation & Public Facilities had studied the Mansion's needs but were forced to stay on the sidelines until such time as a governor would let them in.

The green light came in February of 1983, with the formation of the Governor's House Restoration Advisory Committee. DOT/PF presented their priority list which was gathered from extensive preliminary design work done by both the department and by independent consultants over a period of years. It is fair to say that the renovation's one, brief shining moment was when the Committee had some control over the formation of the plans for the restoration. They wanted to see the house restored in the best way possible, at a reasonable cost to the State. Theirs was a thoughtful plan, not a fast-track approach. They cared about the quality of the work to be done; not who could do it the fastest.

Somewhere along the line, those plans were forgotten.

DOT/PF received its marching orders in April and the word was out that it would be a quick step. The Governor wanted the renovations done as soon as possible. A barrage of memoranda soon surfaced within DOT/PF offering a variety of ways to expedite the process. Departmental policies & procedures for the awarding of contracts were the first casualties in the race to renovate. DOT/PF kept the initial contract amount within legal guidelines, which afforded them more flexibility, along with the opportunity to amend them upward later. If it wasn't sole source contract, it was informal bid; if it wasn't informal bid, it wasn't advertised long enough for many people to respond to it. One thing was for sure - the Attorney General's Office may have said that it was legal; but it certainly wasn't fair.

The Office of the Governor did its part in the renovation effort by offering three contracts, all of them sole source, thereby effectively eliminating other qualified renovationists in the State from offering proposals for what had to be one of the most important renovation projects in recent Alaskan history.

Then came the financial problems. As a result of underestimations, cost overruns, time & material's contracts and a lethal dose of bad planning, the once manageable Mansion project turned into a budgetary nightmare. It didn't help any that the Office of the Governor kept adding to the project scope of work, boosting the costs even higher. The pressure was on.

But what about the working people in the department; those who were on the receiving end of the pressure? They saw their departmental rules bend, break and be discarded. DOT/PF is a massive department, with an equally large morale problem. The Mansion renovation project only added to it, and some very fine people have left, or are leaving as a result of it. The State cannot afford to lose good people anymore. It never should have lost them in the first place.

This investigation came about largely because a lot of working people were being hurt in the crossfire of Mansion politics; both state employees and private citizens. In this particular situation, the legislature is the last and only recourse to ensure that a project such as the recent renovation of the Governor's Mansion, doesn't happen again.

It is not our intent to single out any one individual, or to further berate a department which already suffers from serious morale problems. We hope that the presentation of these problems will be a first step in finding their solutions; and we extend our vote of confidence and our support to the new commissioner in this difficult task.

Background

Work on the Mansion renovation began in May of 1983. The project was originally expected to be completed by September 30, 1983, but as a result of a series of additions to the project scope of work, the time frame was understandably lengthened. For a discussion of the specific alterations in the scope of work, please refer to the Legislative Audit Report, December 29, 1983, pages 11 & 12.

The first complaint arising from contracting procedures used in the awarding of contracts for the Mansion project occurred in July 1983, when the State Ombudsman, Mr. Jack Chenoweth, investigated a complaint which alleged that the execution of the sole source contract to Mr. Jerry Wood, for project management and coordination of the Mansion renovation, was improper. In a memorandum to Jonathan Scribner, then acting deputy commissioner, DOT/PF Southeast Region, dated August 4, 1983, the Ombudsman found that the Jerry Wood contract was improperly entered into, and that the complaint which was received by his office was justified.

The findings of the Ombudsman set off an exchange of memoranda between DOT/PF, which denied any impropriety, though ultimately conceding that the contract could be perceived as a conflict of interest; and the Ombudsman, who remained firm in his position. By the time that Mr. Chenoweth concluded his investigation on December 9, 1983, the Attorney General's Office had entered the dispute by issuing an opinion on November 16th which found no conflict of interest in the award of the Wood contract.

On January 10, 1984, the Attorney General's Office offered an interpretation of AS 36.98.010, which authorizes the state to enter into professional services contracts without going through the competitive bidding process when "the total amount of the contract does not exceed \$25,000." The memorandum stated that:

"...the value of a rental car must be included in determining whether the \$25,000 limit of AS 36.98.010 is reached."

The memorandum continued:

" It is my understanding that in Mr. Wood's contract relating to the Governor's Mansion, it was originally contemplated that the value of a leased car would not be included in determining total value of the contract. After the issue was raised, however, DOT/PF personnel were specifically directed to insure that Mr. Wood's contract did not exceed the sum of \$25,000 including the value of the rental vehicle. [This is a reference to an August 9th DOT/PF memo, instructing the Department to 'take appropriate action to insure that the Wood contract not exceed \$25,000 including extended services and vehicle rental.'] This instruction, it seems to me, served to correct the original misunderstanding. As a result, there was no violation of AS 36.98.010."

The contract was later amended up to a total of \$35,000, which included the car rental in the contract price. Mr. Wood ultimately received a total of \$34,814.25 for his work on the Mansion project. The cost of the rental car was \$3,784.25.

Public concern over the growth of the Mansion renovation project began in October 1983, largely as a result of statewide press reports charging that the cost of the renovation had doubled from \$ 1 million in July 1983 to \$2 million in October, four months later. That would not be the final figure; since the renovation was in full swing at the time the \$2 million price tag was made public.

Along with public concern over the skyrocketing renovation costs came more complaints from businesses about the procedures used by DOT/PF and the Office of the Governor in the awarding of contracts for the project.

Out of eight contracts awarded by DOT/PF for the Mansion renovation, two were sole source contracts; four contracts were let by informal bid. The remaining two contracts were awarded to Harbor Plumbing and Heating of Juneau, who was the sole bidder on the contract for plumbing and electrical work; and Coogan/Capital Construction, J.V. of Juneau, who was the only firm that received their contract for architectural renovation work as a result of a prequalification bid which consisted of five firms responding to the bid.

The Office of the Governor awarded all three of their contracts by sole source to Snowgoose Productions of Juneau, for coordination of the renovation project and the purchase of furniture and decor items for the Mansion.

This lead to the following chronology of events:

- ° October 18, 1983 - Representative Mitch Abood and Senator Pappy Moss request the Legislative Budget & Audit Committee to investigate the sources of funding & the contracting procedures used in the Mansion project.
- ° October 24, 1983 - The Budget & Audit Committee orders an audit to be performed.
- ° October 28, 1983 - DOT/PF requests an internal audit and review of departmental procedures in the awarding of contracts for the project.
- ° November 2, 1983 - DOT/PF completes their review of the following contracts:

Harbor Plumbing & Heating
Plumbing, Heating, Electrical Renovation
(Construction Contract)
Contract Amount: \$ 1,075,000

Coogan Construction Company
Capital Construction Company (Joint Venture)
Architectural Renovation
(Construction Contract)
Contract Amount: \$ 670,000

Vern Akin & Associates
Mechanical/Electrical Design
(Sole Source Professional Services Contract)
Contract Amount: \$ 60,000

- ° December 29, 1983 - Division of Legislative Audit releases a Special Report on the Department of Transportation & Public Facilities & the Office of the Governor, on the Governor's Mansion Renovation Project.

The audit addresses the following concerns:

1. The sources of funding used to finance the project;
2. Contracting procedures used to hire individual contractors;
3. Cost overruns and expansion of the project beyond its original scope.

Legislative Audit estimates the renovation cost at \$2.4 million.

- ° February 14, 1984 - The House Committee on State Affairs begins its investigation of the Mansion renovation and hires Mr. Fred H. Fletcher, a former accounting supervisor at DOT/PF as consultant to the committee. The length of Mr. Fletcher's contract is one month. The contract amount is \$4,000. Mr. Fletcher is to compile financial information and documents pertaining to the renovation project and to trace the sources of funding.

We have provided a copy of the Ombudsman's report, the internal audit which was conducted by the Department of Transportation & Public Facilities and the Legislative Audit special report on the Mansion renovation for your review. Instead of simply retracing information already presented in these reports, we will refer to specific portions of this material in order to make a point or to compare it with new information obtained as a result of this investigation.

Creative Financing & 'Statutory Discretion'

Funding Sources for the Mansion Renovation Project

Sec. 35.10.130. Construction within appropriations and limits imposed by the legislature. Each public work shall be constructed in a completed manner within the appropriation and limits imposed by the legislature. (§ 1 art V title III ch 152 SLA 1957)

Perhaps the easiest way to begin to explain the complicated funding scheme for the renovation project is to draw an analogy to the Parable of the Loaves and the Fishes, which tells how a multitude of people were miraculously fed from a very small quantity of food -- food which was never depleted.

In the beginning, the Mansion renovation project found itself faced with a reasonable, though apparently limited source of funding. The funds were adequate to perform both the major structural work and the cosmetic renovation as originally planned in April 1983, as shown by the cost estimates provided by DOT/PF, Vern Akin & Associates (engineering design), Chase, Inc. and Phyllice Bradner, Snowgoose Productions. However, this was not to be the case for very long.

For a variety of reasons, some of them understandable, many of them irresponsible, the cost of the renovation project soared. DOT/PF was soon faced with a situation for which it was largely unprepared and certainly underfunded. In a perfect bureaucratic world, one way to solve a problem of this kind would be to request additional funds for the project from the legislature through a supplemental appropriation. This was not to be scenario for the renovation of the Governor's Mansion. From the start, the number one priority, consistent throughout the entire life of this project, was expediency.

Unlike his predecessor, this Governor was amenable to the renovation; so long as it was done quickly. The departments listened and understood. The end result would be a project which would cost the State of Alaska an enormous amount of money.

But for every action there is a reaction, and the monetary aftershocks caused by the ever-growing Mansion project soon began to be felt within other funding sources. Because the Mansion needed more money, other projects would ultimately receive less or nothing at all. Legislative intent gave way to "statutory discretion"; and like the Parable of the Loaves and the Fishes, the bread would never run out.

We have attempted to list all of the known funding sources for the renovation project, knowing full well that only in a perfect bureaucratic world would we be certain that we had them all.

DOT/PF and Dept. of Administration Funding Sources:

Three of the original capital project funding sources for the renovation were combined into one DOT/PF project number H79164, under the name: Governor's Mansion Fire Sprinklers. Each of these three funding sources also has what is known as a collocation code, in order to distinguish which expenditures are to be charged to which source.

- 1) Project No. H79164
Collocation code: 24-88-3-647

DOT/PF Appropriation
Total Amount of appropriation: \$500,000
Amount Targeted for Mansion Renovation: \$500,000
Purpose of Appropriation: Remodeling and repairs of the Governor's Mansion.
Amount Spent as of 3/31/84: \$ 43,935.22
Chapter 107/SLA 83, Page 79, Line 16

- 2) Project No. H79164
Collocation code: 24-88-3-581

DOT/PF Appropriation
Total Amount of Appropriation: \$71,000
Amount Targeted for Mansion Renovation: \$71,000
Purpose of Appropriation: This was a capital appropriation for the Governor's Mansion Fire Sprinkler System.
Amount Spent as of 3/31/84:
Chapter 120/SLA 80, Page 93, Line 20

- 3) Project No. H79164
Collocation code: 24-80-6-636

DOT/PF Appropriation
Total Amount of Appropriation: \$5.2 million
Amount Within the Appropriation Originally Targeted for the Mansion: \$185,000

Name of Appropriation: Energy, Life Safety, and Architectural Barrier Improvements

Purpose of Appropriation: To upgrade State facilities to meet energy, life safety, and handicapped access standards.

The \$185,000 allocation for the Governor's Mansion Sprinkler System was one of 37 allocations for projects located in different regions of the State which were listed for funding through the \$5.2 million appropriation. All of these projects come under collocation code 24-80-6-636.

Beginning in April 1983, DOT/PF began to take monies out of specific projects which the Department had intended to fund with this appropriation, and add them to the growing cache of funds comprising the Governor's Mansion Sprinkler System. The following projects had their funding reduced because of the Mansion Project:

- April, 1983 - \$400,000 was taken from project number H79364 (Fairbanks Electrical Retrofit), Fairbanks Court House and parking garage.
- May, 1983 - \$200,000 was taken from project number H79361 (Interior Buildings Retrofit), maintenance shops.
 - \$204,000 was taken from project number H79362 (Interior Shops Energy Retrofit), maintenance shops.
 - \$196,000 was taken from project number H79364 (Fairbanks Electrical Retrofit), Fairbanks Court House and parking garage.
- September 1983 - \$50,000 was taken from project number X30175 (Fire & Life Safety, Southeast Region)
 - Another \$150,000 was taken from project number H79363 (Fairbanks Peger Road Energy Retrofit), DOT/PF building complex on Peger Road, Fairbanks.

As a result of the pooling of funds from these projects, the Governor's Mansion Fire Sprinkler System account which began as a \$185,000 allocation in December 1981, ballooned to \$1,385,000 by September 1983.

What effect did the over-expenditure on the Mansion Sprinkler System have on the remaining projects which were still to be funded through collocation code 24-80-6-636?

The balance of funds needed to complete all of the following projects is \$526,152.77. However, due to the over-expenditure on the Governor's Mansion Fire Sprinkler System, there is only \$142,379.34 left within this collocation code; which means that there is a shortfall of \$ -383,773.43 in funding these projects alone.

Among these 36 projects which come under the Fire, Life Safety & Handicapped Access appropriation, the following projects have barely, or have not yet even commenced work as a result of the over-expenditure:

- Eagle River Life Safety System, # H60096
Authorized Funding: \$ 70,000
Expenditure: \$ 1,103.10
Needed to Complete Project: \$ 68,896.90
- Juneau Subport Fire Code MOD, # H79665
Authorized Funding: \$34,665
Needed to Complete: \$ 34,665 (work has not begun on this project)
- Fairbanks Airport Sand Storage, # H79357
Authorized Funding: \$ 52,542.06
To Complete: \$ 52,542.06 (work has not begun on this project)
- Nome Heavy Equipment Shop Re-Roof, # X20004
Authorized Funding: \$ 100,000
To Complete: \$100,000 (work has not begun on this project)
- Ernestine Shop Roof Insulation, # X20005
Authorized Funding: \$12,000
To Complete: \$12,000 (work has not begun on this project)
- Thompson Pass Shop Building Insulation, # X20006
Authorized Funding: \$7,300
To Complete: \$7,300 (work has not begun on this project)
- Interior Shops Retrofits M & O, X20236
Authorized Funding: \$ 177,910.66
To Complete: \$118,883.47
- Healy Shop Oil Heat Conversion, X20237
Authorized Funding: \$125,000
To Complete: \$ 112,732.34
- Interior Buildings Energy Retrofit, # H79361
Authorized Funding: \$ 9,133
To Complete: \$ 9,133 (work has not begun on this project)

- ° Nome Office Retrofits M & O #x40123
Authorized funding: \$5,000
Balance: \$5,000 (work has not begun on this project)
- ° Valdez Office Retrofits M & O, # X5008
Authorized Funding: \$5,000
Balance: \$5,000 (work has not begun on this project)

In March 1984, an effort was made to correct the over-expenditure in this code by transferring costs to three other collocation codes. As of 4/19/84, only one of these transfers, in the amount of \$26,921.69 appears on the transaction register.

4; Project No. R30033
 \$305,000
 Collo code: 24-88-3-835
 Dept. of Administration Appropriation,
 Transferred to DOT/PF
 Amount Spent as of 3/31/84: \$136,583.32

As the Office of the Governor added more and more items to the project scope of work on the Mansion, the costs began to skyrocket. On October 6, 1983 The Department of Administration transferred \$305,000 by a reimbursable services agreement (RSA) to the Department of Transportation & Public Facilities for the Governor's Mansion Renovation project.

The money came from Chapter 25, SLA 82, Page 4, Line 18, which appropriated \$ 7.0 million for Building Renovation, Replacement, and Surplus. This appropriation was intended to be used for providing housing for State employees, especially in rural areas. Twenty-six items were meant to be funded under the appropriation, but as a result of transferring \$305,000 to the Governor's Mansion five projects were cancelled. They are:

1)	Deer Mountain Hatchery	\$100,000
2)	Livengood Septic System	\$ 60,000
3)	Nelchina Septic System	\$ 30,000
4)	McGrath Septic System	\$ 40,000
5)	Slana Exterior	\$ 75,000

On October 7, 1983, \$117,000 was transferred from DOT/PF to the Office of the Governor by an adjustment voucher (AV), for the purchase of furniture, rugs and other decor items by Snowgoose Productions.

This expenditure appears as a one-line item on the transaction register. Curiously enough, the activity code chosen to describe the transaction is DOT/PF activity code 636, which is defined as:

Paint

Used by materials lab personnel when performing test series 900. Supplies are included.

In March 1984, DOT/PF transferred another \$19,583.32 to the Office of the Governor through two adjustment vouchers (AVs), for communication equipment for the Mansion. As of 4/19/84, all of the expenditures made by DOT/PF out of this funding source have gone to the Office of the Governor. No monies have gone directly into the renovation project itself.

- 5) Project X30173
 Collo code: 24-88-3-505
 \$91,000
 DOT/PF Appropriation

Purpose of Appropriation: Southeast Region Heating & Ventilation (Maintenance & Operations).

In March 1984, \$12,814.73 was transferred out of the over-expended collo code 24-80-6-636 and charged to this project, thus reducing the amount left in this appropriation. The balance left as of 3/31/84 is \$3,577.57.

- 6) DOT/PF Facilities Payroll
 Project No. H79164
 Collo code: 25-87-3-779
 Amount Spent as of 4/8/84: \$67,459.87

This is an operating budget account used to charge DOT/PF personal services to project number H79164. Whereas all vendor and contractor payments are charged to the first three capital budget accounts for project H79164, all DOT/PF employee time, with the exception of Maintenance & Operations is charged under this account.

- 7) Overhead Account N73774
 Collo code: 25-87-3-779
 Amount Spent as of 3/31/84: \$40,472.64

On November 7, 1983, DOT/PF set up an overhead account which took \$40,472.64 in personal services costs out of project H79164 and transferred them instead to the Southeast Region Design & Construction operating account N73774.

- 8) Account N73774
Collo code: 25-87-3-779
Amount Spent as of 3/31/84: \$17,480.21

With the cost of the Mansion renovation continuing to escalate and in order to assure the availability of Capital Improvement Project funding, a decision was made by the Department of Transportation & Public Facilities to charge personal services costs related to the Mansion renovation to Project Account N73774.

Account Number N73774 is an Operating Budget account restricted for use by CIP (capital improvement project) personnel for payroll-related charges. Out of approximately 1,000 activity codes used by the Department to define the purpose of specific expenditures, the financial management system will reject all but four activity codes charged to N73774. They are:

689 General Administration

All costs related to administration, not specifically detailed elsewhere, by supervisors, foremen, and district and headquarters personnel.

690 Annual Leave

691 Sick Leave

692 Holiday Leave

By October 15, 1983 supervisory personnel from DOT/PF began to charge their work on the Mansion to N73774. The Design Manager for Mansion Renovation Project H79164, charged 360 manhours from October 15, 1983 to February 1984 to N73774 instead of to his own Project H79164. Since the activity codes which he used were incompatible with the N73774 account, the charges were rejected by the DOT/PF Financial Management System and were relegated to the limbo of the error register, where they were found and corrected in March 1984.

- 9) Project No. T93030
DOT/PF Maintenance & Operations (M&O)
Southeast Region
Collo code: 25-86-3-214

This is an operating Account. During 1983, in the months prior to Maintenance & Operations' work on the Mansion renovation (January through October), monthly costs for personal services averaged about \$5,525 per month.

When the contractors left the Mansion site on November 4th and M & O assumed the responsibility for the completion of the project, the cost for personal services for the peak months of November, December and January totalled \$114,093.61. This averages out to \$38,031.20 per month, during the height of M & O's work in completing items left by the contractors. Considerable charges were also made in February, \$11,623.55 and March, \$10,113.80.

In addition to charges for personal services, expenditures were registered for materials: (\$11,392.86 for the period 11/83 - 1/84 ; \$2,041.97 in February and \$1,070.34 in March).

Equipment charges for the period 11/83 - 1/84 came to \$3,981.86; and \$337.39 was expended in the week of March 8th, 1984.

We will take an in-depth look at the involvement of Maintenance & Operations' personnel in the Mansion renovation project later in this report. For now we will simply state that the true extent of the cost of M & O was never revealed to the Legislative Audit Division and these charges continue to be grossly underreported by DOT/PF.

10) Facility CIP Direct
DOT/PF
Collocation code: 24-87-035

This is a clearing account. Expenditures charged to this account will eventually go to a project by way of an adjustment voucher (AV). This is accomplished by transferring expenditures out of this collo code into one of the DOT/PF capital project collo codes for H79164, the Mansion project.

A total of \$13,002.16 in expenditures for the Governor's Mansion were in this clearing account at one time. These charges have since been transferred to other codes.

The Office of the Governor

Funding Sources

The Office of the Governor used three funding sources for expenditures for three contract payments for Phyllice Bradner, renovation coordinator, and for the purchase of furniture, decor items and communications equipment for the Mansion.

- 1) Mansion Renovation (RSA)
(reimbursable services agreement)
collo code: 01-91-1-125

First, the Department of Administration transferred \$305,000 to DOT/PF; then DOT/PF transferred \$117,000 to the Office of the Governor for the purchase of furniture and decor items for the Mansion. DOT/PF transferred another \$19,583.32 to the Office of the Governor for communications equipment.

- 2) Executive Office
Office of the Governor
Governor's Mansion Operating Account
collo code: 01-91-1-139

Expenditures charges to this code include a \$4,998.67 contract payment to Phyllice Bradner, Snowgoose Productions, for her first contract as Coordinator of the Restoration Advisory Committee; and additional charges for Mansion items.

- 3) Office of the Governor
Contingency Fund
collo code: 01-91-1-810

This includes the second contract for the cost-estimate study of the renovation by Phyllice Bradner, Snowgoose Productions.
Amount: \$13,985.07

Third contract for supervision and coordination of the Mansion renovation to Phyllice Bradner. Amount: \$45,000.

Payment of \$105,000 for furniture; decor items; other expenses and profit to Phyllice Bradner.

The Involvement of DOT/PF Maintenance & Operations Personnel in the Mansion Renovation

On November 4, 1983, Coogan/Capital Construction (architectural renovation work) and Harbor Plumbing & Heating (plumbing, heating & electrical renovation), the prime contractors on the Mansion renovation, were notified by DOT/PF to stop all construction activity and to remove all tools and materials from the Governor's Mansion (Documents #1 & #2)

Harbor was instructed to continue the electrical contractor's work on the fire/intrusion alarm system or other electrical to electronic systems. Their contract was not closed at this time in order to complete their finish work on the heating system and its controls.

The Coogan Construction contract also was not closed at this time because of the carpet installation which still needed to be completed in the first floor conservatory. Coogan was told that both the carpet work and the conservatory work must be completed by November 9, 1983. (Document #2)

The Role of Maintenance & Operations (M&O)

Before discussing the role of M&O on the Mansion project, it is important to understand what the actual departmental responsibilities of M&O are. The written definition given to this Committee by the DOT/PF states their duties as:

"Maintenance' is the process of keeping a building's structure (foundation, walls, floors, roof, windows, and interior finished surfaces), mechanical and electrical plant (heating, ventilating, and air-conditioning equipment and fixtures) and grounds in a condition approaching their original state at the completion of construction." [emphasis added].

"Operations' is an inclusive term covering the furnishing of necessary services, including cleaning (custodial) service, water supply, sewage disposal, trash removal, electricity and heat, to support an environment conducive to transaction of business, or to support another function for which the facility is intended."

Beginning in the first week of November, M&O personnel began to play a crucial role in the renovation project. When the contractors left the site on November 4th, state employees from Maintenance & Operations were faced with completing numerous items on a detailed 'punchlist' from DOT/PF Design & Construction, which listed the remaining work to be done on a room-by-room basis, along with a breakdown of the manhours expected for completion. (Document #3, October 27, 1983, 9 pages).

An example of the work which was left to be completed by M&O was the first floor conservatory. In the stop work memo of November 4th, Cogan Construction was told that the conservatory work must be finished by November 9th. The following work still remained to be completed in that room on the October 27th punchlist:

Conservatory

A. Install wet bar	6 manhours/plumber
B. Install heat fintube	4 manhours/plumber - fintube to arrive
C. Install light fixtures	2 manhours/electrician
D. Install fintube casework	40 manhours/carpenter - fintube to arrive
E. Install new doorlocks	4 manhours/carpenter
F. Install floor & wall grill	2 manhours/carpenter - grills to arrive

(Note: fintube is used in the baseboard radiators for hot water heating.)

These same conservatory items also appear on a November 2nd punchlist, naming Coogan Construction for the responsibility for their completion. (Document # 4, 7 pages).

The same items appear again on the November 17th punchlist, but by this time, the responsibility for completion has shifted away from Coogan Construction and onto Maintenance & Operations. (Document # 5, 8 pages).

In a memorandum dated November 16, 1983, which is one of a series of daily progress updates to Governor Sheffield from Jonathan Scribner, Deputy Commissioner, DOT/PF Southeast Region, (Document #6, 9 pgs).

Mr. Scribner states that:

"The activities have been identified by on-site Design & Construction, and the estimated completion duties assigned by on-site Design & Construction and Maintenance & Operations personnel."

and that:

"Work hours have been extended to 10 hours per day, Monday through Friday, and 8 hours per day on Saturday to meet the completion dates shown."

"The summary will be updated daily and transmitted to you for review."

By December 2, 1983 (Document #7, 3 pages), Mr. Scribner assured the Governor that the Mansion renovation work was substantially completed, "with the remaining activities impeded by material deliveries." He went on to say that:

"The work identified as remaining will be completed on an ongoing basis by Southeast Region Maintenance & Operations as material deliveries permit."

In a December 7th memorandum to Jonathan Scribner, David Waldron, Director of Maintenance & Operations, Southeast Region, provides a breakdown of M&O time and costs associated with the Mansion renovation. (Document #8, 7 pages).

He stated that:

"For the period November 1 through December 5, 1983, M&O personal services costs for the Governor's Mansion renovation project total \$27,683.22. This figure includes time spent on completing specific items on the various building D&C (Design & Construction) punchlists given us."

"Other personal services charged to the Governor's Mansion during the period October 24 through December 5, 1983 total \$22,193.11. This encompasses work considered as normal maintenance (window washing, moving furniture, cleanup, and other work not directly connected with the completion of the construction project.)"

"We do not have a final cost for materials purchased by M&O for the Mansion since October 24, but the total should not exceed \$3,500.00."

Attached to this memorandum was a breakdown of hours worked by Maintenance & Operations employees for the above mentioned weeks, separating "construction" costs from "maintenance" charges. The auditors from Legislative Budget & Audit used Waldron's figures in their Special Report on the Governor's Mansion renovation project.

Legislative Budget & Audit Findings

The auditors believed that all costs associated with the Mansion renovation should be charged to DOT/PF Project Number H79164 and recorded in the accounting records accordingly, and that no other Project Number(s) should have been used to reflect renovation expenditures. The auditor's also found that the costs incurred by Maintenance & Operations were due to the Mansion renovation and were not a result of general maintenance; and that DOT/PF should not have charged these expenses to T93030, but to H79164. (Document #9)

The audit report listed the costs incurred for personal services by Maintenance & Operations on the Mansion renovation as \$27,683 (the figure used in Dave Waldron's memo dated December 7, 1983. In addition, the audit report estimated another \$7,382 for Maintenance & Operations' personal services as a final cost for the completion of the project, since the final figures were not available at the writing of the audit.

The audit report added the costs for Maintenance & Operations to their \$2.4 million figure for the cost of the Mansion renovation.

DOT/PF Response to the LB & A Audit Report Findings on M & O

In his January 25, 1984 response to the auditor's findings (Document # 10), Jonathan Scribner, Deputy Commissioner DOT/PF stated the following:

"We (DOT/PF) strongly disagree with the suggestion to transfer Maintenance & Operations costs to the project. These costs were incurred at the very end of the job. [emphasis added]. As you know our Maintenance & Operations staff has had a continuing responsibility for upkeep on the Governor's Mansion for as long as anyone can recall. The Maintenance & Operations work was closely in line with this responsibility."

Committee Findings

In compiling data for this report, we used the raw figures taken from DOT/PF timesheets and transaction registers showing all expenditures for the Governor's Mansion (Project No's. H79164 & T93030). In order to provide a fair assessment of routine maintenance and operations for the Governor's Mansion before the renovation, we will also provide a breakdown of the 10-month period M & O costs beginning on January 1, 1983.

It is our belief that the actual cost of Maintenance & Operations' involvement on the Mansion renovation was grossly understated by the Department of Transportation & Public Facilities, and that work on the Mansion continued well beyond the December completion date stated by DOT/PF.

Why did DOT/PF pull the prime contractors and subcontractors off the Mansion renovation project on November 4th? This is a most important question, since the escalation of Maintenance & Operations' role in the Mansion renovation was dependant upon the decision to do so. We know from the various punchlists that necessary materials such as carpeting, grills and plumbing materials had not yet arrived on the Mansion site.

We also know from the stop work memoranda to Coogan Construction and Harbor Plumbing (Documents 1 & 2), that although the department was ordering them off the job on November 4th, their work was not sufficiently complete at that time to allow DOT/PF to close their respective contracts.

Whether or not this was an arbitrary decision based in part on bad press generated by the mounting costs of the renovation and the subsequent investigation by Legislative Budget & Audit, we cannot say. However, we can illustrate in detail the effects of that decision on Maintenance & Operations.

Explanation of Charts

The following charts were prepared from a computer run of all transactions for the Governor's Mansion, January 1981 to Present (3/31/84) from the Department of Transportation & Public Facilities.

Chart Number 1 - Funding Sources for the Mansion Renovation

It might be helpful at this time to provide the Committee with an explanation of the project numbers which are used to distinguish the Mansion renovation project from the building number used by M&O to identify the Mansion.

The only project number which should have been used by DOT/PF in their charges for contracts, state employee work, materials and equipment relating to the Mansion renovation is H79164, the project name for the Governor's Mansion Fire Sprinkler System.

For purposes of routine maintenance & operations, all State of Alaska buildings are assigned a "T" number by M&O to identify a particular building for the collection of non-federal aid project costs for building maintenance and repairs. For example: the project number used by M&O to identify the Capitol Building is T93023; the State Office Building in Juneau is T93024.

The "T" project number for the Governor's Mansion is T93030. All M&O employee time, as well as materials and equipment used by Maintenance & Operations within the departmental collection of normal building maintenance and repair relating to the Mansion should be charged to T93030.

Chart Number 2 - Project No. H79164 for Personal Services

This chart shows the monthly breakdown of DOT/PF Capital Improvement Project personnel costs incurred as a result of the Governor's Mansion Renovation, Project Number H79164. There are no Maintenance & Operations' employees on this chart.

As can be seen, charges for personal services begin to rise in May 1983, which was the onset of the present renovation project; and drop off in October and November. This is in line with the major contract work which took place in the Mansion in the months between June and October of 1983.

Chart Number 3 - Project No. H79164 - Hours Worked

Monthly breakdown by hours worked by DOT/PF Capital Improvement personnel.

Chart Number 4 - Project No. T93030: Maintenance & Operations' Costs for Personal Services

Chart Number 4 illustrates M & O employee costs for personal services relating to maintenance and operations of the Governor's Mansion from January 1983 to March 1984.

Keeping in mind the exodus of the contractor's on November 4th, 1983, we are able to see in graphic detail, the extent of the involvement of M & O in the Mansion renovation. It is also interesting to note the amount of activity which took place after the early December completion date given by DOT/PF.

(Since charges to a project take approximately one month to appear on a transaction register, we do not have a register for the month of April 1984.)

The breakdown of Maintenance & Operations' costs for personal services based on the monthly charges to T93030 are:

Pre-Renovation
1983

January	\$ 6,679.14
February	\$ 7,162.13
March	\$ 4,640.49
April	\$ 11,398.25

TOTAL	\$ 29,880.01

During
Renovation
(Contractor's
on Site)

May	\$ 3,963.32
June	\$ 5,828.91
July	\$ 3,502.47
August	\$ 3,958.91
September	\$ 3,693.39
October	\$ 4,423.40

TOTAL	\$ 25,370.40

Contractor's
Leave Work
Site

November	\$ 67,593.09
December	\$ 31,960.78
January '84	\$ 14,539.14
February '84	\$ 11,623.55
March '84	\$ 10,113.80

TOTAL	\$135,830.96

Chart Number 5 - Project No. T93030 - Hours Worked

Chart Number 6 - Maintenance & Operations: Expenditures for Materials

The cost of materials purchased by M & O employees for the Governor's Mansion from the period January 1, 1983 to March 31, 1984.

Chart Number 7 - Maintenance & Operations: Equipment Charges

Chart Number 7 is a breakdown of equipment charged to the Governor's Mansion by Maintenance & Operations for the period January 1981 to March 8, 1984. Equipment is charged to a project by vehicle number, mileage, rental rate and number of hours used on the job. Individual vehicle numbers which appear on the transaction register for November 1984 to March 8, 1984 are:

V23769	'79 Ford, 3/4 ton truck.
V23770	'79 Ford, 3/4 ton truck
V24488	'80 Dodge, 1/2 ton truck
V24950	'80 Dodge, 3/4 ton truck
V25094	'81 Chevy, 1/2 ton truck
V25411	'81 Dodge, 3/4 ton truck
V26528	'83 IHC, 1/2 ton, 4x2 truck boom
V25095	'81 Chevy, 1/2 ton truck

BREAKDOWN BY ACTIVITY CODES

Activity Codes are three digit numbers which are written on timesheets and on transaction registers to answer the question: What is an employee doing? All expenditures which appear on a transaction register or project cost summary are defined by activity codes. These codes are intended to define the charges to a project as finitely as possible.

The following charts illustrate expenditures by activity code for Maintenance & Operation personal services, materials and equipment for the period November 1983 to March 31, 1984 for the Governor's Mansion:

Chart No. 8 : Activity Code 561 - Dollars

Activity code 561 is defined as:

General Maintenance and Repair

All costs from routine building repairs - roofs, doors, windows, foundation, floors, ceilings and painting inside and out.

Chart No. 9 : Activity Code 561 - Hours Worked

Note: There are 37.5 hours in a week.

Chart No. 10 : Activity Code 563 - Dollars

Electrical

All costs from electrical repairs including wiring, compressors, fans, blowers, generators, etc.

Chart No. 11 : Activity Code 563 - Hours Worked

Chart No. 12 : Activity Code 564 - Dollars

Heating & Ventilation

All repairs to heating systems, boilers, ventilators, furnaces, etc.

Chart No. 13 : Activity Code 564 - Hours Worked

Chart No. 14 : Activity Code 565 - Dollars

Plumbing

All costs to repair plumbing, including the water supply, sewage, septic tanks, etc. [These costs do not include \$1,080,000 paid to Harbor Plumbing & Heating on contract, or the \$20,000 incentive bonus paid to them].

Chart No. 15 : Activity Code 565 - Hours Worked

Chart No. 16 : Activity Code 566 - Dollars

Painting

All painting of buildings inside and out.

Chart No. 17: Activity Code 566 - Hours Worked

Chart No. 18 : Activity Code 570 - Dollars

Miscellaneous M & O

All costs from maintenance, repair and minor construction activity on buildings or facilities which do not fit activity codes 561-565.

Chart No. 19 Activity Code 570 - Hours Worked

Chart No. 20 : Activity Code 579 - Dollars

Chart No. 21 : Activity Code 579 - Hours Worked

Although considerable personal services charges are made to activity code 579 there is no description of this code in the latest updated activity code listing of July 1983. (Attachment 'A')

November 1983	\$2,813.37
December 1983	\$6,330.13
January 1984	\$1,834.80
February 1984	\$1,605.45
March 1984	\$1,314.94
TOTAL for #579	\$13,898.69

We asked the Department of Transportation & Public Facilities to provide the Committee with the definition of activity code 579, along with the xeroxed page as it appears on the listing. In response to our enquiry, we received a memorandum (Document 11) defining the code as:

LANDSCAPING

All costs associated with grounds maintenance at State buildings and facilities on lawns, plantings, trees and shrubs.

We were not supplied with a xerox of the page on which this definition appeared, and could find no evidence that the definition existed apart from the memo we received. We also could find no evidence that the activity code listing had been updated since July 1983, but were aware of 14 activities which had been updated on November 8, 1983. (Document 13) Activity code 579 was not among those updated. The only evidence we could find of activity code 579, was from the DOT/PF Financial Management System Project Titles File dated July 7, 1981 (Document 14) which listed the title for activity code 579 as:

VEGETATION

It is interesting to note that these expenditures were first charged to a code which had no description; and when it was finally given one, we are led to believe that thousands of dollars were spent on vegetation in the middle of winter.

DISCREPANCIES BETWEEN DOT/PF COSTS FOR M & O AND COMMITTEE FINDINGS

Before explaining the differences between what DOT/PF told Legislative Budget & Audit and what this Committee investigation has found, it would be helpful to review several of the documents mentioned earlier in this report.

Document No. 7, the memorandum from Dave Walron, Maintenance & Operations to Jonathan Scribner dated December 7, 1983, stated that personal services costs for the Mansion renovation totaled \$27,683.22 for the period November 1 through December 5, 1983. In addition, charges for work considered as normal maintenance on the Mansion by M & O personnel for the period October 24 through December 5, 1983 were said to total \$22,193.11.

These figures in no way resemble the charges which we have taken directly from the transaction registers. Personal services costs for the month of November 1983 alone totalled \$67,593.69 on the register.

On February 28, 1984, we asked Mr. Waldron to provide the Committee with information pertaining to several questions on the Mansion Renovation project. In his response (Document No.15) to our question on Maintenance & Operations' involvement on the Mansion he stated that:

" During the period October 24 through December 5, 1983, approximately 57% of the work performed at the Mansion by M & O personnel was associated with the renovation, and the remainder was maintenance. All direct costs for both categories of work were charged to project number T93030. From December 5, 1983 to date, approximately 15% of the work at the Mansion was attributable to cleanup of remaining punch list items."

Mr. Waldron went on to confirm that Maintenance & Operations personnel performed the work on the October 27th punchlist.

" Work performed to date by Southeastern Region M & O personnel is itemized on the October 27, 1983 punch list, (Document No.) together with various minor mechanical items that were identified on a subsequent inspection. All remaining work is identified on the enclosed list dated February 29, 1984. Most items should be complete by March 9, 1984."

In Document No.10, Mr. Scribner disagreed with the auditors who believed that M & O costs were directly related to the renovation and maintained that these services were in line with M & O's general responsibility for Mansion upkeep.

And yet, in Document No. 6, dated November 16, 1983, Mr. Scribner contradicts himself by telling the Governor that:

"Work hours have been extended to 10 hours per day, Monday through Friday, and 8 hours per day on Saturday..."

These hours were extended due to the completion of remaining items on the punchlists which were not finished by the contractors before November 4th, when DOT/PF ordered them off the project.

By December 12, 1983, another element was added to Maintenance & Operations role in the renovation, through a memorandum of understanding from Don Dieckmeyer, Director, S.E. Region Design & Construction to Jonathan Scribner (Document No.16) :

" On November 21, 1983, you and I discussed that henceforth all charges (including those incurred by the prime contractors) should be diverted to Maintenance & Operation accounts.

I communicated this information to Tom Metlicka (Project Manager) and we agreed that upon receipt of future prime contractor billings the invoices will be coded to comply with the time and account parameters.

I see no need at this time to change prime contractor interface relationships or invoicing procedures to accomodate charges that can be addressed internally.

By copy of this memo to T. Metlicka and R. Stewart it is reiterated that all prime contractor charges subsequent to November 20, 1983 are to be diverted to Maintenance & Operations."

In a memorandum from Tom Metlicka to Mr. Dieckmeyer dated December 16, 1983 (Document No.17), a list of all State Maintenance personnel is provided "as per the requirements of Alaska Statute, Chapter 15 (Construction Procedures), Section 35.15.010, Paragraph (a) ..."

The Statute which is mentioned in the memorandum reads:

" Sec. 35.15.010. Construction by Department. (a) Except as provided in AS 36.98 and AS 44.33.300, it shall be the general policy of the department to require the construction of all public works under bid contract. However, when the estimated cost of a construction project is less than \$100,000, or when it appears to be in the best interests of the state, the department may perform the work, notwithstanding any other provisions of law. A complete record shall be kept by the commissioner or the commissioner's designee of all transactions entered into under this section including names of employees involved in the transactions."

A memorandum from Tom Metlicka to Don Dieckmeyer dated January 6, 1984 (Document No.18), provides a funding breakdown of Project No. H79164 as of January 6, 1984. The memorandum states in part:

- " The status breakdown of December 14, 1983 indicated a balance of \$63,388.00. In reviewing the report an error of \$20,000.00 was discovered in the Harbor Plumbing column. This would only leave \$43,388.00 for the "Balance of Funding."
- " After reviewing the latest Pay Estimates for Coogan/ Capitol and Harbor Plumbing and discussions with both firms it is apparent that an additional \$38,557.00 will be required to finalize the project."
- " If our office transfers all labor cost incurred since Maintenance & Operations takeover per your memo dated December 12, 1983, I estimate approximately \$10,000.00 would be added to the \$4,721.00 shown on the January report attached."

On February 14, 1984 a memorandum from Tom Metlicka to Dave Waldron, Director of Maintenance & Operations, S.E. Region lists: (Document No. 19)

" all the cost(s) incurred subsequent to the November 20, 1983 date mentioned in Don Dieckmeyer's memo dated December 12, 1983."

These are the pay estimates for Coogan/Capitol Construction and Harbor Plumbing and Heating. Mr. Metlicka goes on to say:

" Please take the necessary steps to transfer funding, in the Amount of \$26,921.69, to collocation code number 24-88-3-835 - R30033."

Project Number R30033 is the \$350,000 which was transferred by RSA from the Dept. of Administration to the Governor's Mansion Renovation project. DOT/PF subsequently transferred \$117,000 of these funds to the Office of the Governor for the acquisition of furniture, rugs and other decor items for the Mansion per Snow Goose Productions.

On February 2, 1984, a memorandum from Tom Metlicka to Thomas Freeman, Group Construction Chief, Construction Section DOT/PF, again attaches the December 12th memo from Don Dieckmeyer to Jon Scribner which mentions that: (Document No. 20)

" ...charges after November 20, 1983 be diverted to Maintenance & Operations."

He goes on to request that these charges be broken out of the invoices and transferred to M & O.

Another financial status for the Governor's Mansion Renovation project number H79164 was written by Mr. Metlicka on February 14, 1984 (Document No.21). Both Coogan/Capitol Construction and Harbor Plumbing's contract amounts have been reduced from the January 6th financial status report, while an estimate of \$6,000 has been included for artwork. The balance of funds for this report is \$52,069.00.

On February 11, 1984, a report of the inspection of the mechanical work for the Governor's Mansion, Project No. H79164 was submitted to the Department of Transportation & Public Facilities (Document No.22). The four-page report stated that:

" An inspection of the mechanical work was made by Gregory Penn of Vernon Akin and Associates on January 17 and 18, 1984, and by Vernon Akin on February 9 and 19, 1984. The following work was not completed or was incorrect:"

The report lists 51 items which were either incomplete or incorrect. Among them are:

15024 The thermal overload heaters are too large for EF-1, EF-2, and the unit heater in the garage. The thermal overload heaters for the two motors on the air compressor are too small. Because of lack of the nameplate data specified as required under section 15031, the size of the thermal overload heaters were not checked for the humidifier, EF-3, EF-4, EF-5, ceiling toilet exhaust fan in Bath 10.

15031 Valve directory not received or approved, so valve tagging could not be checked. No operating or maintenance data received. Binders not received. Mounting frame not installed for valve directory. No O & M manual holder installed. The nameplate data must be received so that the equipment can be checked.

15036 Much refuse left above the ceilings of the closets between the kitchen and the main hall Rm. 32.

15251 Insulation is not run continuous through the wall above the ceiling of the kitchen from the closet adjacent.

15817 Face grille on the fan is not secured at one corner. It appears that the unit is not the one specified.

15901 The automatic control drawings were not approved. It appears that the modifications marked on the drawings were not accomplished. Revised drawings required.

Summary of Findings

The research and review of information and documents given to this Committee shows:

1. The cost of the Mansion renovation to be \$2.7 million.
2. The DOT/PF decision to remove the contractors from the work site on November 4, 1983, added considerably to the cost of the project.
3. The participation by DOT/PF personnel from Maintenance & Operations is much more extensive than the Department would indicate.
4. When the contractors left their work at the Mansion, a steady stream of M & O employees and equipment spent several months of considerable regular and overtime hours working at the Mansion. The DOT/PF activity and object codes which describe the work of these employees would lead a reasonable person to believe that this was the same work for which the contractors were paid.
5. That DOT/PF subsequently paid a total of \$35,000 in incentive bonuses to Harbor Plumbing and Coogan Construction, the same contractors who were told to leave the Mansion site on November 4, 1983.

CHARGE AND DOCUMENTS

November 2, 1983

RE: Governor's Mansion
Renovations
Project No. H-79164
220E

Harbor Plumbing & Heating
P. O. Box 2117
Juneau, Alaska 99803

Attn: James White

Gentlemen:

As of 5:00 P.M. November 4, 1983 your construction activity in the Governor's Mansion (State project number H-79164) must stop and tools and materials be removed from the premises. The only exception shall be the electrical contractors work on the fire/intrusion alarm system or other electrical or electronic systems as directed by myself.

Your contract will not be closed at this time because finish work will be required to complete the heating system and its controls. The time frame for this work will be coordinated with the Governor thru this office and your direction will again come from me.

If you have any questions concerning this action, please contact me at 364-4314.

Very truly yours,



W. I. DeBoff, P. E.
Buildings Chief

WID:ma

November 2, 1983

RE: Governor's Mansion
Renovations
Project No. H-79164
220E

Coogan Construction
P. O. Box 209
Juneau, Alaska 99802

Attn: Wayne Coogan

Gentlemen:

As of 5:00 P.M. November 4, 1983 your construction activity in the Governor's Mansion State project number H-79164 must stop and tools and materials removed from the premises. The only exceptions shall be the carpet installation work and the work that must be accomplished in the room called the Conservatory. The carpet work and the conservatory work must be completed by November 9, 1983.

Your contract will not be closed at this time because finish work may be required to complete the project. The time frame for this work will be coordinated with the Governor thru this office and your direction to perform additional work will again come from me.

If you have any question concerning this action, please contact me at 364-4314.

Very truly yours,



W. I. DeZoff, P. E.
Buildings Chief

WLD:ma

GOVERNOR'S MANSION RENOVATIONS
ITEMS TO BE COMPLETED

October 27, 1983

BASEMENT

<u>ITEM</u>	<u>MANHOURS</u>	<u>COMMENTS</u>
I Sauna		
A. Finish Cedar installation -	16 C/MH	
B. Install seats & floor grating -	8 C/MH	
C. Complete trim work -	8 C/MH	
D. Install sauna heater -	12 E/MH	
E. Paint & stain -	16 PA/MH	
II Sauna Restroom		
A. Complete plastering & taping -	8 PLA/MH	
B. Paint walls, floor & ceiling -	8 PA/MH	
C. Complete trim work -	4 C/MH	
III Ventilation Unit Area		
A. Install sheetrock & plaster local areas -	16 PLA/MH	
B. Paint & clean up floor & paint -	16 PL/MH	
C. Complete electrical work -	12 E/MH	
D. Complete plumbing -	24 PL/MH	
IV Garage		
A. Complete fire taping -	16 PLA/MH 16 PA/MH	
B. Complete electrical finish work -	4 E/MH	
C. Clean-up -	4 C/MH	
V Boiler Room		
A. Clean-up -	8 L/MH	
B. Paint wall & ceiling -	16 PA/MH	
C. Complete electrical work -	8 E/MH	
VI Hallway to Bath		
A. Install trim -	16 C/MH	
B. Install light fixtures & electrical trim -	2 E/MH	
C. Paint walls & ceiling -	16 PA/MH	

DETAILS (Cont'd)

ITEM

HOURS

COMMENTS

VII Basement Bath

- A. Install trim on windows & doors - 8 C/MH
- E. Complete fixture installation - 2 PL/MH
- C. Install light fixtures & trim out electrical - 4 E/MH
- D. Paint walls & ceiling - 16 PA/MH

VIII Maids Room

- A. Texture walls - 4 PA/MH
- B. Install convector 8 PL/MH
- C. Install trim on doors, windows & closets - 64 C/MH
- D. Install light fixtures & outlet trim - 3 E/MH
- E. Install carpet - 8 CL/MH
- F. Paint walls & ceiling - 16 PA/MH

IX Hallway

- A. Install wainscot - 48 C/MH
- B. Texture walls - 8 PA/MH
- C. Paint walls & ceiling - 48 PA/MH
- D. Install convector - 8 PL/MH
- E. Install light fixtures & trim out electrical - 8 E/MH
- F. Repair floor & install carpet - 8 C/MH
16 CL/MH
- G. Install handrail on stairs - 32 C/MH
- H. Reinstall door to laundry area - 24 C/MH
- I. Install door on closet under stairs - 32 C/MH

X Laundry

- A. Complete plumbing - 8 PL/MH
- B. Complete electrical - 16 E/MH
- C. Install floor vinyl - 16 CL/MH
- D. Install ceiling grill - 1 C/MH
- E. Install windows & louvers in partition to wall to hallway - 24 C/MH
- F. Paint walls & ceiling - 24 PA/MH

BASEMENT (Cont'd)

<u>ITEM</u>		<u>MANHOURS</u>	<u>COMMENTS</u>
XI	Store Room		
A.	Complete fire taping -	8 PA/MH	
B.	Paint walls & ceiling -	16 PA/MH	
C.	Install door, lock & hardware -	6 C/MH	
D.	Install flow arrows on pipe -	1 PL/MH	
E.	Complete electrical -	8 E/MH	
F.	Complete clean-up -	4 L/MH	
XIII	Recreation Room		
A.	Install wallpaper -	64 PA/MH	
B.	Install crown molding & picture rail -	32 C/MH	
C.	Install locks & trim doors -	16 C/MH	
D.	Install trim at tub -	16 C/MH	
E.	Paint ceiling trim & fireplace -	48 PA/MH	
F.	Clean-up wine closet -	4 L/MH	
G.	Install wall grill -	1 C/MH	
H.	Install wet bar -	8 PL/MH	
I.	Install light fixtures & electrical trim -	8 E/MH	

LEDGEND WITH TOTAL MAN HOURS PER TRADE FOR BASEMENT

C - Carpenter	= 368
E - Electrician	= 85
PA - Painter	= 324
PL - Plumber	= 81
CL - Carpet Layer	= 40
L - Labor	= 16
TS - Tile Setter	= 0
SM - Sheetmetal Man	= 0
PLA - Plaster	= 40
MH - Manhours	= 0

ITEMS TO BE COMPLETED

October 27, 1983

FIRST FLOOR

<u>ITEM</u>	<u>MANHOURS</u>	<u>COMMENTS</u>
I Front Entry		
A. Install wainscot, clothing poles & trim in closet -	32 C/MH	
B. Install light fixtures -	4 E/MH	
C. Install convactor -	12 PL/MH	
D. Complete Staining of fireplace hearth -	3 PA/MH	
E. Install & complete door bell, security alarm, ket switch & intercom -	8 E/MH	
II Ballroom		
A. Install wood floor grill -	2 C/MH	Brass frames to arrive 11/1/83
B. Complete painting of fireplace -	16 PA/MH	
C. Complete window seat -	8 C/MH	Brass grills to arrive 11/7/83
D. Install light fixtures -	4 E/MH	
E. Touch-up painting -	2 PA/MH	
III Library		
A. Finish fireplace marble face woodwork and stain hearth -	4 M/MH, 2 PA/MH, 12 C/MH,	
B. Touch-up book cases and trim -	28 PA/MH	
C. Install cabinet hardware -	4 C/MH	
D. Install light fixtures -	3 E/MH	
E. Relocate Stereo Speakers -	16 C/MH, 16 E/MH	
IV Conservatory		
A. Install wet bar -	6 PL/MH	
B. Install heat fintube -	4 PL/MH	Fintube to arrive
C. Install light fixtures -	2 E/MH	
D. Install fintube casework -	40 C/MH, 16 PA/MH	Fintube to arrive
E. Install new doorlocks -	4 C/MH	
F. Install floor & wall grill -	2 C/MH	Grills to arrive 11/7/83

FIRST FLOOR (Cont'd)

<u>ITEM</u>	<u>HOURS</u>	<u>COMMENTS</u>
V Dining Room		
A. Touch-up paint -	8 PA/MH.	
B. Install grill work -	3 C/MH	Grills to arrive 11/7/83
C. Complete painting of pantry door -	4 PA/MH	
D. Install light fixtures -	2 E/MH	
VI Serving Pantry		
A. Complete trim of china cabinets -	12 C/MH	
B. Paint doors and windows -	12 PA/MH	
C. Install base board -	4 C/MH	
D. Repair plaster wall -	8 PA/MH	
E. Install light fixtures -	2 E/MH	
VII Scullery		
A. Install grill -	1 C/MH	Grill to arrive 11/7/83
B. Finish electrical connec- tions -	2 E/MH	
C. Install light fixtures -	1 E/MH	
VIII Downstairs Office		
A. Install plumbing fixtures -	4 PA/MH	Toilet hardware being brassed. Due to arrive
B. ~~Install~~ & install medicine cabinet -	12 C/MH	
C. Install toilet tissue holder, towel bar, etc. -	4 C/MH	
D. Install light fixtures -	4 E/MH	
E. Install door plates -	4 C/MH	Plates to arrive 11/1/83
F. Replace chrome door hinges -	4 C/MH	Waiting for arrival from Canada
IX Stairwell Area		
A. Install wallpaper -	32 PA/MH	
B. Paint ceiling and stairway -	16 PA/MH	
C. Install convactor -	8 PL/MH	Due to arrive
D. Install light fixtures & switches -	6 E/MH	
E. Paint basement door -	4 PA/MH	
F. Install and paint closet door & base molding -	12 C/MH	

FIRST FLOOR (1'd)

ITEM

MANHOURS

COMMENTS

G. Install carpet -

24 CL/MH,
8 L/MH

LEGEND WITH TOTAL MANHOURS PER TRADE FOR FIRST FLOOR

C - Carpenter	= 176
E - Electrician	= 50
PA - Painter	= 159
PL - Plumber	= 30
CL - Carpet Layer	= 24
L - Labor	= 8
TS - Tile Setter	= 0
SM - Sheetmetal man	= 0
PLA - Plaster	= 0
MH - Manhours	= 0

GOVERNOR'S MANSION RENOVATIONS
ITEMS TO BE COMPLETED

October 27, 1983

SECOND FLOOR

<u>ITEM</u>	<u>MANHOURS</u>	<u>COMMENTS</u>
I Main Stairway and Entry Hall		
A. Install carpet runner -	32 CL/MH	Carpet to arrive 11/3/83
B. Touch-up railing stain -	8 PA/MH	
C. Install wall grill -	3 C/MH	Grills to arrive 11/7/83
D. Install light fixtures -	4 E/MH	
II Managers Office		
A. Install bathroom fixtures -	4 PL/MH	
B. Build & install medicine cabinet, tissue holder, etc. -	32 C/MH, 4 PA/MH	
C. Install light fixtures -	2 E/MH	
D. Install floor & wall grills -	3 C/MH	Grills to arrive 11/7/83
E. Complete smoke alarm panel & electrical trim out -	6 E/MH	
III Historical Bedroom		
A. Install light fixtures -	5 E/MH	
B. Install bathroom lavatory -	4 PL/MH	
C. Finish tile wainscot -	8 TS/MH	
D. Install tissue holder, towel bars, etc. -	4 C/MH	
E. Install door locks & trim out -	8 C/MH	
IV Governor's Study and Kitchenette		
A. Install tile on kitchenette counter top -	12 TS/MH	
B. Install kitchenette sink -	4 PL/MH	
C. Install appliances -	1 PL/MH	
D. Install light fixtures -	8 E/MH	
E. Finish wainscot cap in bathroom -	2 C/MH	
F. Install hardware & grills on kitchenette -	6 C/MH	
G. Install door hardware -	6 C/MH	
H. Stain fireplace hearth -	3 PA/MH	

SECOND FLOOR (Cont'd)

<u>ITEM</u>	<u>MANHOURS</u>	<u>COMMENTS</u>
V Master Bedroom		
A. Touch-up paint -	4 PA/MH	
B. Install carpet -	16 CL/MH	Carpet to arrive 11/3/83
C. Install light fixtures -	3 E/MH	
D. Complete staining of fireplace hearth -	3 PA/MH	
E. Install locks, hardware & grills -	8 C/MH	Grills to arrive 11/7/83
VI Master Bath		
A. Install plumbing fixtures -	8 SM/MH, 8 PL/MH	Fixture sent out to be modified. Due to arrive
B. Install tissue holder, towel bars, etc. -	4 C/MH	Awaiting delivery from Snowgoose
C. Install shower door hardware & glass -	4 C/MH	
D. Install light fixtures -	4 E/MH	
E. Grout and cap marble wainscot -	4 TS/MH, 6 C/MH	
VII Guest Bedroom		
A. Install carpet -	16 CL/MH	Carpet to arrive 11/3/83
B. Install light fixtures & finish out electrical -	2 E/MH	
C. ~~Make~~ & install medicine cabinet, tissue holder, towel bars, etc. -	24 C/MH, 8 PA/MH	
D. Install grill -	2 C/MH	Grill to arrive 11/7/83
E. Complete plumbing hook-up -	8 PL/MH	Fixture sent out to be modified. Due to arrive
VIII Second Floor Stairwell & Closet		
A. Install wallpaper -	32 PA/MH	
B. Install carpet -	16 CL/MH, 8 L/MH	
C. Install door chime & finish electrical -	10 E/MH	
D. Install electrical panel cover -	4 E/MH	Cover due to arrive

SECOND FLOOR (Cont'd)

<u>ITEM</u>	<u>MANHOURS</u>	<u>COMMENTS</u>
E. Finish out closet -	2 C/MH	

LEDGEND WITH TOTAL MANHOURS PER TRADE FOR SECOND FLOOR

C - Carpenter	= 114 Hrs.
E - Electrician	= 44½
PA - Painter	= 62
PL - Plumber	= 29
CL - Carpet Layer	= 80
L - Labor	= 8
TS - Tile Setter	= 24
SM - Sheetmetal Man	= 8
PLA - Plaster	= 0
MH - Manhours	=

<u>ELECTRICAL</u> ~~see list in room~~ ~~lights~~	<u>SECOND FLOOR</u> <u>COOGAN</u> 11-2 - ~~any mirror~~ 11-1 - ~~fan grill bath~~ 10-31 - ~~2 doors hardware~~ Pack Plates	<u>PLUMBER</u> Bath Tub
Second Floor Balcony Area <u>ELECTRICAL</u> ~~delier/~~ ~~heret~~	<u>COOGAN</u> 2 wall grill 11-1 - ~~Stair rail touch-up~~	
Master Bedroom Closet <u>ELECTRICAL</u> ~~fixtures~~	<u>COOGAN</u> 11-1 - ~~Paint 4 shelves~~ 11-1 - ~~Door Hardware~~	
Master Bedroom <u>ELECTRICAL</u> ~~fixtures~~ ~~lights~~	<u>COOGAN</u> Grill	

AS OF
11-2-83
Low M.

Master Bath

ELECTRICAL

ing fixtures
-fixtures

Dis
Completed

COOGAN

- 11-1 - Fan grill
 10-31 - Marble - Grouting
 and top molding
 Paint wall Jacuzzi plate
 towel Racks
 11-1 - Grab Bars

PLUMBER

Sink faucet

Dis
Completed

2nd

ELECTRICAL

1-light-fixture
 (ing)
 -light-and-switch
 fixture (Kitchen)
 light (Kitchen-not here)

COOGAN

- 11-1 - Wall grill
 Closet door hardware
 Grill in Kitchen
 Door cabinet hardware
 Tile on counter top
 11-2 - Fan grill
 Replace toilet seat
 Paper holder

PLUMBER

Sink Connection

Master Bedroom

ELECTRICAL

g-fixture-Chandelier
 -light-fixture
 ceiling-fixture-and
 de lights

COOGAN

- 10-31 - Wall grill
 2 doors hardware
 Fan grill (Bath)
 10-31 - Wall door hardware
 Row of tile and wood
 molding
 towel bars - toilet roller
 etc.

PLUMBER

mie's Office

ELECTRICAL

Chandelier
closet-light
2 side lights

SECOND FLOOR CONTINUED

COOGAN

10-31 -2 doors-cj- hardware
2 wall grills
10-31 -Mirror-on-door
11-2 -Hang-bath-mirror
1 wall grill-bath

PLUMBER

1st Floor Entry Closet <u>ELECTRICAL</u> 1 fixture device	<u>DATE COMPLETED</u> <u>COOGAN</u> Holding Hat rack Coat Pole Finish Waincoat Base shoe Plinth	<u>DATE COMPLETED</u> <u>PLUMBER</u> Heating device
Office <u>ELECTRICAL</u> 1 ceiling fixture (here) cover side lights	<u>COOGAN</u> Shelf & closet pole 3 doors hardware plus 1 door hinge towel racks Bath wall grill Window hardware	<u>PLUMBER</u> install toilet waiting on brass
ion Hall <u>ELECTRICAL</u> ace side light ing light delier ins (sensor etc)	<u>COOGAN</u> 1 wall grill Closet door stop (or bumper on hinge) Clean fireplace	

CH <u>ELECTRICAL</u> ilers	FIRST FLOOR CONTINUED <u>COOGAN</u> Fireplace Gold Paint ~~11-2~~ ~~Some white paint around~~ ~~seal and~~ <i>Dentals</i> 1 wall grill. Window seat grill Patio door hardware <u>PLUMBER</u>	<i>0125</i> <i>011155822</i>
<u>ELECTRICAL</u> allow <u>A</u> <u>B</u> <u>C</u> <u>D</u> (<i>Skip E</i>) installing grills under window seat electrical connection in base cabinet left side	<u>COOGAN</u>	<u>PLUMBER</u>
atory <u>ELECTRICAL</u> light fixture	<u>COOGAN</u> Bar 1 wall grill 1 floor grill Base painting trim Shutters (window) <i>Finish tube</i> shutters	<u>PLUMBER</u> Finish tile <i>tube</i>

Room
ELECTRICAL
adellier

DATE COMPLETED

FIRST FLOOR CONTINUED

COOGAN

- 11-2 ~~Base shoe~~ ^{By} kitchen
11-2 ~~Paint wall seat area~~
11-2 ~~Kitchen door paint~~
Touch couple of nicks
Grills (window wall seat)
1 wall grill

PLUMBER

DATE COMPLETED

ing Pantry
ELECTRICAL
ling fixtures

COOGAN

- 11-2 ~~Repair and paint wall~~
11-2 ~~Paint doors and window~~
Touch up base cover

PLUMBER

ory
ELECTRICAL
fixture

COOGAN

- Install grill
Kitchen Cabinet
Door between kitchen
and scullery
REMOVED FOR CONING & KATZ'S
DIRECTION

PLUMBER

SPECIAL CONCEPT

3rd Floor -- carpet on hand
coper -- (206) 627-6222

2nd Floor

carpet for Master Bedroom, center field ~~carpet~~ -- they have - Closet Carpet, same as Back Stairs

carpet for Living Room ~~carpet~~: Center field F.R. L.R. same as Border Carpet for H.B.

/FILBERT/

Closet Carpet, same as Back Stairs

- Den -- Same as back stairs and basement
- office -- Same as back stairs and basement
- Museum Bedroom -- Same as back stairs and basement

Main Stairway

with borders (Crystal)

First Floor

- Formal Office -- Same as above
- Main Hall Fireplace -- Field Stone - same as above

GOVERNOR'S MANSION RENOVATION
ITEMS TO BE COMPLETED

November 17, 1983

SECOND FLOOR

<u>ACTIVITY</u>	<u>MAN HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
I Main Stairway and Entry Hall				
A. Install wall grill -	3 C/DB	11/18/83	H&O	
B. Install light fixture -	4 E/DB	11/16/83	Cochran Electric	
C. Install bare shoe -	1/2 C/DB	11/15/83	H&O	
II Managers Office				
A. Install tissue holder, towel bar -	4 C/DB	11/22/83	Renovators Supply	11/21/83
B. Install wall grill -	1 C/DB	11/16/83	H&O	
III Historical Bedroom				
A. Install wall grill -	1 C/DB	11/18/83	H&O	
B. Install tissue holder, towel bar, etc. -	4 C/DB	11/22/83	Renovators Supply	11/21/83
IV Governor's Study and Kitchenette				
A. Install grills on kitchen- ette -	3 C/DB	11/18/83	H&O	
C. Install new toilet seat -	1 PL/DB	11/16/83	H&O	11/16/83
V Master Bedroom				
A. Install grill -	2 C/DB	11/18/83	H&O	
B. Install magnetic catches on mirror -	1 C/DB	11/17/83	H&O	

SECOND FLOOR (Cont'd)

ACTIVITY	HOURS	ESTIMATED COST, DATE	RESPONSIBILITY	MATERIAL, E.T.A.

VI Guest Bedroom

- A. Install tissue holder, towel bars, etc. - 2 C/M
- B. Install grill - 2 C/M

VII Second Floor Stairwell & Closet

- A. Install wall paper - 32 PA/M
- B. Install Carpet - 16 CL/M
- C. Install electrical power cover - 1/2 E/M
- D. Finish out closet - 2 C/M
- E. Install closet light fixture - 1/E/M

11/22/83	11/8/83	Renovators Supply	11/21/83
11/22/83	11/15/83	Warner	
11/22/83	11/18/83	Cochran Electric of HSO	11/28/83
11/22/83	11/16/83	HSO	
		Cochran Electric	

LABORED WITH TOTAL HOURS FOR SECOND FLOOR

- C - Carpenter
- E - Electrician
- D - Painter
- H - Plumber
- G - Carpet Layer
- F - Labor
- J - Tile Setter
- M - Structural Iron
- N - Plaster
- P - Handouts

GOVERNOR'S MANSION RENOVATION
ITEMS TO BE COMPLETED

November 17, 1983

FIRST FLOOR

<u>ACTIVITY</u>	<u>HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
I Front Entry				
A. Install clothing poles in closet -	4 C/WH		H. Machinery & H&O	
C. Install convactor -	12 PL/WH	12/22/83	Barber Plumbing & H&O	12/15/83
D. Install door bell -	2 E/WH	11/16/83	Cochran Electric	
E. Install wall grill -	1 C/WH	11/18/83	H&O	
II Ballroom				
A. Complete window seat -	8 C/WH	11/18/83	H&O	
B. Touch-up painting -	2 PA/WH	11/18/83	H&O	
III Library				
A. Finish fireplace marble face -	4 PA/WH	11/18/83	H&O	
B. Install cabinet hardware -	4 C/WH	11/18/83	H&O	
C. Install light fixture -	2 E/WH		H&O	On order Phyllis Ender
IV Conservatory				
A. Install vet bar -	6 PL/WH	11/18/83	H&O	
B. Install finitube casework -	20 C/WH	11/18/83	H&O	
	16 PL/WH	11/21/83	H&O	
C. Install new doorlocks -	4 C/WH	11/18/83	H&O	
D. Install wall grill -	2 C/WH	11/18/83	H&O	
V Dining Room				
A. Provide access cover on portico deck -	1/2 L/WH	11/18/83	H&O & Rhine Stone	

7

FIRST FLOOR (Cont'd)

ACTIVITY	HOURS	ESTIMATED COMP. DATE	RESPONSIBILITY	MATERIAL E.T.A.
VI Scullery				
A. Install grill -	1 C/WH	11/18/83	H2O	
B. Finish electrical connectors -	2 E/WH	11/16/83	Cochran Electric	
C. Install light fixtures -	1 E/WH	11/23/83	Cochran Electric	11/22/83
VII Downstairs Office				
A. Install plumbing fixtures -	4 PA/WH	11/13/83	Barbor Plumbing & H2O	11/17/83
B. Install mirror -	2 C/WH		Phyllise Bradner & H2O	Phyllise to purchase while on trip
D. Install towel bars -	4 C/WH	11/18/83	H2O	
E. Replace chrome door hinges -	4 C/WH	11/18/83	H2O	
VIII Stairwell Area				
A. Install wall paper -	32 PA/WH	11/18/83	Warner	
B. Paint rail -	16 PA/WH	11/16/83	H2O	
C. Install convecter -	8 PL/WH	12/22/83	Barbor Plumbing & H2O	12/15/83
D. Install light fixtures and switches -	6 E/WH	11/18/83	H2O	
E. Paint basement door -	4 PA/WH	11/18/83	H2O	
F. Install and paint closet door and base molding -	12 C/WH	11/18/83	H2O	
G. Install carpet -	24 CL/WH	11/19/83		

LEGEND WITH TOTAL HOURS PER TRADE FOR FIRST FLOOR

C - Carpenter
E - Electrician
PA - Painter
PL - Plumber
CL - Carpet Layer
L - Labor
TS - Tile Setter
SH - Sheetmetal Man
PLA - Plaster
WH - Hand

GOVERNOR'S MANSION RENOVATION
ITEMS TO BE COMPLETED

November 17, 1983

BASMENT

<u>ACTIVITY</u>	<u>HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
I Sauna				
A. Finish ceda installation -	16 C/HH	12/1/83	H&O	
B. Install seats and floor padding -	8 C/HH	12/1/83	H&O	
C. Complete trim work -	8 C/HH	12/1/83	H&O	
D. Install sauna heater -	12 E/HH	12/1/83	H&O	
E. Paint and stain -	16 PA/HH	12/1/83	H&O	
II Sauna Restroom				
A. Complete plastering and taping -	8 PLA/HH	11/25/83	H&O	
E. Paint walls, floor and ceiling -	8 PA/HH	11/28/83	H&O	
C. Complete trim work -	8 C/HH	11/26/83	H&O	
D. Complete electrical work -	4 E/HH	11/30/83	H&O	
III Ventilation Duct Area				
A. Install sheetrock and plaster local areas -	16 PLA/HH	11/25/83	H&O	
B. Paint room and clean up floor and paint	16 PL/HH	11/29/83	H&O	
C. Complete electrical work -	12 E/HH	11/30/83	H&O	
IV Garage				
A. Complete fire taping -	16 PLA/HH	11/25/83	H&O	
B. Complete electrical finish work -	4 E/HH	11/30/83	H&O	
C. Clean up -	16 L/HH	11/26/83	H&O	
D. Paint floor -	16 PA/HH	11/28/83	H&O	

BASEMENT (Cont'd)

<u>ACTIVITY</u>	<u>HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
V Beller Room				
B. Complete electrical work -	8 E/HH	11/30/83	H&O	
VI Hallway to Bath				
A. Install trim -	16 C/HH	11/23/83	H&O	
B. Install light fixtures and electrical trim -	2 F/HH	11/30/83	H&O	
C. Paint walls and ceiling -	16 PA/HH	12/1/83	H&O	
VII Basement Bath				
A. Install trim on windows and doors -	16 C/HH	11/24/83	H&O	
B. Complete fixture install- ation -	8 PL/HH	11/30/83	H&O	
C. Install light fixtures and trim out electrical -	4 E/HH	11/30/83	H&O	
D. Paint walls and ceiling -	16 PA/HH	11/28/83	H&O	
E. Remove, repair and replace door -	8 C/HH	11/28/83	H&O	
VIII Halls Room				
A. Texture walls -	4 PA/HH	11/21/83	H&O	
B. Install convector -	8 PL/HH	12/22/83	Harbor Plumbing & H&O	11/15/83
C. Install trim on doors, windows and clerest -	64 C/HH	11/28/83	H&O	
D. Install light fixtures and outlet trim -	2 E/HH	12/1/83	H&O	
E. Install carpet -	8 CL/HH	12/1/83	Coogan	
F. Paint walls and ceiling -	16 PA/HH	11/25/83	H&O	

BASISHEET (Cont'd)

ACTIVITY	QUANTITIES	ESTIMATED COMP. DATE	RESPONSIBILITY	MATERIAL E.T.A.

IX Hallway

A. Install valincoat -	66 C/TH	11/28/83	H20	
B. Texture walls -	8 PA/TH	11/19/83	H20	
C. Paint walls and ceiling -	48 PA/TH	11/21/83	H20	
D. Install converter -	8 PL/TH	11/22/83	Marbor Plumbing & H20	12/15/83
E. Install light fixtures and trim-out electrical -	8 E/TH	11/22/83	H20	
F. Repair floor and install carpet -	8 C/TH	12/1/83	Geogan	
G. Install handrail on stairs -	32 C/TH	11/25/83	H20	
H. Install new T/B door -	26 C/TH	11/25/83	H20	
I. Install door on closet under stairs -	32 C/TH	11/25/83	H20	

X Laundry

C. Install windows and lowers in partition to wall to hallway -

25 C/TH

11/26/83

H20

XI Store Room

A. Complete fire taping -
B. Paint walls and ceiling -
C. Install doors, lock and hardware -
D. Complete electrical -
E. Complete clean up -

8 PA/TH

16 PA/TH

6 C/TH

8 E/TH

4 E/TH

11/25/83

11/28/83

11/28/83

12/1/83

11/19/83

H20

H20

H20

H20

H20

XIII Recreation Room

A. Install wall paper -
B. Install crown molding and picture rail -
C. Install locks and trim doors -

66 PA/TH

32 C/TH

16 C/TH

11/26/83

11/25/83

11/23/83

Various

H20

H20

BASEMENT (Cont'd)

<u>ACTIVITY</u>	<u>HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
D. Install trim at tub -	16 C/HH	11/23/83	HSO	
F. Paint ceiling trim and Fireplace -	48 PA/HH	11/25/83	HSO	
F. Clean up wine closet -	4 L/HH	11/23/83	HSO	
G. Install wall grill -	1 C/HH	11/25/83	HSO	
H. Install wet bar -	8 PL/HH	11/25/83	HSO	
I. Install light fixtures and electrical trim -	8 E/HH	11/26/83	HSO	

LEGEND WITH TOTAL HOURS PER TRADE FOR BASEMENT

C - Carpenter
 E - Electrical
 PA - Painter
 PL - Plumber
 CL - Carpet Layer
 L - Labor
 TS - Tile Setter
 SM - Sheetmetal Man
 HA - Plaster
 HH - Hours

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO Bill Sheffield, Governor
Office of the Governor

DATE November 16, 1983

FILE NO

FROM Jonathan W. Scribner
Deputy Commissioner
Southeast Region

TELEPHONE NO 364-4360

SUBJECT Governor's Mansion
Renovation Completion
of Remaining

The attached summary details all activities which remain to be completed at the mansion.

The activities have been identified by on-site Design & Construction, and the estimated completion dates assigned by on-site Design & Construction and Maintenance and Operations personnel.

Work hours have been extended to 10 hours per day, Monday through Friday, and 8 hours per day on Saturday to meet the completion dates shown.

The summary will be updated daily and transmitted to you for review.

JWS:GDD:ka

cc: Daniel A. Casey, Commissioner, DOT&PF w/attachments

P.S. - I have assigned Howard Caruth as man-in-charge eff. 11/16

- We are to be out of 1st + 2nd floor by Friday night!

✓ cc Dan Dickmeyer
Dave Waldron

GOVERNOR'S MANSION RENOVATION
ITEMS TO BE COMPLETED

November 16, 1983

ROOMS TO BE

ACTIVITY	MAN HOURS	ESTIMATED COMP. DATE	RESPONSIBILITY	MATERIAL E.T.A.
I Main Stairway and Entry Hall				
A. Install wall grill -	3 C/WH	11/18/83	H&O	
B. Install light fixture -	4 E/WH	11/16/83	Cochran Electric	
C. Install baseshoe -	1/2 C/WH	11/15/83	H&O	
II Renopers Office				
A. Install tissue holder, towel bar -	4 C/WH	11/22/83	Renovators Supply	11/21/83
B. Install wall grill -	1 C/WH	11/18/83	H&O	
III Historical Bedroom				
A. Install wall grill -	1 C/WH	11/18/83	H&O	
B. Install tissue holder, towel bar, etc. -	4 C/WH	11/22/83	Renovators Supply	11/21/83
~~Install toilet seat -~~	~~1 C/WH~~	~~11/16/83~~	~~H&O~~	
IV Governor's Study and Eitchenette				
A. Install grills on Eitchen- ette -	3 C/WH	11/18/83	H&O	
~~B. Install paper holder, etc. -~~	~~1 C/WH~~	~~11/16/83~~	~~H&O~~	~~11/16/83~~
C. Install new toilet seat -	1 PL/WH	11/16/83	H&O	11/16/83
V Master Bedroom				
A. Install grill -	2 C/WH	11/18/83	H&O	

2ND FLOOR (Cont'd)

NO.	DESCRIPTION	QUANTITY	ESTIMATED COMP. DATE	RESPONSIBILITY	MATERIAL E.T.A.
VII - Second Floor					
A. - Second Floor Stairwell					
1.	Install tissue holder, towel bars, etc. -	2 C/BB	11/22/83	Renovators Supply	11/21/83
2.	Install grill -	2 C/BB	11/18/83	HBO	
B. - Second Floor Stairwell & Closet					
A.	Install wall paper -	32 PA/BB	11/18/83	Garner	
B.	Install Carpet -	16 CL/BB	11/19/83	Coogan	
C.	Install electrical panel cover -	1/2 E/BB	11/28/83	Cochran Electric or HBO	11/28/83
D.	Finish out closet -	2 C/BB	11/18/83	HBO	
E.	Install closet light fixture -	1/2 E/BB	11/16/83	Cochran Electric	

FIGURED WITH TOTAL MANHOURS PER TRADE FOR SECOND FLOOR

C - Carpenter
E - Electrician
PA - Painter
H - Plumber
CL - Carpet Layer
L - Labor
TS - Tile Setter
SB - Sheetmetal Man
PLA - Plaster
MH - Manhours

GOVERNOR'S MANSION RENOVATION
ITEMS TO BE COMPLETED

November 16, 1983

FIRST FLOOR

<u>NO.</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
I Front Entry					
A.	Install clothing poles in closet -	4 C/BI		H. Machinery & H2O	
~~B.~~	~~Install glass picture~~	~~4 L/BI~~	~~11/15/83~~	~~Cochran Electric~~	
C.	Install convactor -	12 PL/BI	12/22/83	Harbor Plumbing & H2O	12/15/83
D.	Install door bell -	2 L/BI	11/16/83	Cochran Electric	
E.	Install wall grill -	1 C/BI	11 18/83	H2O	
II Ballroom					
A.	Complete window seat -	8 C/BI	11/18/83	H2O	
B.	Touch-up painting -	2 PA/BI	11/18/83	H2O	
III Library					
A.	Finish fireplace marble face -	4 PA/BI	11/18/83	H2O	
B.	Install cabinet hardware -	4 C/BI	11/18/83	H2O	
~~C.~~	~~Install bedplate slates -~~	~~2 L/BI~~	~~11/15/83~~	~~Cochran Electric~~	
IV Conservatory					
A.	Install vet bar -	6 PL/BI	11/18/83	H2O	
B.	Install flutube casework -	20 C/BI	11/18/83	H2O	
		16 PL/BI	11/21/83	H2O	
C.	Install new door locks -	4 C/BI	11/13/83	H2O	
D.	Install wall grill -	2 C/BI	11/18/83	H2O	
V Dining Room					

FIRST FLOOR (cont'd)

QUANTITY	HOURS	ESTIMATED COMP. DATE	RESPONSIBILITY	MATERIAL E.T.A.
VI. Gallery				
1. Install grill -	1 C/HR	11/18/83	H50	
2. Finish electrical connectors -	2 E/HR	11/16/83	Cochran Electric	
3. Install light fixtures -	1 L/HR	11/23/83	Cochran Electric	11/22/83
VII. Metropolitan Office				
1. Install plumbing fixtures -	4 PA/HR	11/18/83	Barber Plumbing & H2O	11/17/83
2. Install mirror -	2 C/HR		Phyllis Bradner & H50	Phyllis to purchase while on trip
3. Install towel bars -	4 C/HR	11/18/83	H50	
~~4. Install display cases -~~	~~4 C/HR~~	~~11/18/83~~	~~H50~~	
5. Replace chrome door hinges -	4 C/HR	11/18/83	H50	
VIII. Stewart Area				
1. Install wall paper -	1 PA/HR	11/18/83	Warner	
2. Paint ceiling and walls -	16 PA/HR	11/16/83	H50	
3. Install connector -	3 PA/HR	12/22/83	Barber Plumbing & H2O	12/15/83
4. Install light fixtures and switches -	6 L/HR	11/18/83	H50	
5. Paint basement door -	4 PA/HR	11/18/83	H50	
6. Install and paint closet door and hinge holding -	12 C/HR	11/16/83	H50	
7. Install carpet -	25 C/HR	11/19/83		

11/15/83 WITH TOTAL HOURS FOR TRADE FOR FIRST FLOOR

C - Carpenter
E - Electrician
PA - Painter
PL - Plumber
C - Carpenter
H - Helper
H5 - Tile Lifter
H - Sheet Metal Man
PLA - Plaster

**GOVERNOR'S MANSION RENOVATION
THINGS TO BE COMPLETED**

November 16, 1983

1. Entry

2. Office

3. Corridor

	<u>DESCRIPTION</u>	<u>ESTIMATED COMP. DATE</u>	<u>RESPONSIBILITY</u>
A.	Finish wood installation -	16 C/83	B&O
B.	Install seats and floor padding -	6 C/83	B&O
C.	Complete tile work -	6 C/83	B&O
D.	Install room heater -	12 E/83	B&O
E.	Paint and stain -	16 E/83	B&O

4. Board Room

A.	Complete plastering and taping -	3 F/A/83	B&O
B.	Paint walls, floor and ceiling -	2 F/83	B&O
C.	Complete tile work -	6 C/83	B&O
D.	Complete electrical work -	4 E/83	B&O

5. South Hallway Entry Area

A.	Install electrical and plaster local area -	16 F/A/83	B&O
B.	Paint room and clean up floor and paint	16 F/83	B&O
C.	Complete electrical work -	12 E/83	B&O

6. Library

A.	Complete tile taping -	16 F/A/83	B&O
B.	Complete electrical finish work -	4 F/83	B&O
C.	Clean up -	16 E/83	B&O
D.	Paint floor -	16 E/83	B&O

EXHIBIT (Cont'd)

DESCRIPTION	QUANTITIES	ESTIMATED COMP. DATE	PLS. COMPLETION	DATE/PLS. E.T.A.
V. Entry Room				
1. Complete electrical work -	8 E/29	11/30/83	B50	
VI. Entry to Bath				
A. Install trim -	16 C/13	11/23/83	B50	
B. Install light fixtures and electrical trim -	2 E/101	11/30/83	B50	
C. Paint walls and ceiling -	15 PA/30	12/1/83	B50	
VII. Entry Bath				
A. Install trim on windows and doors -	16 C/30	11/24/83	B50	
B. Complete fixture install- ation -	6 E/130	11/30/83	B50	
C. Install light fixture and electrical trim -	4 E/70	11/30/83	B50	
D. Paint walls and ceiling -	16 PA/30	11/28/83	B50	
E. Remove, repair and replace door -	1 C/10	11/23/83	B50	
VIII. Entry Room				
A. Remove wall -	4 PA/13	11/21/83	B50	
B. Install connector -	8 E/130	12/22/83	B50	Barlow Plumbing 4 B50 12/15/83
C. Install trim on doors, windows and electrical -	65 C/30	11/26/83	B50	
D. Install light fixture and electrical trim -	4 E/30	12/1/83	B50	
E. Install carpet -	8 C/130	12/1/83	B50	
F. Paint walls and ceiling -	16 PA/30	11/25/83	B50	

RECREATION

ITEM	QUANTITY	ESTIMATED COST, DATE	RESPONSIBILITY	POTENTIAL E.T.A.
1. Entry				
A. Install varnished -	64 C/HR	11/28/83	HSO	
B. Paint walls -	8 PA/HR	11/19/83	HSO	
C. Paint walls and ceiling -	48 PA/HR	11/21/83	HSO	
D. Install connector -	8 PL/HR	12/22/83	Harbor Plumbing & E&O	12/15/83
E. Install light fixtures and trim out electrical -	8 E/HR	11/22/83	HSO	
F. Repair floor and install carpet -	6 C/HR	12/1/83	Coogan	
G. Install handrail on stairs -	32 C/HR	11/25/83	HSO	
H. Install new r/h door -	24 C/HR			
I. Install door on closet under stairs -	32 C/HR	11/25/83	HSO	

2. Entry

A. Install window and doors in partition to wall to lattice -	24 C/HR	11/24/83	HSO	

3. Entry Room

A. Complete floor coping -	6 PA/HR	11/25/83	HSO	
B. Paint walls and ceiling -	16 PA/HR	11/28/83	HSO	
C. Install door, lock and hardware -	6 C/HR	11/28/83	HSO	
D. Complete electrical -	8 E/HR	12/1/83	HSO	
E. Complete clean up -	4 E/HR	11/19/83	HSO	

4. Recreation Room

A. Install wall paper -	64 PA/HR	11/24/83	Warner	
B. Install crown molding and picture rail -	32 C/HR	11/25/83	HSO	
C. Install locks and trim doors -	16 C/HR	11/23/83	HSO	

(P. 100) 15.11.1944

9. 11. 11. 11. 11.

Summary

THEY ARE
OUR OWN

LETTERS

ANTHONY, J. A.

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Bill Sheffield, Governor
Office of the Governor

DATE: December 2, 1983

FILE NO: 4032

TELEPHONE NO: 364-4360

FROM: Jonathan W. Scribner
Deputy Commissioner
Southeast Region

SUBJECT: Governor's Mansion
Renovation - Final
Summary of Remaining
Work

The attached summary of remaining work represents the final summary to be published daily.

At this time, all mansion renovation work is substantially completed, with the remaining activities impeded by material deliveries.

The work identified as remaining will be completed on an ongoing basis by Southeast Region Maintenance & Operations as material deliveries permit.

If you have any questions regarding this matter please advise.

JWS:RDD:la

cc: Wally DeRoff, Chief, Buildings, S.E. Region Design & Construction, DOT&PF
D. D. Dieckmeyer, Director, S.E. Region Design & Construction, DOT&PF
Glen Glenzer, Acting Commissioner, DOT&PF
Dave Waldron, Director, Maintenance & Operations, DOT&PF

RECEIVED
SOUTHEAST REGION DESIGN & CONSTR.
DEC 03 1983
DIRECTOR'S OFFICE

GOVERNOR'S MANSION RENOVATION
ITEMS TO BE COMPLETED

December 2, 1983

	<u>MAN HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>LABOR RESPONSIBILITY</u>	<u>MATERIAL RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
Office					
Wall tissue holder -	4 C/WH	12/10/83	H&O	Renovators Supply	12/15/83
Bedroom					
Wall tissue holder -	4 C/WH	12/10/83	H&O	Renovators Supply	12/15/83
Bathroom					
Wall tissue holder -	2 C/WH	12/10/83	H&O	Renovators Supply	12/15/83
Lower Stairwell & Closet					
Wall electrical					
Panel cover -	1/2 E/WH	12/3/83	H&O	Cochran Electric	12/2/83
Living Room					
Wall convactor -	12 M/WH	12/22/83	H&O	Harbor Plumbing	12/15/83
Wall wall grill -	1 C/WH	11/22/83	H&O		
Face chrome hinges on					
closet doors -	1 C/WH	11/19/83	H&O		
Library					
Face chrome door hinges -	1 1/2 C/WH	11/26/83	H&O		
Fire floor grill -	1/2 C/WH		H&O		
1st floor electrical connectors -	2 E/WH	12/8/83	H&O	Cochran Electric	12/5/83
2nd Office					

	<u>MAN HOURS</u>	<u>ESTIMATED COMP. DATE</u>	<u>LABOR RESPONSIBILITY</u>	<u>MATERIAL RESPONSIBILITY</u>	<u>MATERIAL E.T.A.</u>
Don Unit Area - room and clean up - foot paint -	16 PA/WH	11/29/83	H&O		
Don Bath					
Bath					
Call convector -	8 PL/WH	12/22/83		Harbor Plumbing & H&O	12/15/83
Call light fixtures and - toilet trim -	3 E/WH	12/3/83		H&O	
Call carpet -	8 CL/WH	12/3/83	Coogan	Coogan	
Call wallpaper	4PA/WH	12/6/83	Warner		
Call convector -	8 PL/WH	12/22/83	H&O	Harbor Plumbing	12/15/83
Call floor and install - carpet -	6 CL/WH	12/1/83	H&O		
Call shelving and floor -	5 PA/WH	11/28/83	H&O		
Call door, lock and hard- - ware -	6 C/WH	11/28/83	H&O		
Don Room					

Water
- toilet
- water
- shower
- pet layer
-
- to Setter
- metal Ben

MEMORANDUM

Document #8

State of Alaska
Department of Transportation & Public Facilities

TO: Jonathan W. Scribner
Deputy Commissioner
Southeastern Region

DATE: December 7, 1983

FILE NO: M3-030

TELEPHONE NO: 789-3483

FROM: David L. Waldron, Director
Maintenance and Operations
Southeastern Region

SUBJECT: Juneau-Governor's Mansion
Renovation

For the period November 1 through December 5, 1983, M&O personal services costs for the Governor's Mansion renovation project total \$27,683.22. This figure includes time spent on completing specific items on the various Building D&C punchlists given us.

Other personal services charged to the Governor's Mansion during the period October 24 through December 5, 1983 total \$22,193.11. This encompasses work considered as normal maintenance (window washing, moving furniture, cleanup, and other work not directly connected with completion of the construction project).

We do not yet have a final cost for materials purchased by M&O for the Mansion since October 24, but the total should not exceed \$3,500.00.

DLW:cmt

Governor's Mansion "CONSTRUCTION"

CONSTRUCTION

PAY PERIOD ENDING:			HOURS WORKED						TOTAL HOURS	RATE	TOTAL COST
			10-31	11-08	11-15	11-23	11-30	12-08			
T. WILLIAMS	519-50-2028	ST				45.0	25.5	11.5	82.0	17.66	1,448.12
ELECTRICIAN WG II		OT				14.5	6.5		21.0	25.74	540.54
52A		DT									
P. VANDOR	349-24-3900	ST			30.0	45.0	30.0	22.5	127.5	25.42	3,241.05
CARPENTER - WG IV (II) LEAD		OT				21.5	18.0	2.5	42.0	38.13	1,601.46
52B		DT					8.0		8.0	50.85	406.80
S. REA	543-64-1902	ST			22.5	45.0	30.0	15.0	112.5	15.68	1,764.00
PAINTER WG II		OT			2.0	21.5	22.0	4.0	49.5	22.77	1,127.12
54A (C)		DT					11.0		11.0	29.86	328.46
H. ZOBRIST	346-16-8250	ST			22.5	45.0	30.0	15.0	112.5	15.68	1,764.00
PAINTER WG IV		OT				22.0	18.0	2.0	42.0	22.77	956.34
54A (C)		DT				4.0	9.0		13.0	29.86	388.18
D. ETHERIDGE	574-22-4102	ST				30.0	22.0		52.0	22.69	1,179.88
MAINT. WORKER II WG IV		OT				8.0	1.5		9.5	34.04	323.38
54C		DT									
T. BUCHANAN	541-54-0584	ST				33.5	30.0	7.5	71.0	15.68	1,113.28
CARPENTER WG IV		OT				5.0	21.5	2.5	29.0	22.77	660.33
54A (C)		DT					8.0		8.0	29.86	238.88
T. PATTEN	471-62-1380	ST				45.0	7.5		52.5	15.68	823.20
CARPENTER WG IV		OT				20.5	10.5		31.0	22.77	705.87
54A (C)		DT					8.0		8.0	29.86	238.88
D. BAHRT	574-18-9675	ST				45.0	7.5		52.5	15.68	823.20
CARPENTER WG IV		OT				20.5	10.5		31.0	22.77	705.87
54A (C)		DT					8.0		8.0	29.86	238.88

Governor's Mansion "CONSTRUCTION"

CONSTRUCTION

PAY PERIOD ENDING:			HOURS WORKED						TOTAL HOURS	RATE	TOTAL COST
			10-31	11-08	11-15	11-23	11-30	12-08			
G. SHAW	432-02-7140	ST				20.5	30.0	47.0	73.0	22.43	1,637.39
PAINTER WG IV		OT				7.5	22.5	6.0	36.0	33.64	1,211.04
54B		DT					12.0	19.5	12.0	44.85	538.20
G. FLECK	574-18-2593	ST			5.5				5.5	21.16	116.38
MAINT. WORKER I WG V		OT			.5				.5	31.94	15.97
55B		DT									
M. MIELKE	574-60-4244	ST					30.0	14.0	44.0	14.98	659.12
LABORER WG VIII		OT					6.5	2.5	9.0	22.47	202.23
58A		DT									
E. CARROLL	558-11-3912	ST				45.0	30.0	22.5	97.5	14.98	1,460.55
LABORER WG VIII		OT				6.5	10.5	2.5	19.5	22.47	438.17
58A		DT									
R. BEAR	522-50-4938	ST		22.5			30.0		52.5	14.98	786.45
LABORER WG VIII		OT									
58A		DT									
TOTAL \$27,683.22											

\$ 24,665.65

\$ 3,017.57

"MAINTENANCE"

[illegible]

Governor's Mansion

"MAINTENANCE"

PAY PERIOD ENDING:			HOURS WORKED						TOTAL HOURS	RATE	TOTAL COST
			10-31	11-08	11-15	11-23	11-30	12-08			
J. WILLIAMS	574-20-7748	ST	20.0	31.5			7.5		59.0	21.42	1,263.78
BLDG. MAINT. FOREMAN WG I		OT									
55C		DT									
N. BUSBY	574-26-6146	ST				10.5	30.0	22.5	63.0	21.29	1,341.27
BLDG. MAINT. FOREMAN WG I		OT				1.0	18.5	4.0	23.5	31.94	750.59
55B		DT									
J. LEITCH	264-31-2845	ST	12.5	22.5			26.0		61.0	19.91	1,214.51
GRUNDSMAN SUPER. WG VI		OT									
56B		DT									
M. LAUER	519-50-4731	ST					15.0	7.5	22.5	14.98	337.05
LABORER WG VIII		OT					3.5	2.5	6.0	22.47	134.82
58A		DT									
M. MIELKE	574-60-4244	ST		15.0	30.0	45.0			90.0	14.98	1,348.20
LABORER WG VIII		OT				15.0			15.0	22.47	337.05
58A		DT									
R. BEAR	522-50-4938	ST			30.0	45.0		22.5	97.5	14.98	1,460.55
LABORER WG VIII		OT				5.0	18.5	2.5	26.0	22.47	584.22
58A		DT					8.0		8.0	29.96	239.68
J. PEQUERO	063-50-4127	ST				22.5	7.5		30.0	14.98	449.40
LABORER WDG VIII		OT				5.0			5.0	22.47	112.35
58A		DT									
E. CARROLL	558-11-3912	ST		22.5	30.0				52.5	14.98	786.45
LABORER WG VIII		OT									
58A		DT									

TOTAL \$22,193.11

"MAINTENANCE"

[illegible]

PAY PERIOD ENDING:			HOURS WORKED						TOTAL HOURS	RATE	TOTAL COST
			10-31	11-08	11-15	11-23	11-30	12-08			
J. WILLIAMS	574-20-7748	ST	20.0	31.5			7.5		59.0	21.42	1,263.78
BLDG. MAINT. FOREMAN WG I		OT									
55C		DT									
N. BUSBY	574-26-6146	ST				10.5	30.0	22.5	63.0	21.29	1,341.27
BLDG. MAINT. FOREMAN WG I		OT				1.0	18.5	4.0	23.5	31.94	750.59
55B		DT									
J. LEITCH	264-31-2845	ST	12.5	22.5			26.0		61.0	19.91	1,214.51
GRUNDSMAN SUPER. WG VI		OT									
56B		DT									
M. LAUER	519-50-4731	ST					15.0	7.5	22.5	14.98	337.05
LABORER WG VIII		OT					3.5	2.5	6.0	22.47	134.82
58A		DT									
N. MIELKE	574-60-4244	ST		15.0	30.0	45.0			90.0	14.98	1,348.20
LABORER WG VIII		OT				15.0			15.0	22.47	337.05
58A		DT									
R. BEAR	522-50-4938	ST			30.0	45.0		22.5	97.5	14.98	1,460.55
LABORER WG VIII		OT				5.0	18.5	2.5	26.0	22.47	584.22
58A		DT					8.0		8.0	29.96	239.68
J. PEQUERO	063-50-4127	ST				22.5	7.5		30.0	14.98	449.40
LABORER WDG VIII		OT				5.0			5.0	22.47	112.35
58A		DT									
E. CARROLL	558-11-3912	ST		22.5	30.0				52.5	14.98	786.45
LABORER WG VIII		OT									
58A		DT									

TOTAL \$22,193.11

AUDIT DIVISION
POUCH 'W'
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

January 26, 1984

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Department of Transportation and Public Facilities, and the Office of the Governor responses to our preliminary report on the Governor's Mansion Renovation Project. Our comments on the submitted responses are listed below:

Department of Transportation and Public FacilitiesFindings and Auditor's Comments

- B.2. We reiterate our statement in the report "In our opinion, the original contract amount exceeded \$25,000, and therefore should have been advertised in accordance with AS 36.98". In addition, the amount paid on this contract and its amendment totaled \$34,814.
- E. Costs related to the Governor's Mansion Renovation should all be charged to the project and recorded in the accounting records accordingly. If sufficient funds are not available, it is not appropriate to record these costs in overhead or operating accounts. Rather, to cover these overexpenditures, the Department should request additional funds through either a revised program or a supplemental appropriation.

In addition, the Maintenance and Operations costs incurred at the end of the job were due to the mansion renovation and not general maintenance. As such, these appropriately should be charged to the project.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

Representative Bettisworth

-6-

January 25, 1984

You are correct to note the lack of established procedures for prequalification of contractors. The department has never before been involved in major renovation of historic buildings, so it was never anticipated that such procedures would ever be needed. Given this fact we developed a process to ensure a top quality professional and long lasting renovation. Rather than starting from scratch, however, we used our existing professional services procedures, to the extent applicable, to ensure a workable and fair process. We can now see ways to improve the process for future jobs of this nature. But, regardless of short comings which may appear in hindsight, no contractors were prevented or restricted from participating and we were never in a position of being committed to award the work to an unqualified contractor. Our experience on this project will be most helpful in developing a procedure for these types of historic/renovation projects in the future. We have requested our Standards & Technical Services Division to develop such procedures.

C. We feel the audit comments on the scope changes accurately describe the situation as we understand it.

D. See B.2. for response to these items.

E. No funds were transferred between appropriations on this project. Hence, it is factually incorrect to cite AS 37.07.080(e) when referring to which appropriation expenditures were charged.

We consider our FY 84 Operating Budget to be a proper appropriation to charge certain Design & Construction personnel costs working on the Governor's Mansion particularly when so much of this time was consumed in responding to the extraordinary number of inquiries and investigations on this project. However, to respond to your concern we have directed that these personnel costs in question be charged to the Governor's Mansion project to the extent funding allows.

We strongly disagree with the suggestion to transfer Maintenance & Operations costs to the project. These costs were incurred at the very end of the job. As you know our Maintenance & Operations staff has had a continuing responsibility for up keep on the Governor's Mansion for as long as anyone can recall. The Maintenance & Operations work was closely in line with this responsibility.

F. No comment. Not applicable to DOT&PF involvement.

G. No comment.

H. No comment. Not applicable to DOT&PF involvement.

Taken from the response of Jan Scribner, Deputy Commissioner, DOT/PF to the auditor's findings.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

STANDARDS AND STATEWIDE PROGRAMS

March 21, 1984

The Honorable Mitch Abood
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Abood:

You requested the meaning of the Financial Management System activity code 579, which is not explained in the Financial Management Operations Manual (FMOM).

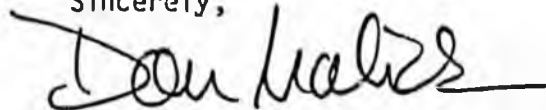
This code description was added since the last update of the manual. It is defined as:

LANDSCAPING

All costs associated with grounds maintenance at State buildings and facilities on lawns, plantings, trees and shrubs.

Doug Golbach, Assistant Director, Department of Transportation and Public Facilities Division of Financial Management (465-3911) or Dick Hamilton, Maintenance Manager, Southeast Maintenance and Operations (789-6221) may be contacted if you desire further information.

Sincerely,



Daniel A. Malick
Acting Deputy Commissioner
Statewide Programs

DG/clis

cc: Doug Golbach, Assistant Director, Administrative Policy & Fiscal Management
Dick Hamilton, Maintenance Manager, Southeast Maintenance and Operations

<u>ACT</u>	<u>APP</u>	<u>DESCRIPTION</u>	<u>PROJECTS</u>
577	5,6,8,11,14	<u>Custodial - Station Work</u> Routine work performed in assigned area.	J,M,R,T,X
578	5,6	<u>Snow Removal at Buildings and Facilities</u> All costs for removal of snow at buildings, garages, yards & grounds.	OHD 1,3-4 M,R,T
579	6,5		OHD 1,3-4 M,R,T
583	8	<u>Preventative Maintenance - Carpentry and General</u> All carpentry or general maintenance of a preventative nature in or around airport buildings.	OHD 1,3-4 J,M,R,T
584	8	<u>Maintenance Training</u>	OHD 1-4 J,M,R,T
586	2	<u>Instrument Servicing and Repair</u> All costs including labor and parts involved in servicing or repairing optical instruments. This includes the cost of pickup and delivery.	1-4 L,M,R
594	5,6	<u>Security</u> All costs for providing physical security at State facilities, including guard and patrol services.	OHD 1-4 M,R,T,X
601	2,5,6,14	<u>Manufacturing, Stockpiling, Etc.</u> Manufacturing or stockpiling of an item such as aggregate.	OHD 1-5 M,P,R
609	10,11		1-5 M,N,R
620	5,6,7,8	<u>Special Services/Legislative Intent</u> Special services not chargeable to routes/airports as a result of Legislative intent. (Example: Atka to Adak Air Service.)	OHD 1-5 M,N,R
621	8		1-4 M,N,P,R
629	2	<u>Outside Agency Testing</u> All materials testing performed for outside agencies. Code is used on lab test accounting reports with "R" numbers.	OHD 1,3, M,N,P,R
630	2	<u>Cement</u> Used by materials lab personnel when performing test series 600. Supplies required for tests should be coded to this activity.	OHD 1,3,6 M,N,P,R

MEMORANDUM

State of Alaska

TO: Jim Slocum, Budget Analyst
Div. Admin Policy & Fiscal Mgmt
Standards & Statewide Programs
DOT/PF

DATE: November 8, 1983

FILE NO: 130000

THRU: Diane Corcoran, Acct'g Supervisor TELEPHONE NO: 465-3911 X32

FROM: Joe Reeves, Acct'g Technician
Div. Admin Policy & Fiscal Mgmt
DOT/PF

SUBJECT: TITLES FILE UPDATES

Upon reviewing the FMS report TBR8600 "TITLES FILE", I have discovered that there are fourteen(14) activities that need updating in the file. These activities are being used everyday by users and accumulate costs that are important in the cost review reports used by management analysts throughout the department. Failure to have these activities on file means that the reports created will not have true costs factors on them and will not give analysts a real picture of their responsible areas inception to-date costs. Please instruct your staff to add the activities as follows;

<u>TYPE</u>	<u>ACTIVITY</u>	<u>DESCRIPTION</u>
ADD	ACTIV002	HAND PATCHING
ADD	ACTIV058	ICE CONTROL
ADD	ACTIV110	CIP MARINE TRANS
CHANGE	ACTIV210	PLANNING CONSULTANTS
ADD	ACTIV297	CIP PROPERTY DESIGN
ADD	ACTIV299	TRANSFER PE
ADD	ACTIV399	TRANSFER R/W
ADD	ACTIV499	TRANSFER CONSTRUCTION
ADD	ACTIV558	COSTS NOT WET RENT
ADD	ACTIV650	DATA CONTROL
CHANGE	ACTIV670	PBA BATCHING
ADD	ACTIV871	ADMINISTRATION M&O
ADD	ACTIV899	FUND TRANSFER
ADD	ACTIV995	SYSTEMS CONTROL

If there are questions or problems with the above requests, please contact me. I have some reports which will be utilizing some of the activities above to be produced, but they must be on the Titles File.

FMS PROJECT TITLES FILE AND OTHER PROJECT DATA

TITLE KEY

TITLE

TITLE KEY	TITLE	UNITS
ACTIV570	M & O -BUILDINGS	HOURS
ACTIV571	LAMP CHANGE	HOURS
CTIV572	CUSTODIAL	
ACTIV573	ELECTRICITY	NO JOBS
ACTIV574	OTHER UTILITIES	NO JOBS
ACTIV575	SPECIAL IMPROVEMENTS	NO JOBS
ACTIV576	MOBILIZATION	NO JOBS
ACTIV577	CLEAN UP AND SERVICE	HOURS
ACTIV578	GRADING & SNOW REMVL	HOURS
ACTIV579	VEGETATION	HOURS
ACTIV580	ELECTRICAL	HOURS
ACTIV581	PLUMBING	HOURS
ACTIV582	WELDING & SHEET METAL	HOURS
ACTIV583	CARPENTRY-GENERAL	HOURS
ACTIV584	SHIFT ORIENTATION	
ACTIV585	LAMP CHANGE	HOURS
ACTIV586	INSTRUMENT REPAIR	N/A
ACTIV587	INSTRUMENT SERVICING	N/A
ACTIV594	SECURITY	N/A
ACTIV600	GENERAL OPERATION	N/A
ACTIV601	MANUFACTURING STOCKP	NO UNITS
ACTIV602	STOCKPILE SALT/SAND	
ACTIV604	PLEM PROJ SCHEDULING	NO PROJ
ACTIV605	RESEARCH & DEVELOP	NO SYSTEMS
ACTIV606	LCC ANALYSIS	NO REQUEST
ACTIV607	DATA BASE	HOURS
ACTIV608	FRST COST ESTIMATING	NO PROJ
ACTIV609	CONVERSION	NO PROJ
ACTIV61C	SPECIAL CONSULTANTS	
ACTIV61D	DISPUTES & CLAIMS	
ACTIV61J	OFFICE EXPENSE	
ACTIV61P	PAYROLL	
ACTIV61T	TRAVEL	
ACTIV61X	OTHER	
ACTIV615	PHOTO LAB PRINTING	EACH
ACTIV618	BINDING	ORDER
ACTIV619	SET UP	ORDER
ACTIV621	PURCHASING	HOURS
ACTIV622	DELIVERY & PICKUP	
ACTIV625	INVENTORY COUNTING	
ACTIV626	OFFICE SERVICES	
ACTIV627	FORMS CONTROL	
ACTIV628	TELETYPE & SWITCHBO	
ACTIV629	OUTSIDE TESTING	N/A
ACTIV630	TESTING CEMENT	SAMPLE
ACTIV631	CONCRETE & MATERIALS	SAMPLE
ACTIV632	ASPHALT & MATERIALS	SAMPLE
ACTIV633	STRUCTURAL STEEL	SAMPLE
ACTIV634	TESTING AGGREGATE	SAMPLE
ACTIV635	TESTING SOILS	SAMPLE
ACTIV636	TESTING PAINTS	SAMPLE
ACTIV637	TESTING NEW PRODUCTS	SAMPLE
ACTIV638	CHEMICAL ANALYSIS	SAMPLE

DOCUMENT NO. 14

THE MANSION MONEY SHUFFLE

\$ 5.2 million
\$185,800 originally intended for Atkinson
Project No. 1129164 Collocation code: 20-00-6-610

The Mansion was one of 17 projects listed by DOT/IF for funding from the \$5.3 million. The budget documents show that \$185,000 was originally intended for the Mansion.

Purpose of Appropriation: Upgrade State facilities to meet energy, life safety, and handicapped access standards. Chapter 87/SLA 81, p.181, 1.22

As renovation costs began to escalate, monies were taken out of 4 projects and added to the \$185,886 so that by Sept. 1981, the Mansion account had ballooned to \$1,385,080. By Feb. 1982, DOT/FPI had overspent that \$1,385,880 by another \$678,570.49 for a total expenditure of \$2,064,570.49. In March 1982, an effort was made to correct the over-expenditure in this code by transferring expenditures to 3 other allocation codes. As of 3/19/82, only one of these transfers, in the amount of \$28,571.69, appears on the transaction register.

In an effort to avoid further confusion, we have shown the full \$2,889,570.68 as the expenditure in this code for the Mansion. We will also show on the chart how and where this money was transferred.

DEPT. OF ADMINISTRATION
transfer of funds to
DOIT/IF

Project No. A10011 1103,000 Cathcart code: 24-003-015

Transferred to DOW/PF from Administration from a \$7.9 million appropriation for: Building Renovation, Replacement & Repair. Chapter 35/51A 92, p.6, l.18

The following projects were cancelled by the Dept. of Administration as a result of transferring monies to COT/PP:

Deer Mountain Hatchery
Iowa and Septic System
Heldema Septic System
McGrath Septic System
Slana Interior

Project No. H10171
Collection Code JA-00-1-503
191.000

Purpose of Appropriation: Sewerage Region
erecting a Ventilation (Stack)
There was no specific allocation for the
Monition in this population.

In March 1980, 012,810.73 was transferred out of Cuba and sold 24 000 618 and charged to the project funds, reducing the amount left in this operational, and leaving a balance of 01,378.53 on 3/31/80.

Project No. 1179164 Collocation code: 24-86-3-607

Purpose of Appropriation: Remodeling and repairs of the Governor's Mansion. Entire amount was intended for Mansion, Chapter 107/StA 8), page 29, line 16

Project No. 1179100 171,000 Collocation code: 10-01-1-30

Purpose of Appropriation: Governor's Mansion
Fire Sprinklers. Chapter 120/SLA 80, p.92, 1.30

DOT/FF Facilities Payroll
Project No: 1179160
Call code: 25-81-3-779

All expenditures for personal services charged to 1129160

Overhead Account # 000000
Colla code: 22-02-1-779

DOT/IF set up an overhead account on 11/7/81 which transferred \$80,872.80 in personal services charges out of 1179184 and into M33770 so the costs would not be reflected in the renovation project number.

Account H71778
Cello code: 25-87-1-779

is an Operating Budget account restricted for use by CIP (capital improvement project) personnel for payroll-related charges. As of 1/31/87, \$17,000.21 in personal services were charged to this account instead of 0170104.

Maintenance & Operations (MCO)

Project No. 791010
Operating Budget Amount

As a result of the DOD/DA decision to pull the contractors off the Marihuat site, expenditures for M&O personnel, materials & equipment soared from a 10 month historical average of \$5,110 per month prior to removal of the contractors, to \$27,188 per month from the period 1/78 when the contractors left, to 3/78.

In computing a total expenditure for work which came as a result of the renovation and not routine maintenance, we have added 10% to the monthly historical average (\$3,375) for maintenance and used this as a guideline for figuring potential service charges relating to renovation work. All of the November costs were charged to renovation.

Expenditures to the 1910 account for the period 11/81 - 3/84:
Personal Services: \$10,210.00
Materials: \$1,996.02 (1981 = historical average; all of November)
Equipment: \$, 000.00
Total: \$12,206.02

Note: In March 1988, \$14,184.96 was transferred out of rolls sold to 88-6-18 and charged to the expenditures for materials for this project number. This amount is not reflected in the materials expenditures listed above.

Facility CIP (most)

Call to order: 800/331-0333

This is a clearing account. Deposited totaling \$11,001.16 that were charged to this account eventually went the project in an adjustment voucher (AV).

Executive Office
Office of the Governor
Governor's Mandate Operating Account
Call today, 81-91-1-119

Expenditures include a \$4,498.63 contract payment to Myrtle Heather, Strongarm Productions, for her last contract as Coordinator of the Restoration Advisory Committee; and charges related to Marshall renovation.

Office of the Governor
Contingency Fund
Call code: 01-901 010

Served contract for cost estimate study of renovations to Physics Building, Southwestern Federal Univ. Amount: \$12,000.00.

Tidal contract for supervision
 & coordination of slantest est-
 ablishment in Physical Sciences
 Amount: \$45,000.

Payment of \$185,000 for facilities;
for items; other expenses &
\$100 to Physical Sciences, Space
Program Administration.
Amount: \$185,000

Marathon Petroleum USA
(separable services agreement)
c/o c/o, 81-91-1-125

first, the Dept. of Administration transferred \$101,000 to DDT/F; then DDT/F transferred \$111,000 for furniture & decor items to the Office of the Com. (MILIT transferred another \$19,500) for communications equipment.

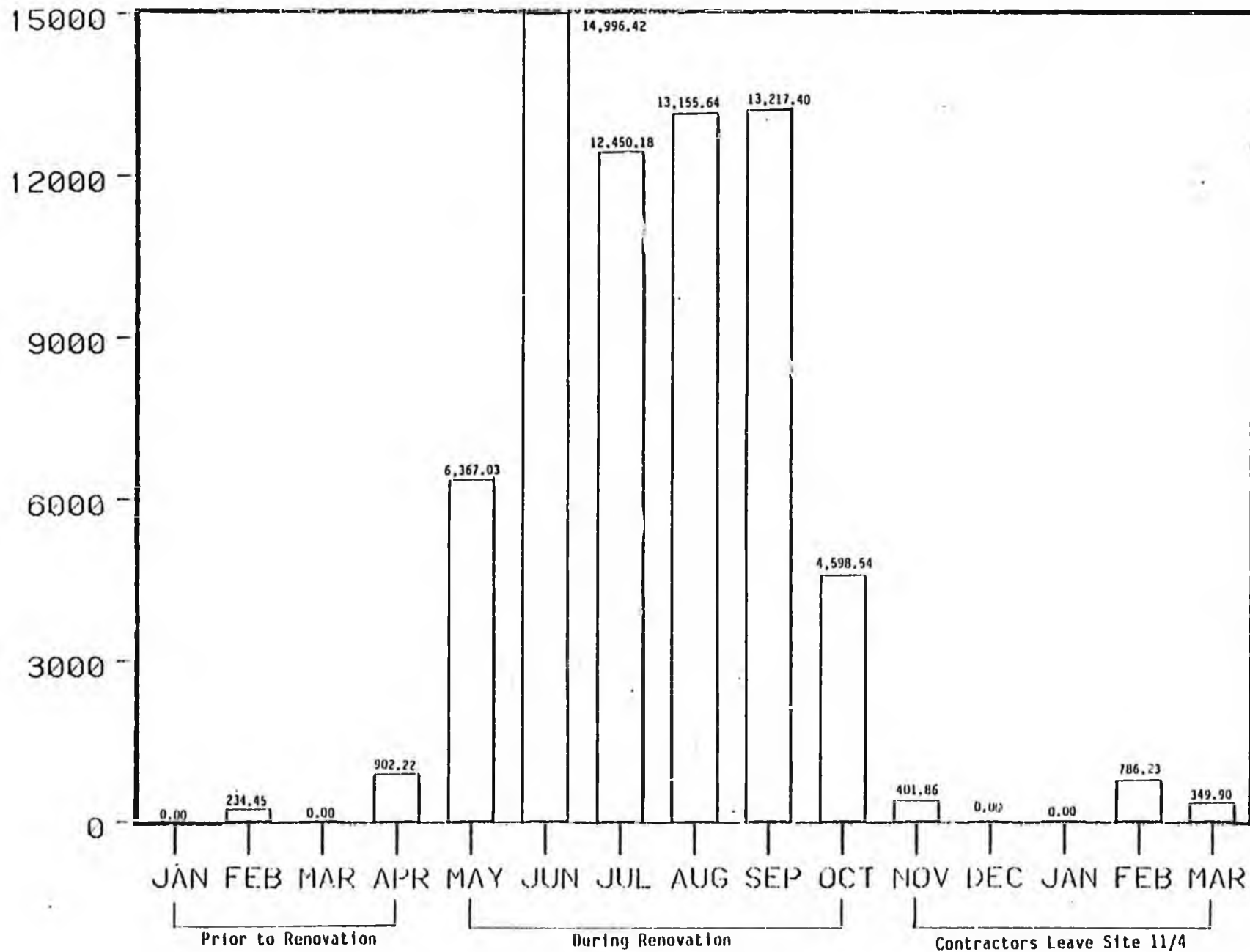
OFFICE OF THE GOVERNOR

known cost: \$2.7 million
unknown: +?

512.814.72

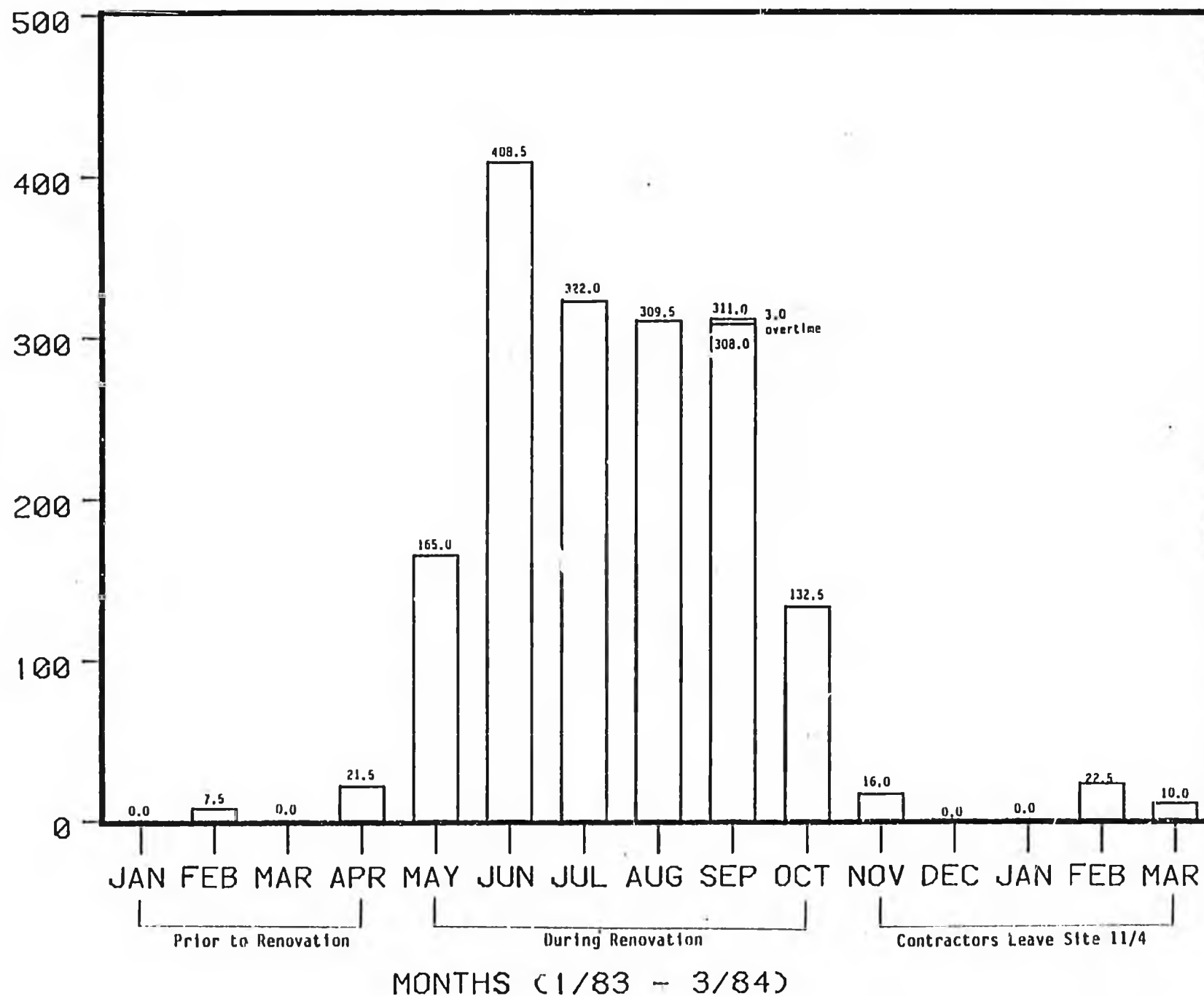
11812 PRINCE OF NU 10000 S CLEARING PAGE ONE

PROJECT NO. H79164
DOT/PF CIP PERSONNEL (PERSONAL SERVICES)

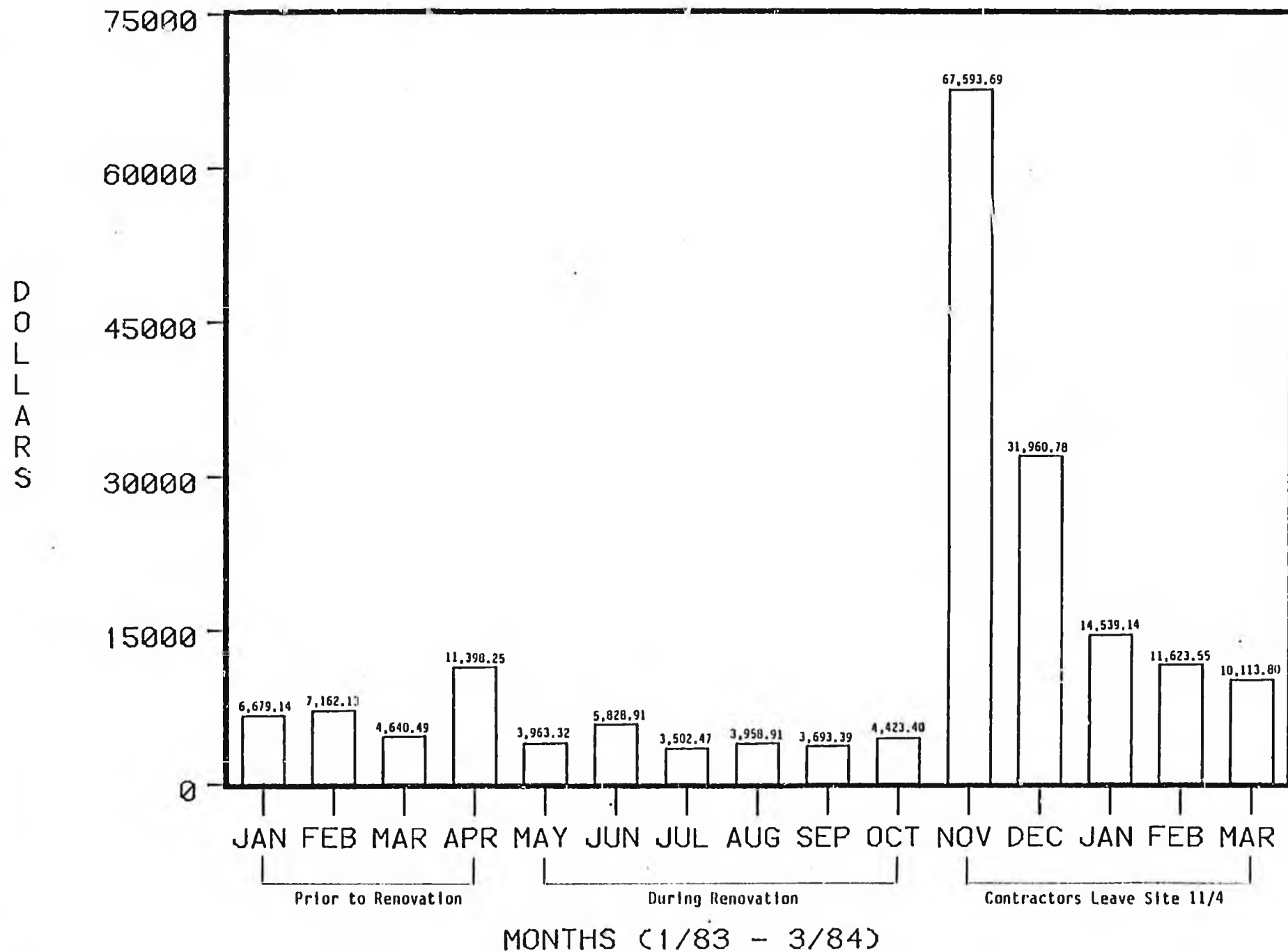
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MONTHS (1/83 - 3/84)

PROJECT NO. H79164
DOT/PF CIP PERSONNEL (PERSONAL SERVICES)

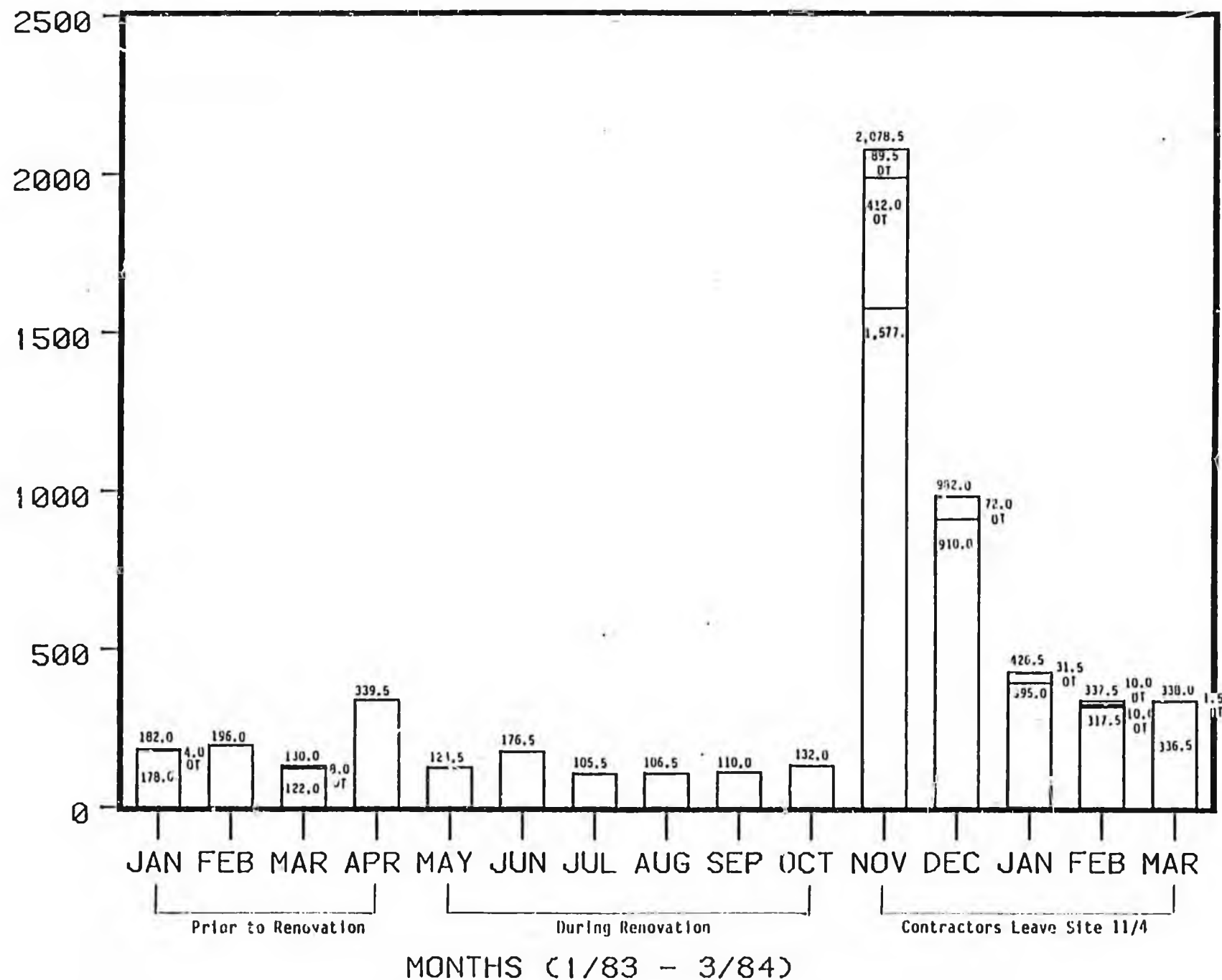


GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
PERSONAL SERVICES (STATE EMPLOYEES)

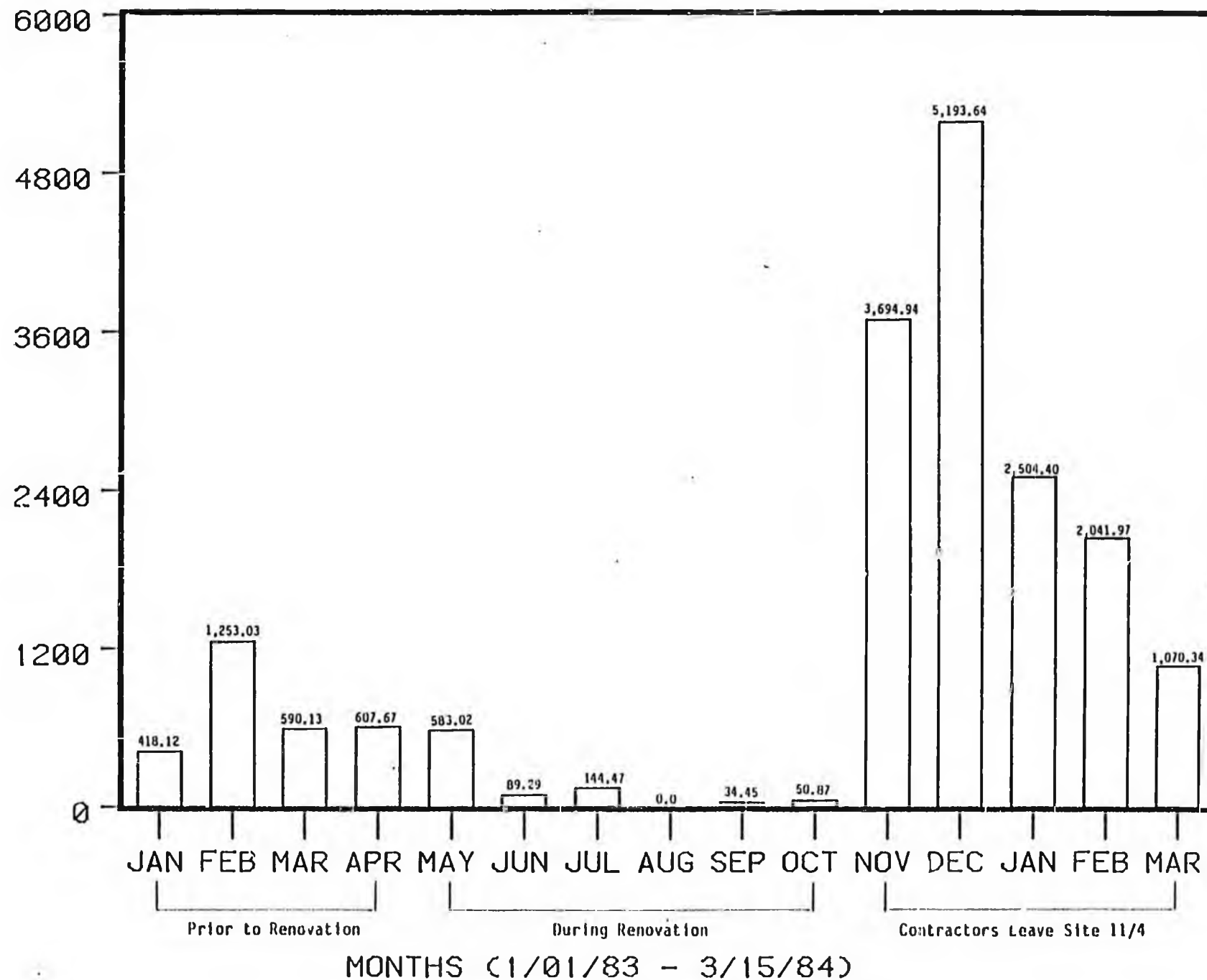


GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
PERSONAL SERVICES (STATE EMPLOYEES)

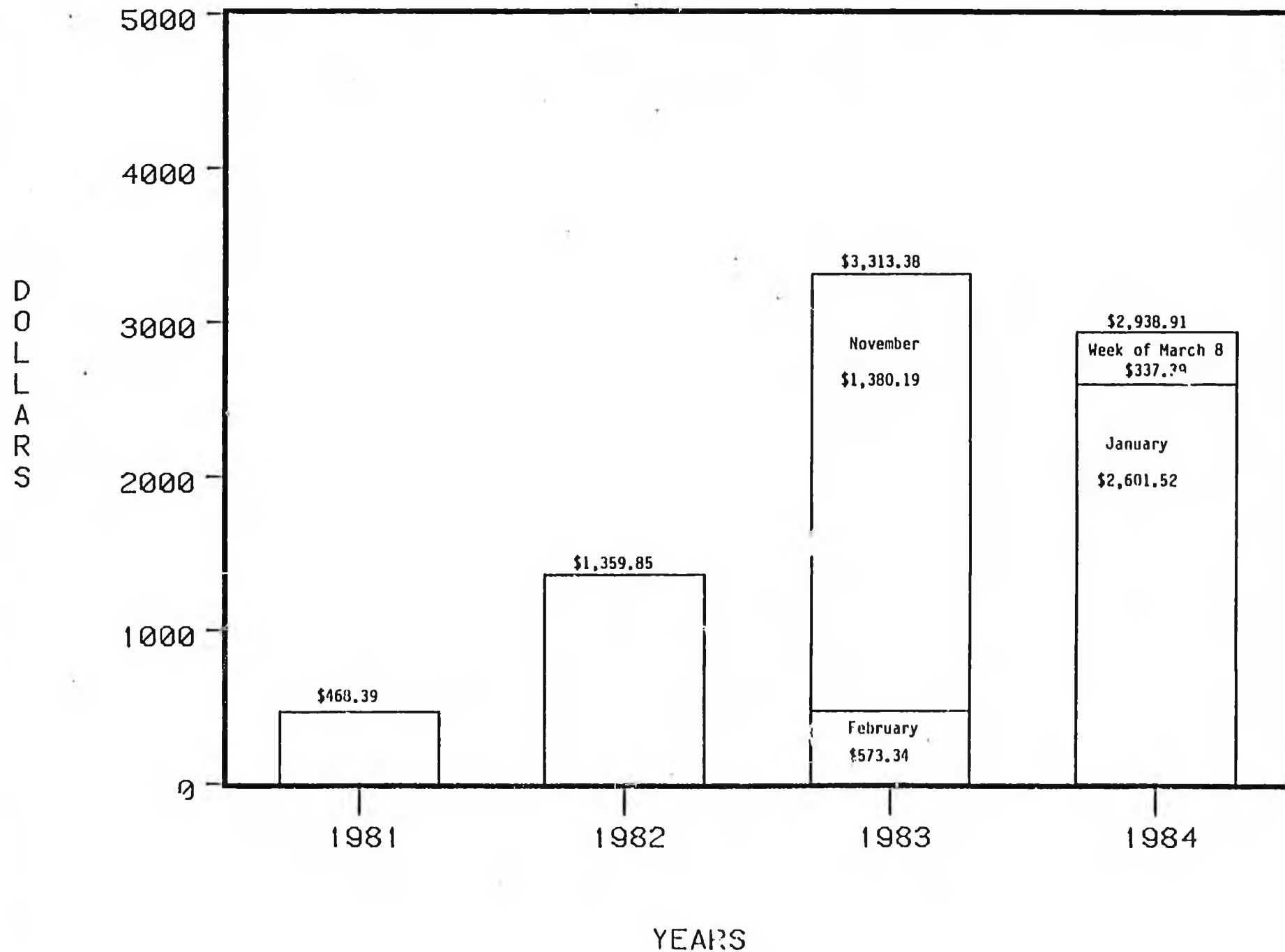
HOURS WORKED



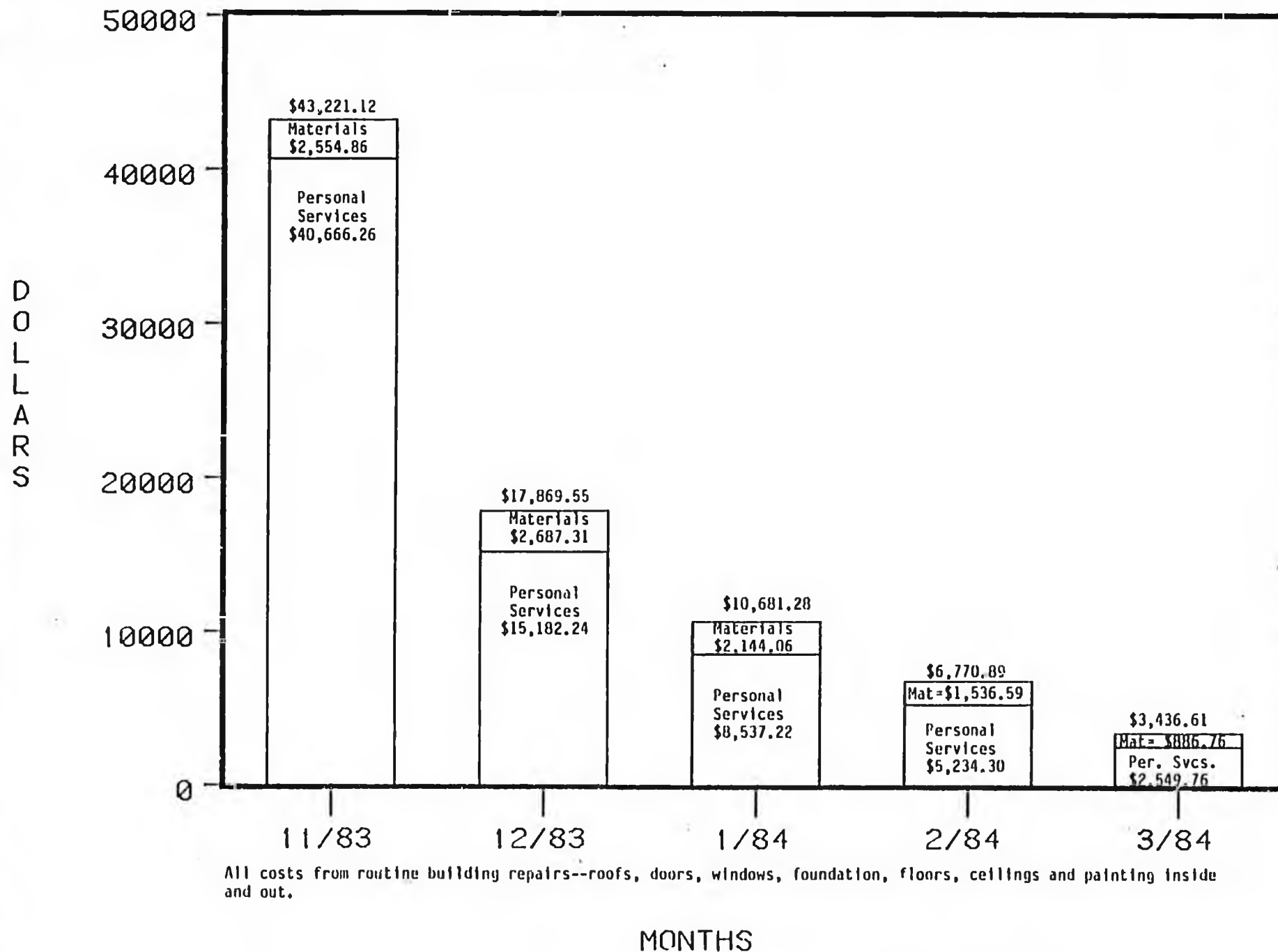
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
MATERIALS



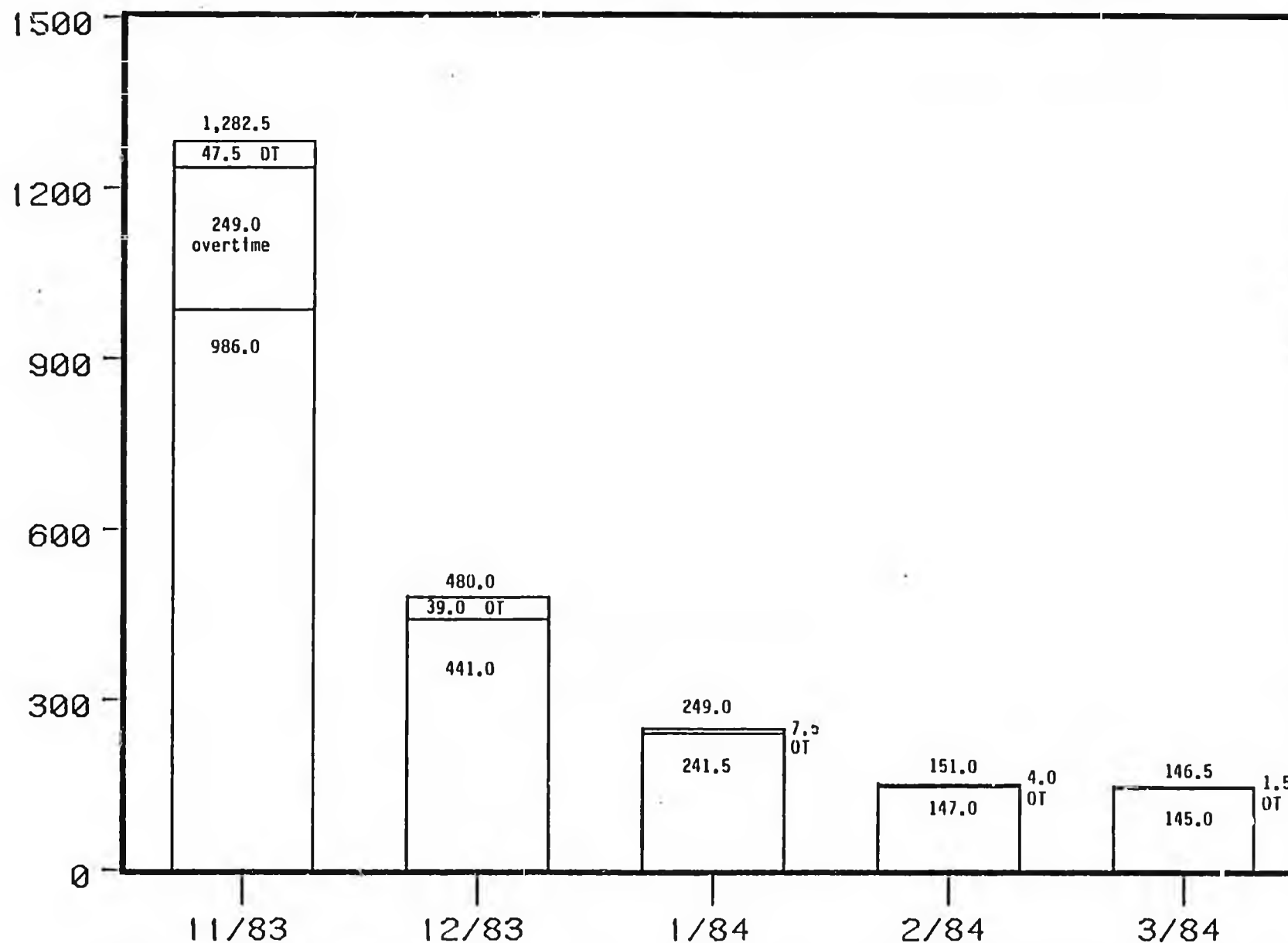
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
EQUIPMENT USE CHARGE



GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
 ACTIVITY CODE 561: GENERAL MAINTENANCE & REPAIR



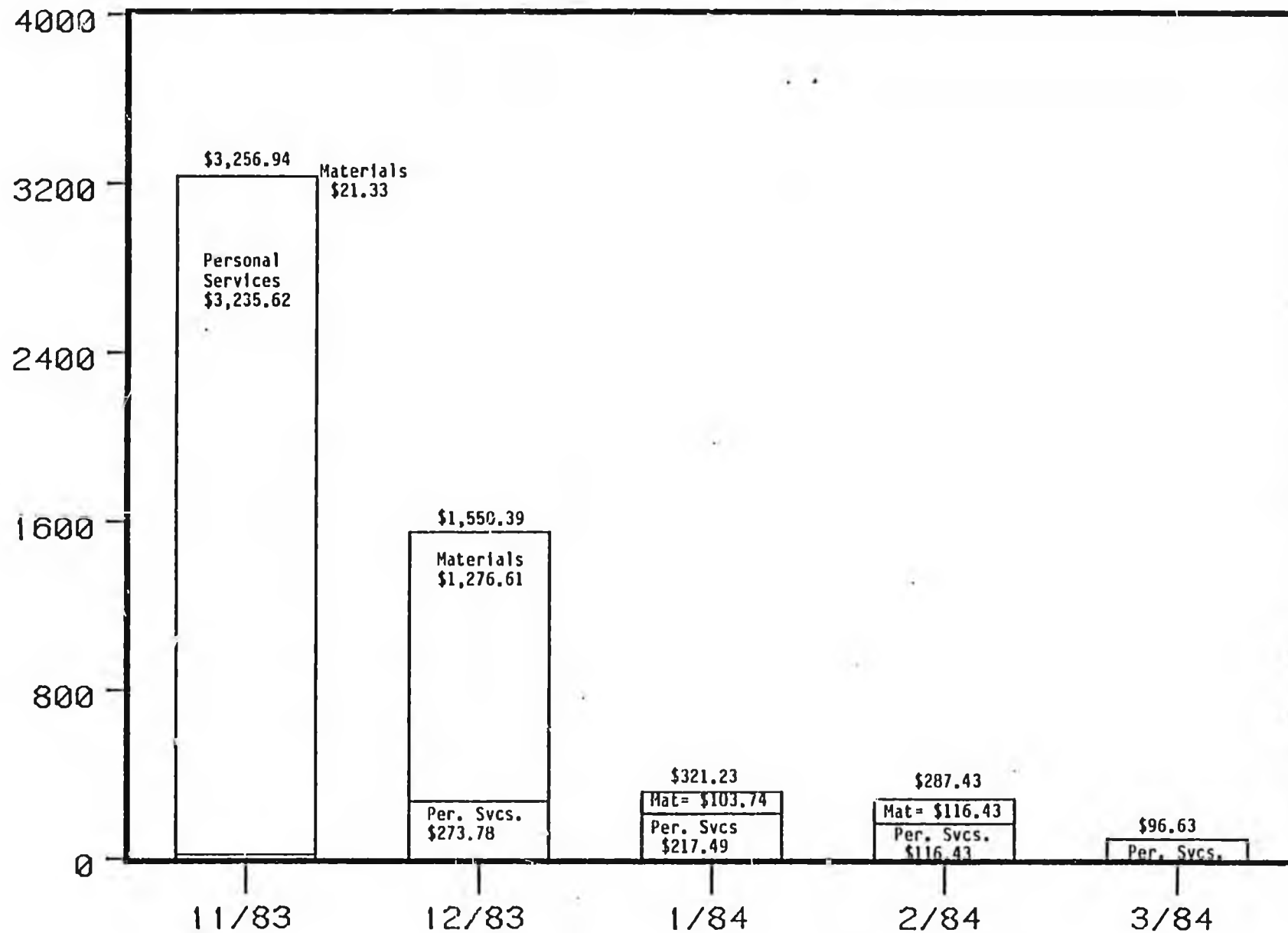
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 561: GENERAL MAINTENANCE & REPAIRS

HOURS
WORKED

All costs from routine building repairs--roofs, doors, windows, foundation, floors, ceilings and painting inside and out.

MONTHS

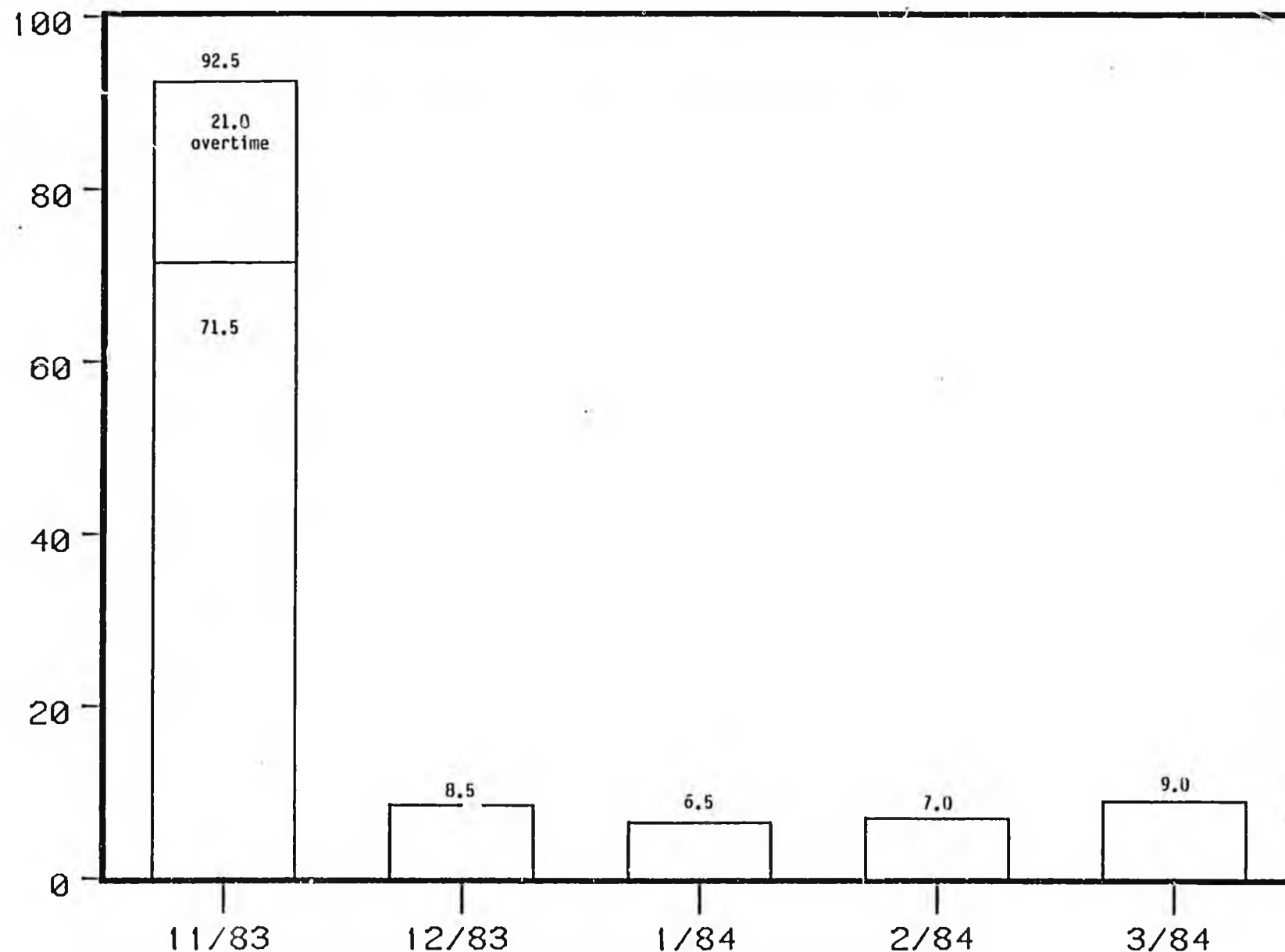
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 563: ELECTRICAL

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All costs from electrical repairs including wiring, compressors, fans, blowers, generators, etc.

MONTHS

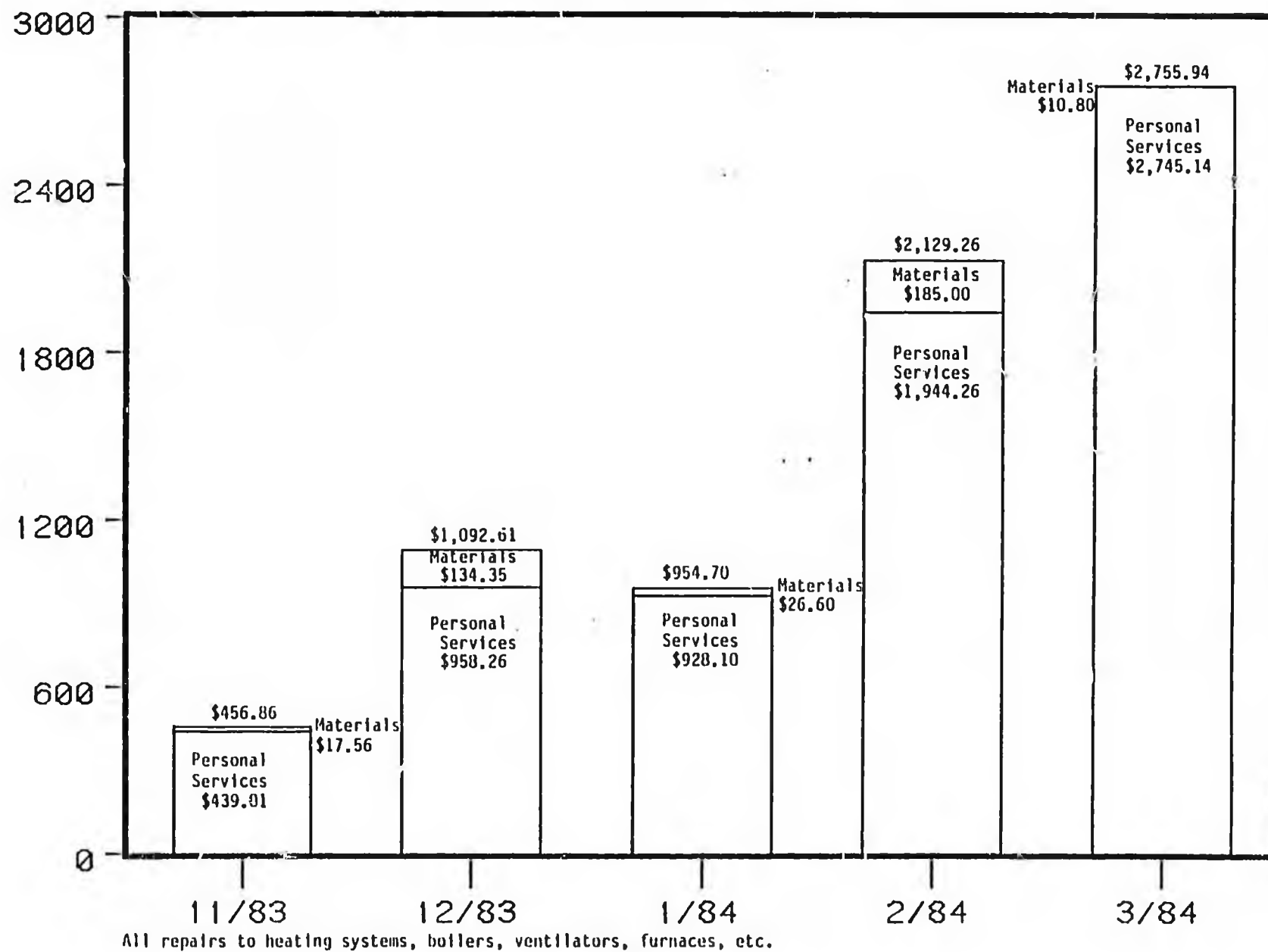
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 563: ELECTRICAL

HOURS
WORKED

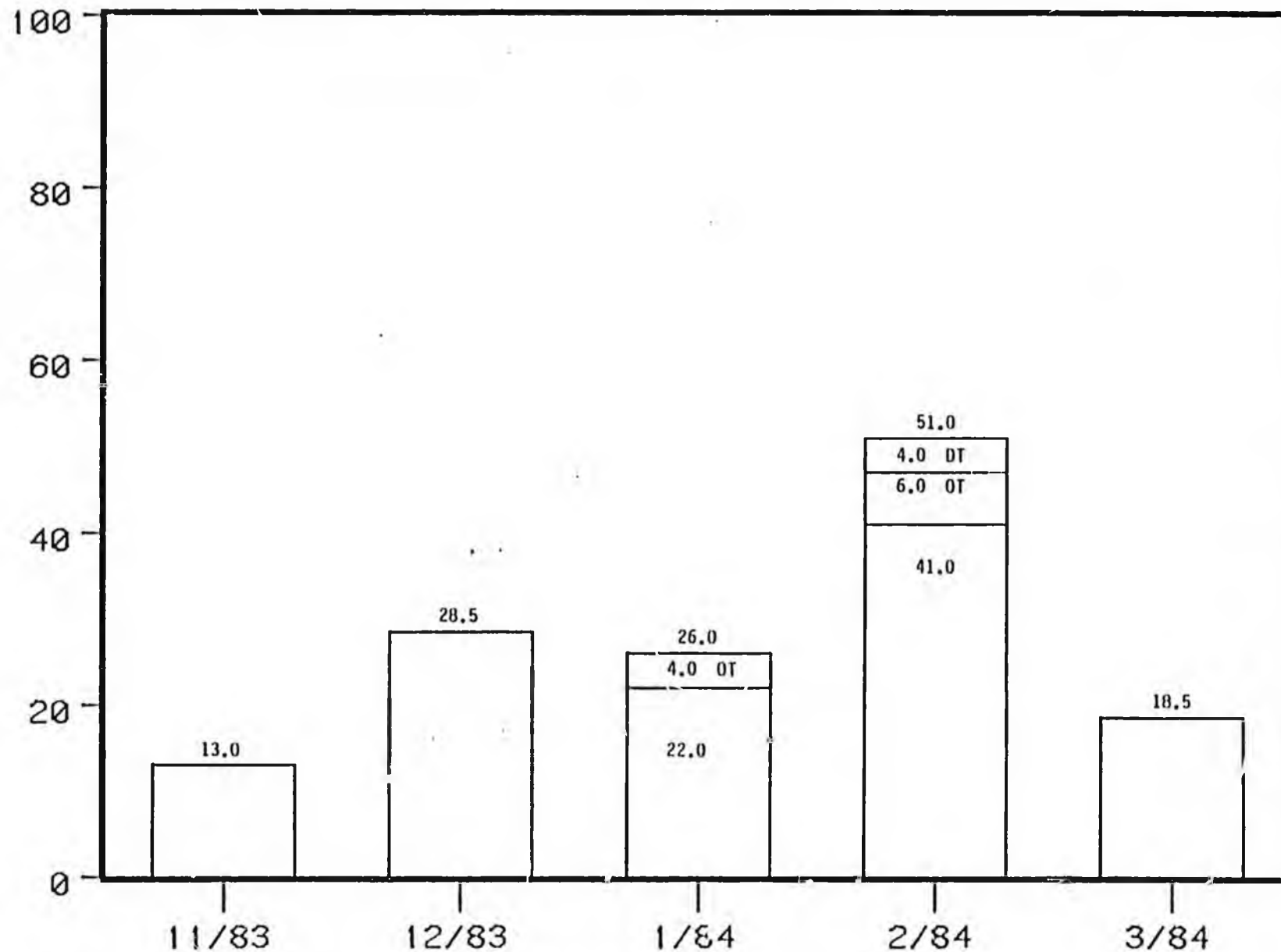
All electrical repairs including wiring, compressors, fans, blowers, generators, etc.

MONTHS

GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 564: HEATING & VENTILATION

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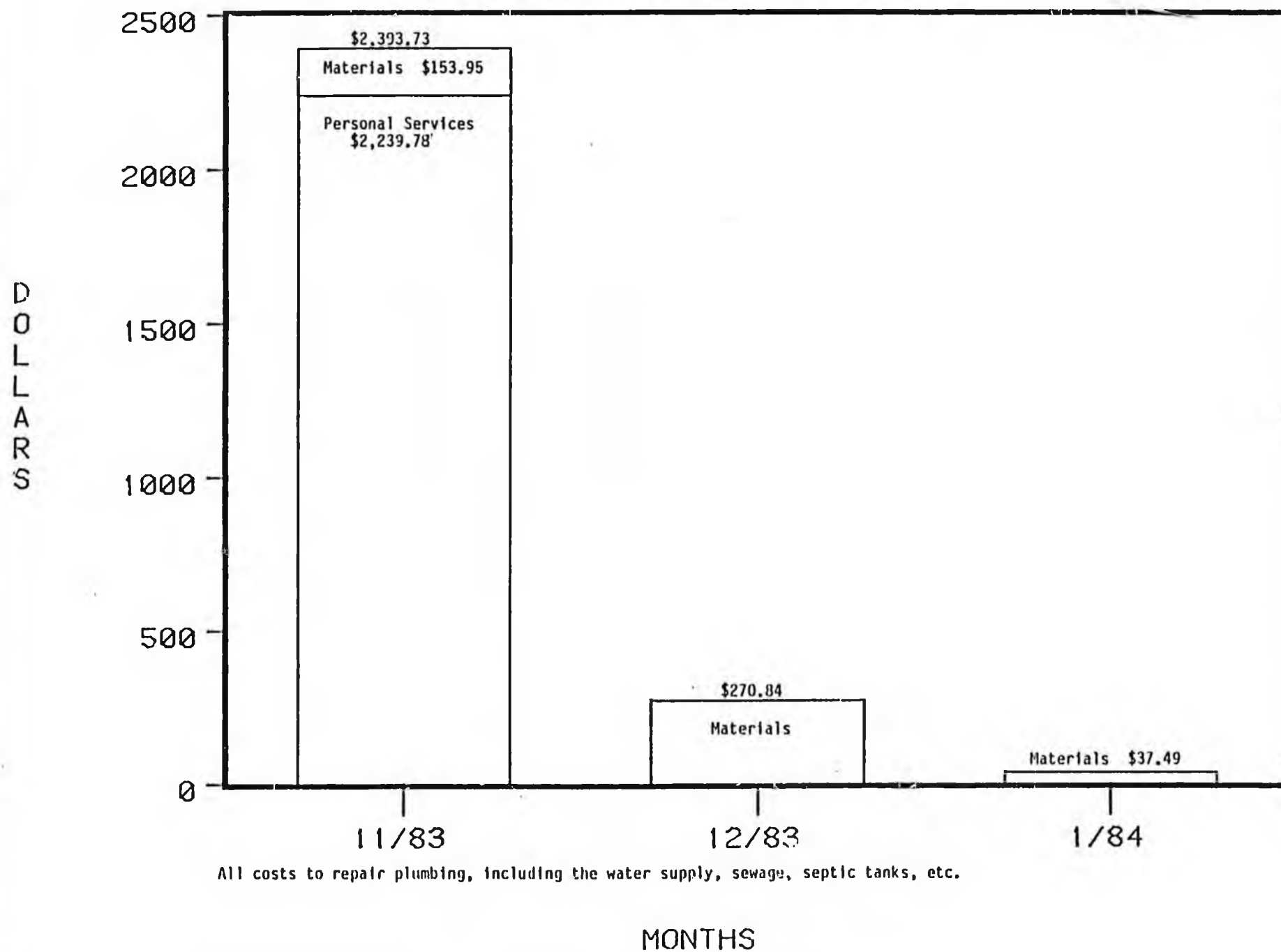
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 564: HEATING AND VENTILATION

HOURS
WORKED

All repairs to heating systems, boilers, ventilators, furnaces, etc.

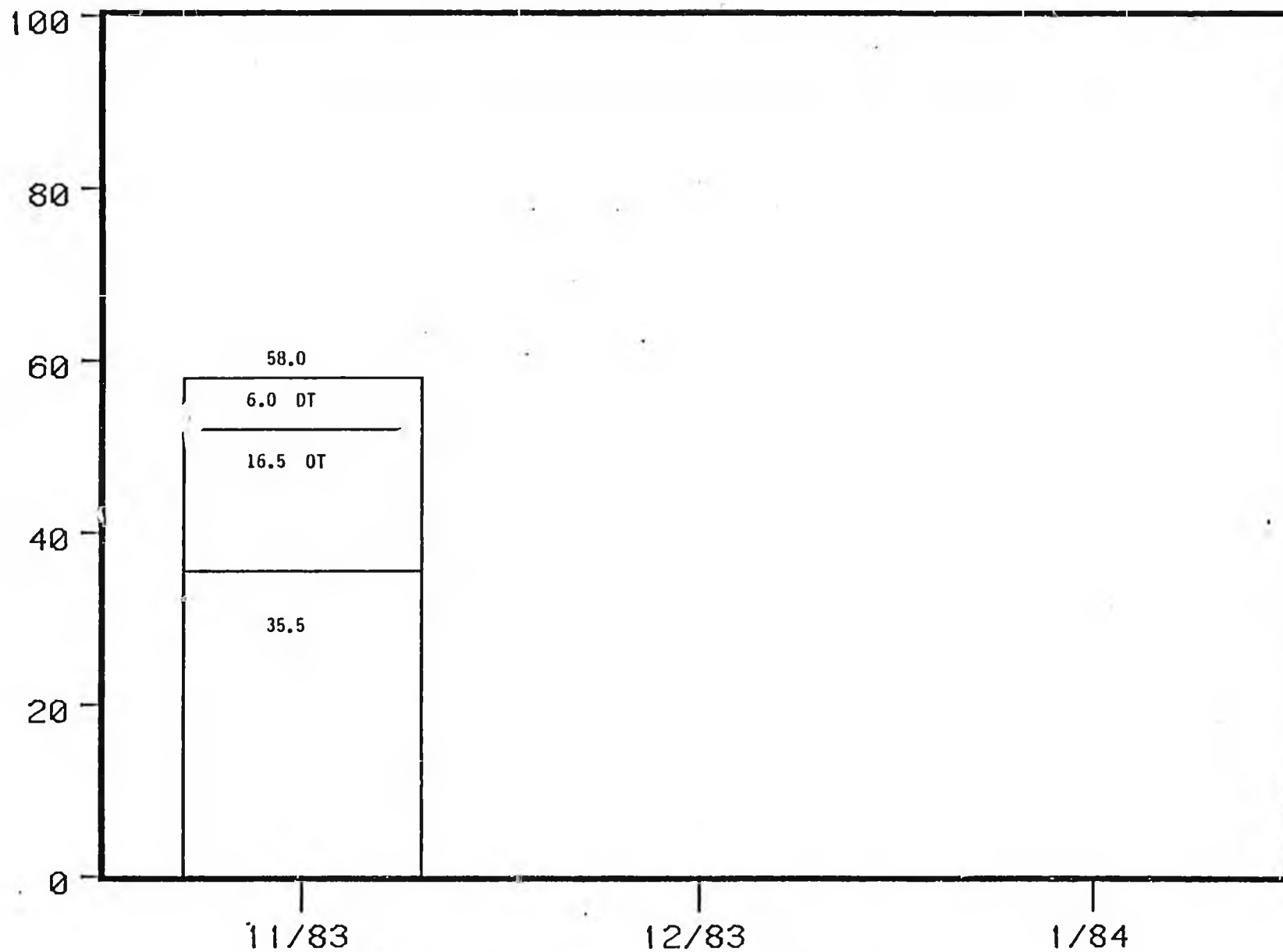
MONTHS

GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 565: PLUMBING



GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 565: PLUMBING

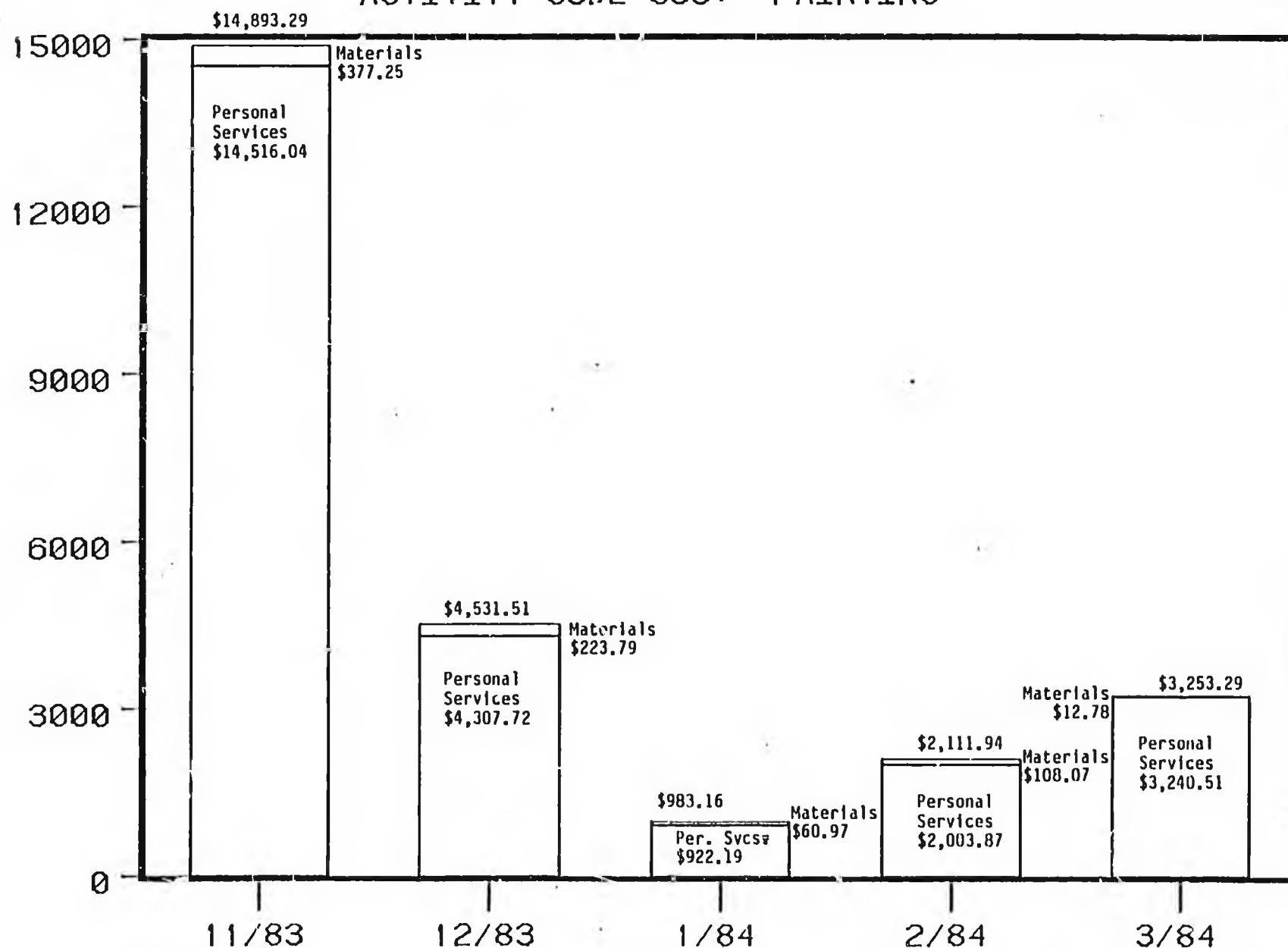
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Hours to repair plumbing, including the water supply, sewage, septic tanks, etc.

MONTHS

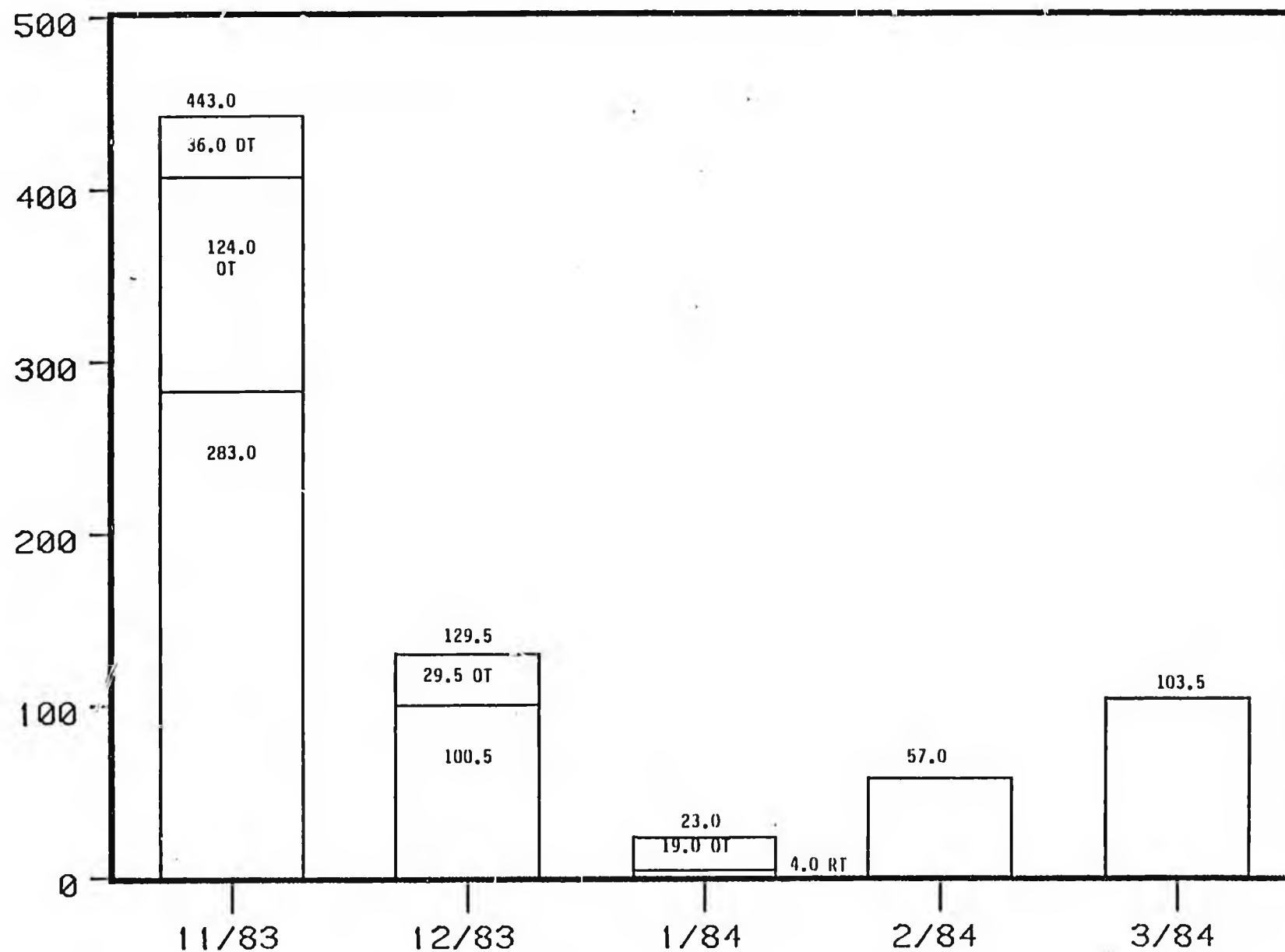
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 566: PAINTING

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All painting of buildings inside and out.

MONTHS

GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 566: PAINTING

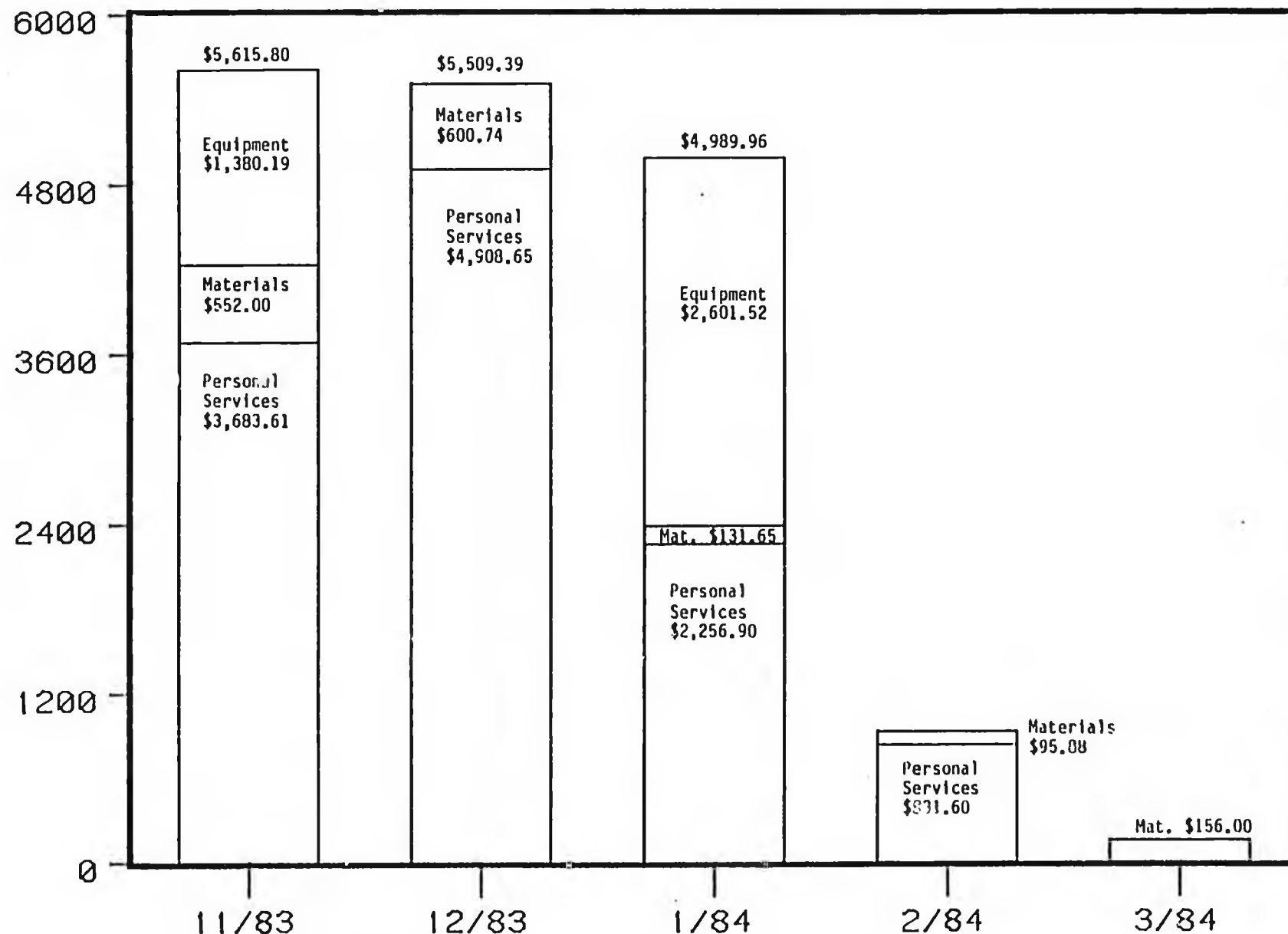
HOURS
WORKED

All painting of buildings inside and out

MONTHS

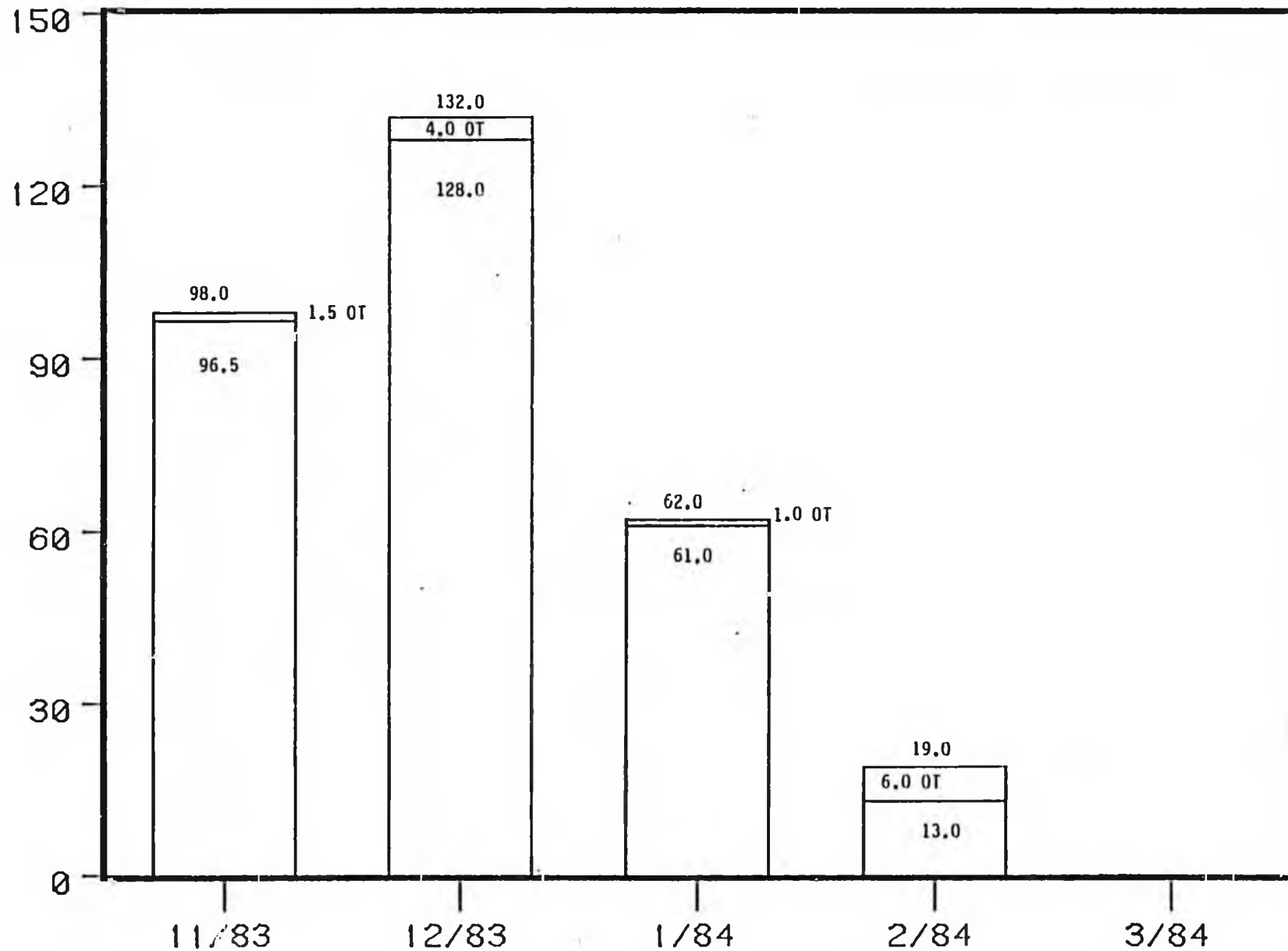
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS

ACTIVITY CODE 570: MISC. M & O



All costs from maintenance, repair and minor construction activity on buildings or facilities which do not fit activity codes 561-565.

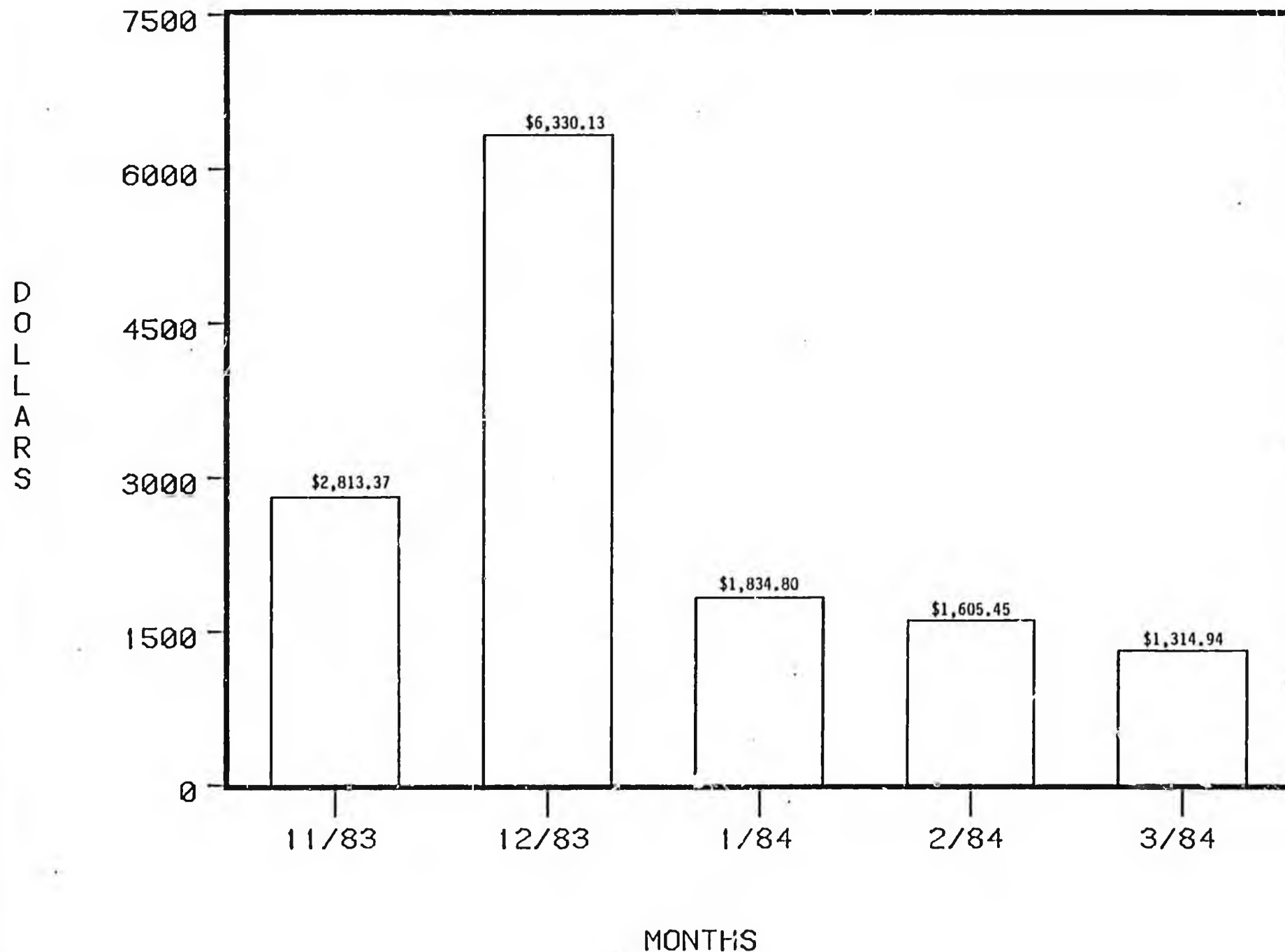
GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 570: MISC. M & O



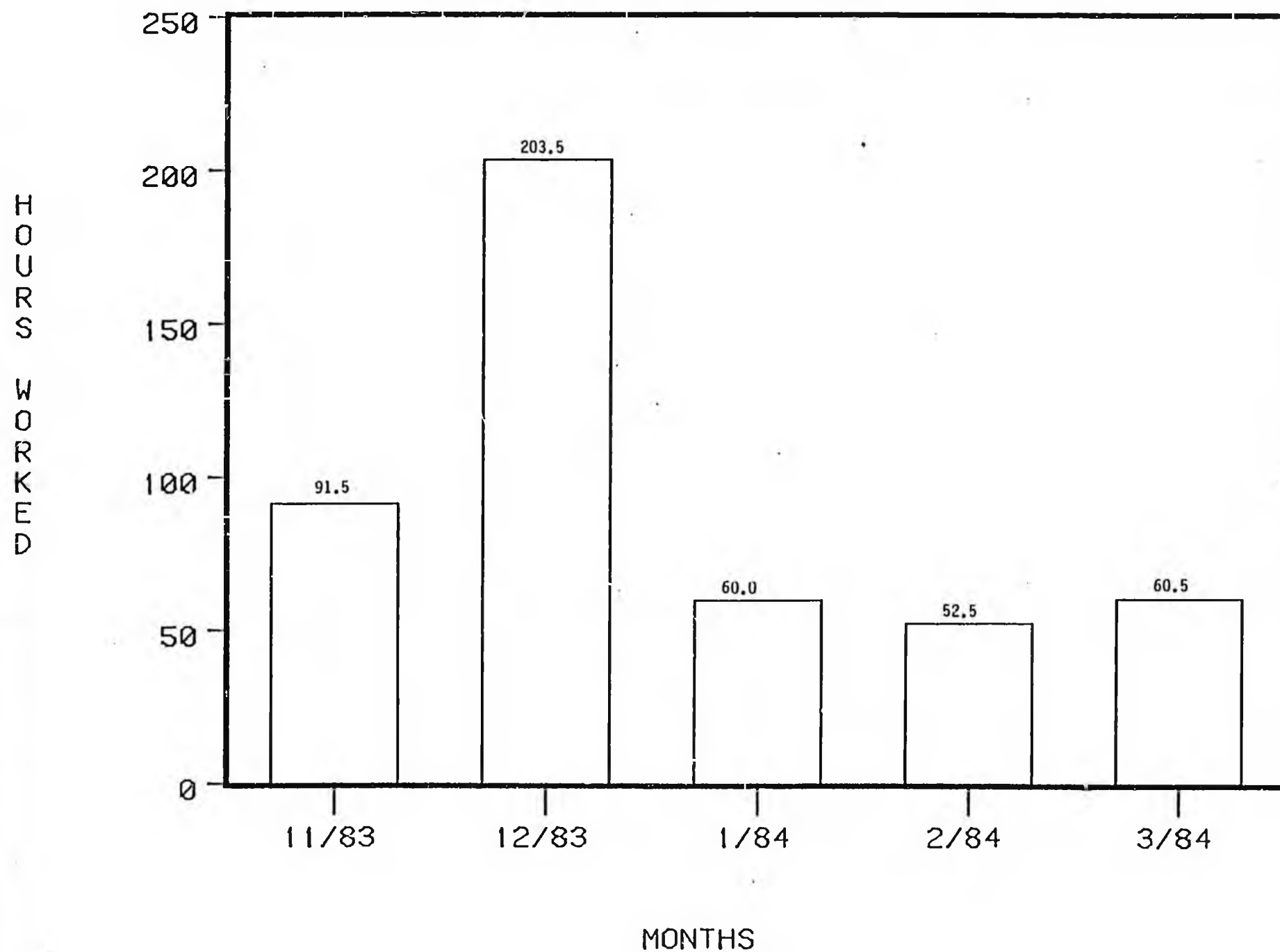
Maintenance, repair and minor construction activity on buildings or facilities which do not fit activity codes 561-565

MONTHS

GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 579: VEGETATION (PERSONAL SERVICES)



GOVERNOR'S MANSION: MAINTENANCE AND OPERATIONS
ACTIVITY CODE 579: VEGETATION



DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

PHONE:

February 29, 1984

Re: Governor's Mansion
Renovation (M3-030)

The Honorable Mitch Abood, Chairman
House Committee on State Affairs
Alaska State Legislature - Representative
Pouch V
Juneau, Alaska 99811

Dear Representative Abood:

The following information is provided in response to your February 28, 1984 inquiry about the Governor's Mansion Renovation project.

1. Names and Social Security numbers of all Department of Transportation and Public Facilities, Southeastern Region Maintenance and Operations personnel who have worked at the Mansion since January, 1981 are provided on the enclosed sheet.
2. During the period October 24 through December 5, 1983, approximately 57% of the work performed at the Mansion by M&O personnel was associated with the renovation, and the remainder was maintenance. All direct costs for both categories of work were charged to project number T93030. From December 5, 1983 to date, approximately 15% of the work at the Mansion was attributable to cleanup of remaining renovation punch list items.
3. Work performed to date by Southeastern Region M&O personnel is itemized on the October 27, 1983 punch list (copy enclosed), together with various minor mechanical items that were identified on a subsequent inspection. All remaining work is identified on the enclosed list dated February 29, 1984. Most items should be complete by March 9, 1984.
4. A copy of the latest "punch list", dated February 29, 1984, is enclosed.
5. In 1980, we inspected various areas at the Mansion to determine if any deterioration of structural members existed. As part of the survey, eight cross-sections of the timber sill were examined by drilling out small core samples. No evidence of dry rot was found in the structural members, nor was any further dry rot discovered during the course of the renovation. As might be expected in a building its age, some areas of trim, sash and other non-structural exterior carpentry were deteriorated, and replacement or repair of these is an ongoing project.

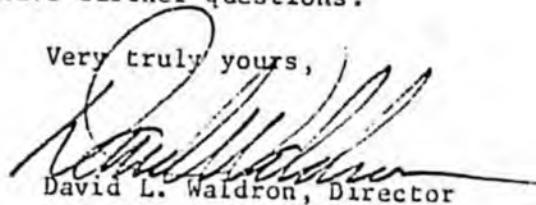
Honorable Mitch Abood
February 29, 1984
Page 2

No problems have been noted in the new hardwood floor work.

6. In response to your question regarding project number R30049 at the Capitol Building, we have not performed any work using M&O personnel, nor has any M&O time been charged to this project.

Please contact me if you should have further questions.

Very truly yours,



David L. Waldron, Director
Maintenance and Operations
Southeastern Region

Enclosures

PUNCH LIST ITEMS FOR THE
GOVERNOR'S MANSION - FEBRUARY 29, 1984

Replace two damaged thermometers in the Boiler Room piping.

Install a protecting half sleeve on the support for a cold water pipe adjacent to Stair Hall.

Purchase and install a remote readout for water meter to allow readings to be taken from outside.

Secure nameplate on a pump in the Boiler Room.

Complete minor insulation items in Garage and above Kitchen ceiling.

Replace the swing spout on the Laundry tray with a hose end type.

Cut the lift rod to length and install a nut to hold it in place on the Lavatory off the Laundry.

Change the cover on a thermostat in Chamber "C", Third Floor Bedroom.

Provide a speed control for the Laundry exhaust fan.

Replace the Honeywell thermostat in Room 57 with a Johnson unit for uniformity.

Pipe drain for feedwater treatment unit to the floor drain.

Calibrate HVAC Controls, followed by final air balance of the system by the mechanical engineer.

Modify 15 room thermostats to permit external adjustment.

Repair concrete on Front Porch.

Install radio transmitter for the fire alarm.

Seal around conduits and pipes that penetrate the Boiler Room wall.

DOT&PF, SOUTHEASTERN REGION, MAINTENANCE & OPERATIONS

Personnel who have worked in the Governor's Mansion since January, 196

D. BAHRT	574-18-9675
R. BEAR	522-50-4938
F. BOYNTON	574-12-0909
T. BUCHANAN	541-54-0584
N. BUSBY	574-26-6146
E. CARROLL	558-11-3912
G. CHAPMAN	574-22-6815
G. CROW	574-22-0426
D. ETHERIDGE	574-22-4102
C. FLEEK	574-18-2593
D. HAMMONDS	548-10-5694
E. KRAUSS	079-26-7136
M. LAUER	519-50-4731
J. LEITCH	264-31-2845
N. MASON	574-20-7085
M. MIELKE	574-60-4244
T. PATTEN	471-62-1380
J. PEQUERD	063-50-4127
P. PREVATT	574-52-5785
S. REA	543-64-1902
G. SHAW	432-02-7140
P. VANDOR	549-24-3900
M. VIERTHALER	574-14-0553
R. WALKER	574-18-2139
J. WILLIAMS	574-20-7748
T. WILLIAMS	519-50-2028
H. ZOBRIST	346-16-8250

MEMORANDUM

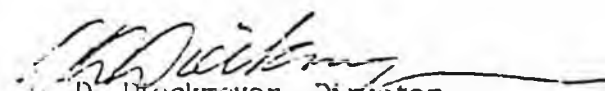
State of Alaska Department of Transportation & Public Facilities

TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region

DATE: December 12, 1983

FILE NO: SEDC-001

TELEPHONE NO: 364-1347

FROM: 
D. Dieckmeyer, Director
S.E. Region Design & Construction

SUBJECT: Governor's Mansion Construction
Charges to M&O

Reference: Memo; Waldron to Scribner; dated December 7, 1983,
same subject (copy attached)

On November 21, 1983, you and I discussed that henceforth all charges (including those incurred by the prime contractors) should be diverted to Maintenance & Operation accounts.

I communicated this information to Tom Metlicka and we agreed that upon receipt of future prime contractor billings the invoices will be coded to comply with the time and account parameters.

I see no need at this time to change prime contractor interface relationships or invoicing procedures to accommodate charges that can be addressed internally.

By copy of this memo to T. Metlicka and R. Stewart it is reiterated that all prime contractor charges subsequent to November 20, 1983 are to be diverted to Maintenance & Operations.

JWD:ka

cc: T. Metlicka
R. Stewart
W. DeLoe

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: D. D. Dieckmeyer
Director
S. E. Region Design & Construction
DOT&PF

DATE December 16, 1983

FILE NO: 220E

TELEPHONE NO: 364-4314

FROM: Tom Letlicka
Design Manager
Building Design & Construction
DOT&PF

SUBJECT: Governor's Mansion
Renovation
Project No. E-79164

As per the requirements of Alaska Statute, Chapter 15 (Construction Procedures), Section 35.15.010, Paragraph (a), attached please find a list of all State Maintenance Personnel who have worked on the Governor's Mansion. The attached list includes names, hours worked and direct cost paid to each employee.

Thra

Attachment

State of Alaska

Department of Transportation & Public Facilities

W. I. DeBoff
Director
Construction

DATE January 6, 1984

FILE NO 2200

TELEPHONE NO 364-4314

Tom Matlicka
Design Manager
Buildings Design & Construction
DOT&PF

SUBJECT Financial Status
Report, Governor's
Mansion Renovations
Project No. H-79164

Attached for your review please find the funding breakdown as of January 6, 1984.

The update of the Status Report was prepared by this office so that final Change Orders can be written for Harbor Plumbing and Coogan/Capitol Construction.

The status breakdown of December 14, 1983 indicated a balance of \$63,388.00. In reviewing the report an error of \$20,000.00 was discovered in the Harbor Plumbing column. This would only leave \$43,388.00 for the "Balance of Funding".

After reviewing the latest Pay Estimates for Coogan/Capitol and Harbor Plumbing and discussions with both firms it is apparent that an additional \$38,557.00 will be required to finalize the project.

If our office transfers all labor cost incurred since Maintenance and Operations takeover per your memo dated December 12, 1983, I estimate approximately \$10,000.00 would be added to the \$4,721.00 shown on the January report attached.

All overpayments paid the contractors as per the "Attorney General's Opinion" for labor burden have been deducted from the contractors and are included in this report.

I do not anticipate any changes in the future.

TMM:ma

Attachment

cc: W. I. DeBoff

JAN - 9 1984

For M: as discussed -

Request Coogan & Harbor to submit
invoices by 11/31/84.

Request Coogan & Harbor to summarize
materials still on order and associated
costs. Review for current needs.

Also later subsequent to Dec 12, 1983
M&C

Printed this FINANCIAL STATUS (including artwork)

cc ACTION
cc M&C
cc F&E
cc F&E

RECEIVED
JAN 6 1984
STATE OF ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

cc F&E
cc F&E

GOVERNOR'S MANSION

FINANCIAL STATUS

as of 1/6/84

AUTHORIZED FUNDING	\$2,144,000	PAID	COMMITTED as of 12/14/83	TOTAL PAID AND COMMITTED
<u>EXECUTION CONTRACTS</u>				
HARBOR PLUMBING (includes \$20,000 bonus)		\$1,101,526	\$30,000	\$1,101,526
RHINESTONE PLASTERING		0	6,000	6,000
AUGUST CORPORATION		82,390	0	82,390
COOGAN CONSTRUCTION (includes \$15,000 bonus)		705,217	30,000	705,217
MINCH, RITTER & FORREST #1		10,098		10,098
MINCH, RITTER & FORREST #2		16,300	7,904	16,300
VERN AKIN		40,083	19,917	40,083
LARRY BREEDING		10,200		10,200
SUBTOTAL CONTRACTS		1,965,814	93,821	2,059,635
<u>VENDORS</u>				
TELEPHONE SYSTEM			10,000	10,000
DOUGLAS TRUCKING		11,447		11,447
MATERIALS FOR MAINTENANCE & OPERATIONS				
SUBTOTAL VENDORS		11,447	10,000	21,447
<u>PROJECT MANAGEMENT</u>				
J.D. WOOD (CONSULTANT)		34,814		34,814
IN-HOUSE LABOR		17,808		17,808
IN-HOUSE EXPENSES		2,715		2,715
IN-HOUSE OVERHEAD ASSESSMENT		2,860		2,860
SUBTOTAL PROJECT MANAGEMENT		58,197		58,197
GRAND TOTAL		\$2,035,458	\$103,821	\$2,139,279
BALANCE OF FUNDING				\$ 4,721

State of Alaska

Department of Transportation & Public Facilities

DATE 12/12/83

FILE NO.

TELEPHONE NO. 264-4314

SUBJECT Governor's Office
Renovations
Project No. E-79164

File
Date
Title

Tom Freeman
Design Engineer
Building Design & Construction
DOT&PF

Transmitted with this memo are all cost incurred subsequent to the November 30, 1983 date mentioned in the Ben Dieckmeyer's memo dated December 12, 1983 attached.

Costs with appropriate back-up are grouped by pay estimate for each contractor. The costs are:

Coogan/Capitol Construction	
Estimate No. 13 -	\$ 5,099.02
Estimate No. 14 -	\$ 3,625.84
Estimate No. 15 -	\$ 5,232.12

SUBTOTAL	\$14,100.00

Harbor Plumbing & Heating	
Final Estimate -	\$12,814.73

SUBTOTAL	\$12,814.73

TOTAL for Coogan & Harbor -	\$26,921.69

Please take the necessary steps to transfer funding, in the amount of \$26,921.69, to collocation code number 24-98-3-835-120033.

If you have any questions please contact me.

TH:ma

Attachments: P.E. #13, 14 & 15
Final P.E.
D. D. Dieckmeyer's memo of 12/12/83

cc: W. I. DeBoff
Tom Freeman
D. D. Dieckmeyer

State of Alaska

Department of Transportation

DATE February 2, 1984

FILE NO. 100

TELEPHONE NO. 341-4314

SUBJECT Governor's Minister
Renovations Charges
to M&O
Project No. H-79164

Tom Petlicka
Design Manager
Building Design & Construction
DOT&PF

Attached please find a memo from Don Pischmayer to Jer Scribner that charges after November 20, 1983 be diverted to Maintenance and Operations.

Please instruct Nello Long to break these charges out of the invoices and transfer to M&O.

If I can be of help please contact me.

TM:ma

Attachment

MEMORANDUM

DOCUMENT NO. 21
State of Alaska
Department of Transportation & Public Works

DATE February 14, 1964

FILE NO 2207

TELEPHONE NO 364-1314

SUBJECT Governor's Mansion
Renovation
Project No H-79164

W. L. DeLoeff
Building Design & Construction
PC16PF

Attached is the financial statement for the subject project for February 14, 1964.

The figure shown for Harbor Plumbing is their final billing. The Construction Section has requested additional back-up for material billings from Coogan Construction, actual cost for Coogan may be less.

An estimate of \$6,000.00 has been included for Artwork.

Balance of funds per this report is \$52,069.00.

WLD

cc: E. D. Heckmeyer
W. L. DeLoeff
Tom Freeman

GOVERNOR'S MANSION

FINANCIAL STATUS

AS OF 2/14/84

AUTHORIZED FUNDING	\$2,144,000	PAID	COMMITTED AS OF 2/14/84	TOTAL PAID AND COMMITTED
<u>EXECUTION CONTRACTS</u>				
HARBOR PLUMBING (INCLUDES \$20,000 BONUS)	\$1,104,365			\$1,104,365
RHINESTONE PLASTERING	0	\$ 6,000		6,000
AUGUST CORPORATION	82,390	0		82,390
COOGAN CONSTRUCTION (INCLUDES \$15,000 BONUS)	672,098	35,000		707,098
ANNETTE J. CLARK (PAINT ANALYSIS)	1,932			1,932
MINCH, RITTER & FORREST #1	10,098			10,098
MINCH, RITTER & FORREST #2	24,000	204		24,204
VERN AKIN	51,000	9,000		60,000
LARRY BREEDING	10,200			10,200
ART WORK (ESTIMATE)		6,000		6,000
SUBTOTAL CONTRACTS	1,956,083	56,204		2,012,287
<u>VENDORS</u>				
TELEPHONE SYSTEM	10,000			10,000
DOUGLAS TRUCKING	11,447			11,447
SUBTOTAL VENDORS	21,447			21,447
<u>PROJECT MANAGEMENT</u>				
J.D. WOOD (CONSULTANT)	34,814			34,814
IN-HOUSE LABOR	17,808			17,808
IN-HOUSE EXPENSES	2,715			2,715
IN-HOUSE OVERHEAD ASSESSMENT	2,860			2,860
SUBTOTAL PROJECT MANAGEMENT	58,197			58,197
GRAND TOTAL	\$2,035,727	\$ 56,204		\$2,091,931
BALANCE OF FUNDING				\$ 52,069

REPORT OF INSPECTION
MECHANICAL WORK
GOVERNOR'S MANSION RENOVATIONS
JUNEAU, ALASKA
FEBRUARY 11, 1984
H-79164

An inspection of the mechanical work was made by Gregory Penn of Vernon Akin and Associates on January 17 and 18, 1984, and by Vernon Akin on February 9 and 19, 1984. The following work was not completed or was incorrect:

<u>No.</u>	<u>Reference</u>	<u>Comment</u>
1.	15011 & 15019	As-built drawings not received.
2.	15012	Much of the data specified under the various pieces of equipment was not received for approval. Some of the equipment could not be checked as the approval data was not received, such as vibration isolators. This data must be submitted. Data required is listed under the comments for the various pieces of equipment.
3.	15023	The grease fittings on the motors on the temperature control compressor are not the relief type.
4.	15024	The thermal overload heaters are too large for EF-1, EF-2, and the unit heater in the garage. The thermal overload heaters for the two motors on the air compressor are too small. Because of lack of the nameplate data specified as required under section 15031, the size of the thermal overload heaters were not checked for the humidifier, EF-3, EF-5, EF-4, ceiling toilet exhaust fan in Bath 10.
5.	15029	Pumps are not labelled with nameplates. Valve directory was not received and approved before the valve tags were installed. Equipment not labelled.
6.	15030	Piping not identified in the garage and in accessible ceiling spaces.
7.	15031	Valve directory not received or approved, so valve tagging could not be checked. No operating and maintenance data received. Binders not received. Mounting frame not installed for valve directory. No O & M manual holder installed. The nameplate data must be received so that the equipment can be checked.
8.	15033	Adjustment of the systems not done.

9. 15034 Filters in the ventilating unit are to be replaced prior to adjustment of the air system.
10. 15036 Much refuse left above the ceilings of the closets between the kitchen and the main hall Rm. 32.
11. 15022
MR-3 Access door in the ceiling of the closet in Rm. 17 not installed for access to the automatic air vents. This door must be installed.
12. 15066 Protecting half-sleeve not installed on the cold water pipe above the closet adjacent to Stair Hall 40.
13. 15079 The mercury has separated on the thermometer at the tempering valve.
14. 15079 The thermometer on the heating supply out of the boiler is not readable. Straighten the bulb and secure the thermometer in a position that is readable. Also adjust all thermometers in the boiler room so they will be accessible for easy reading.
15. 15081 The remote ARB unit is not installed on the water meter. Data not received on the water meter.
16. 15078 Nameplate on pump P-1 is loose. Secure it to the casing.
17. 15251 Piping insulation is incomplete at the unit heater in the garage at the automatic radiator valve.
18. 15251 Insulation is not run continuous through the wall above the ceiling of the kitchen from the closet adjacent.
19. 15412 Certificate of disinfection not received.
20. 15415 Approval data not received on the sauna heater.
21. 15451 Swing spout on the supply fitting for the laundry tray does not have a hose end.
22. 15451 Indirect drain and P-trap for the laundry tray is plastic instead of the chrome plated brass specified.
23. 15452 The direct lift waste fitting for the lavatory in Bath 12 is not connected. The outlet plug is not made for a direct lift waste fitting. Secure the lift rod.

24. 15606 Combustion adjustment data not received.
25. 15606 Resubmittal was required on the oil burner, and was not made.
26. 15607 Data not received on the feedwater treatment unit.
27. 15702 Piping is leaking at the cast iron radiator in Bath 55.
28. 15705 Remove the dampers in the finned pipe in Chamber C, Room 81. Heat is controlled by a room thermostat.
29. 15705 Approval data was not received on the finned pipe.
30. 15706 Approval data was not received on the convectors.
31. 15708 Approval data received on the unit heater was incomplete. No data received on the vibration isolators for the unit heater. This data is required so the vibration isolators can be checked.
32. 15709
DC-3 No approval data received on the cabinet unit heater.
33. 15802 Infinite speed switch not installed on EF-2 in laundry room.
34. - 15806 Data not received on the vibration isolators for the ventilating unit. This data is required.
35. 15817 No motor starter installed for the ceiling toilet exhaust fan in Bath 10. No approval data received.
36. 15817 Face grille on the fan is not secured at one corner. It appears that the unit is not the one specified.
37. 15901 Compressors do not alternate. Primary compressor is to alternate each time, with secondary compressor to operate if required.
38. 15901 The vibration isolators on the compressor unit were to be orange color. The springs installed are brown.
39. 15901 The room thermostats on all thermostats except the remote unit type are to have exposed adjustment. The T-4002-5012 kit is required for external adjustment.
40. 15901 The supply air temperature capillary bulb and the averaging

40. (Cont.) bulb thermostat capillary are installed immediately downstream of the humidifier. The vapor condenses on the capillaries and drips out of the duct. Relocate these two units to a location either upstream of the humidifier or further downstream.
41. 15901 No thermostat installed in Wet Bar 58 to control the radiation.
42. 15901 The room thermostat in Chamber C, Rm. 81, is graduated in Celcius instead of Fahrenheit.
43. 15901 The room thermostat in Rm. 57 is a Honeywell unit instead of Johnson.
44. 15901 The mixing dampers on the ventilating unit do not go to the full recirculating position when the unit is operating in the HAND position.
45. 15901 The automatic control drawings were not approved. It appears that the modifications marked on the drawings were not accomplished. Revised drawings required.
46. 15901 The Ventilation Air switch on the control panel in the kitchen is not operating. Also the direction of rotation is contradictory according to the markings.
47. 15901 The mixed air temperature control for the ventilating unit is not calibrated with the thermometer. Calibrate and set as specified.
48. 15901 The duct low limit control for the ventilating unit is not set correctly.
49. 15901 The radiation water reset control is not calibrated.
50. M-4 The drain on the feedwater treatment unit is not piped to the floor drain.
51. MR-1 The cabinet unit heater in Vestibule 30 is not installed.

HOUSE COMMITTEE ON STATE AFFAIRS
13TH ALASKA LEGISLATURE

RENOVATION OF THE GOVERNOR'S MANSION

SECOND REPORT ***

MAY 11, 1984

REPRESENTATIVE MITCH ABOOD
CHAIRMAN

Background

Much has been written about the procedures used by DOT/PF and the Office of the Governor in awarding contracts for the Mansion renovation project. The Ombudsman concerned himself with the sole source contract awarded to Mr. Jerry Wood, for construction management; the internal audit conducted by the Department of Transportation & Public Facilities concentrated on the Wood contract as well as the sole source contract awarded to Vern Akin & Associates for mechanical & electrical design, and the time & materials contracts which were awarded to the two prime contractors, Harbor Plumbing & Heating and Coogan/Capital Construction; the Legislative Audit report reviewed all of the contracts awarded for the Mansion project, including the three sole source contracts written by the Office of the Governor.

Although these reports stand independently of one another, their findings and recommendations are strikingly similar, and point to a condition best characterized as benign neglect in following departmental procedures and statutory requirements in the awarding of contracts for the renovation of the Governor's Mansion. These reports have been included as a supplement for your review.

One of the major reasons for this report to the Committee on State Affairs is to show what happens when procedures fall apart. In doing so, we will examine the contract and the consequences of Queen City Industries' participation in the renovation project. We have intentionally chosen what should have been a reasonably simple contract as our example.

Bidding Process

Queen City Industries of Seattle was chosen as a subcontractor to Coogan/Capital Construction to provide the hardwood flooring and ceramic tile work for the Governor's Mansion. (For further background information on the selection of Queen City, see Documents 1 - 7).

In letters dated July 21, 1983, two Alaskan firms, Mr. Elmer Gowdy, Wood Construction Company of Juneau and Russ's Construction Company of Kenai were notified of an invitation to bid on the project from Coogan Construction. Governor Sheffield was familiar with the quality of work performed by these individuals and had specifically requested that they be considered for the hardwood floor work. The written response to the invitation to bid was to be received by Coogan no later than July 27th, six days later. (Documents 8 & 9). Although we requested a copy of the Queen City invitation to bid, neither DOT/PF nor Coogan Construction could provide us with one.

Contracts

On August 12, 1983, DOT/PF offered "no objection to Queen City performing the work" on the Mansion project (Document No.10), and a Notice of Award was subsequently sent to Queen City by Coogan Construction on August 19th. (Document No.11) Queen City was to be paid on a cost plus percentage basis. The labor portion of the contract provided for 7.99% above reimbursable costs for overhead, and 11.99% above reimbursable costs for profit. Acceptable reimbursable costs as stated by Coogan "Included labor, benefits, labor burden, travel, subsistence, lodging, equipment rental, freight, courier service and any other direct costs approved by the owner."

Attached to the Notice of Award were an Associated General Contractors Subcontract for tile and wood flooring and a Material Contract, both with Coogan Construction. (Document 12 & 13). The subcontract was dated July 20, 1983.

Question: Why was the Queen City subcontract dated one day before the invitation to bids were sent to the Alaskan businesses? Did the Alaskan firms ever have a fair opportunity to bid on the Mansion contract or was the decision to hire Queen City made prior to the issuance of the invitations to bid?

The material contract with Queen City was dated July 29, 1983. Under the terms of this contract, Coogan Construction was obligated to pay Queen City \$44,808.00 for materials for the hardwood floors and the ceramic tile. We could find no evidence of any supporting bid documents either from DOT/PF or Coogan Construction to substantiate the \$44,808.00 figure. In addition, the material contract was unsigned as of May 9, 1984.

Question: If DOT/PF received a copy of this contract along with the notice of award and the subcontract, did they realize that it was unsigned, or had they only received page one of this two-page contract?

Question: Coogan Construction received a time & materials contract from DOT/PF for architectural renovation work on the Governor's Mansion, and yet the material contract which Coogan issued to Queen City was a fixed fee contract. In a situation of this kind, wouldn't DOT/PF have a greater responsibility to oversee the execution of this contract?

The terms of payment in the material contract were as follows:

"Net 30 days from receipt of invoice, or initial acceptance of material by owners representative, whichever occurs last."

The \$44,808.00 sum for materials would eventually play an important part in the saga of Queen City and the State of Alaska and will be discussed later in this report.

Extension of Contract

In an memorandum from Phyllice Bradner to Tom Freeman, DOT/PF, dated August 31, 1983, a suggestion was made to extend the Coogan/Capital Construction contract to include carpet work. (Document No.13) Ms. Bradner states that she has:

"...been in contact with Queen City, the people who are supplying our other flooring needs, and they have been very accomodating in locating information about the unusual carpeting which I have requested. If it is okay with your department I would like to proceed under the assumption that we can do business with Queen City as I have found them to be very cooperative and reputable."

We could find no evidence of any DOT/PF document authorizing the extension of the Coogan contract to include carpeting, but Coogan Construction provided us with a Queen City memorandum dated October 10, 1983, reiterating a telephone order for carpet initiated by Coogan Construction. (Document No. 14). The amount of money for the carpet and labor was stated as not to exceed \$15,000.00.

Breakdown of Costs

There was no breakdown as to the actual square yards of carpet for which the State was to pay Queen City.

Question: Wouldn't it be reasonable to assume that Queen City should provide Coogan Construction with a breakdown for both labor and the actual square yards of carpet to be used in the Mansion and for which the State was being asked to pay?

An internal DOT/PF memorandum dated October 28, 1983 written to the Director of Design & Construction, provides the first breakdown for the carpeting contract. (Document No.15). It states:

" The construction contractor on the architectural renovation for the governor's mansion has quoted the following costs for carpet installation:

Carpet (State is committed to pay this cost):	\$12,500.00
Labor (5 days)	
Subsistence) -	3,084.00
Airfare)	

TOTAL AMOUNT:	\$15,584.00

Estimated quantity of carpet:	300 yards
Cost of carpet & Installation:	\$15,584.00 for 300 yards =
	\$51.95 per yard
Cost of carpet installation:	\$3,084.00 for 300 yards =
	\$10.28 per yard"

Question: Where did these figures come from?

The major topic of concern involving Queen City invoices was to be the resurrection of the \$44,808.00 figure quoted in their July 29th unsigned material contract which appeared in an invoice for ceramic tile and hardwood floor materials dated September 20, 1983. (Document No. 16). The invoice, in its entirety read:

" Section #9.300 Tile
Section #9.550 Wood Floor

Per contract as quoted	\$44,808.00"

The invoice may have been the essence of simplicity, but it neglected to mention what the State of Alaska was paying for. In addition, the invoice gave no evidence of which materials were delivered to the site. Coogan Construction relayed the generic invoice to DOT/PF, and DOT/PF paid it in full.

Question: "Why?"

On October 4, 1983, Queen City submitted a list of change orders for walnut and oak millwork and ceramic tile thru September 30th, in the amount of \$ 13,721.00. (Document No.17). Although the change order mentioned the types of material provided for the Mansion, it did not mention how much of this material was purchased and/or used. DOT/PF paid the invoice in full.

Largely due to the fine efforts of Mr. Nello Long, Project Inspector, DOT/PF, the payment of Queen Cities' unsubstantiated invoices came to a screeching halt. On January 6, 1984, Mr. Long notified Coogan

Construction that the department required further information on the \$44,808.00 invoice before it could process two Queen City pay estimates. (Document No. 18).

" To state the problem we are concerned about, we need a breakdown on that contract. How much for the different items of material supplied and also (a) labor cost breakdown. Why are we billed for G. Cooper's airfare, car rental and food? Was he requested by us to come up, etc.?"

Queen City provided Coogan Construction with a response to Mr. Long's request for a materials breakdown on January 27, 1984. (Document No.19) The memorandum reads in part:

" Enclosed is the breakdown on the material bid portion of the Governor's Mansion contract. We find the request for bid breakdown very unusual. We expect this information will facilitate the State's payment of our invoice plus interest owing from the due date to present."

Attached to the memorandum was a list of rooms by name and room number, along with a lump sum for each room under the heading 'Wood, Tile & Flooring Contract.' Still no breakdown of the materials which were used in these rooms or for the actual square footage of repair in each room.

For their time involved in "breaking out the bid," Queen City billed Coogan Construction another \$643.00.

Not to be undaunted, Mr. Long sent another letter to Coogan Construction on February 2, 1984 requesting more information from Queen City: (Document No. 20).

" They (Queen City) listed the rooms and their prices for material for each room. We requested and still need invoices for the material they sent. We need the square footage amounts for the different items of material they sent, as well as prices per square foot. Also needed are the amounts and prices for the related materials such as floor finishing material, bedding, underlayment, mastic, grout, etc."

Queen City responded to Coogan Construction on March 23, 1984:
(Document No. 21).

" Gentlemen:

Pursuant to your request enclosed is the approximate
breakdown on the above project."

Queen City still did not provide the square footage or price of material
per square foot; and then bills Coogan Construction another \$259.00 for
Queen Cities time in preparing the breakdown. When comparing the two
"breakdowns" submitted by Queen City it is interesting to note that
the individual costs listed for several of the rooms differ, sometimes
considerably, and yet the final figure of \$44,808.00 never waivers.

At our request, Mr. Long prepared an estimate of the monies which
have been paid to Queen City, as well as those sums which the
department is withholding. (Document No. 22). They are:

Labor Portion (56 calendar days)	\$ 56,916.72
Material Portion	61,925.47
TOTAL paid to Queen City	118,842.19
Queen City Invoices Not Paid by DOT/PF:	
Pay estimate # 13 (labor billing)	8,635.63
Pay estimate # 15 (carpet invoice Document No.23)	14,301.90
Total Monies Withheld:	22,937.53

Question: In the case of the incomplete breakdowns which
were submitted by Queen City, how much should
the State have paid for these materials?

In an attempt to answer this question, we have prepared a chart which
lists the costs charged by Queen City and compares them to a
breakdown submitted to us by Mr. Elmer Gowdy and Mr. Nello Long.
(Chart No. 1). For a detailed explanation of Mr. Gowdy's breakdown,
please refer to Documents 24 & 25. For an explanation of Mr. Long's
figures, please refer to Document No. 26. Although Mr. Long admits
that he is being generous in his pricing, he estimates the total cost of
hardwood floor, ceramic tile and related materials to be \$10,315.40
less than the \$44,808.00 quoted by Queen City.

Question: Is the \$56,916.72 charge for labor (4 employees plus one supervisor), a reasonable one considering the length of time spent on the Mansion project. (approximately 56 days)?

Another serious concern is the quality of the hardwood floor work which was performed by Queen City. By the time Queen City laid the hardwood floor, many of the walls in the Governor's Mansion were still exposed and there had not been any heat in the building for quite some time. In his May 1, 1984 letter to the Committee Mr. Gowdy speaks to the floor work: (Document No. 24).

- " A recent inspection of the project showed many cracks opening in the new first floor in room 35 (conservatory). This could probably be attributed to improper handling and/or storing of the wood prior to installation or indifference to environmental considerations like low heat, no heat or high humidity."
- " The end product in room 50 must have been a dissapointment to the owner inasmuch as the parquet repair seemed to be structurally acceptable, but the material used to fill the nail holes in the top mailed pieces was not colored to match the wood. The nail holes had been filled with material much lighter in color than the wood, resulting in hundreds of little light colored spots."
- " The 1x4 existing fir floors which were refinished in Chamber "A" and "E" shows material in the large cracks to be breaking up and falling out in chunks. On a tour of the Mansion with Phyllice Bradner and again with Jerry Wood, I suggested that the fir flooring be carefully removed and relaid to eliminate the exceedingly large cracks to preclude this problem from happening. Mr. Hanson from Queen City convinced Mr. Winders that this would be impractical and hence a less than acceptable product is the result."

An on-site inspection of the Mansion floor work on May 7, 1984, by this office and Mr. Gowdy showed evidence of shrinkage, drying and cracking in the work performed by Queen City in the following rooms:

Master Bedroom
Second Floor Study
Conservatory

It is also not unreasonable to assume that other newly laid floor work may meet the same fate as the wood continues to dry out.

In regards to the carpeting work performed by Queen City, Mr. Tom Metlicka, Project Manager, DOT/PF provided the following information at our request:

1. Carpeting for main stairs, closets and third to second floor rear stairwell installed by Queen City.
2. Carpets for historical bedroom and Governor's bedroom and living room, second floor installed by DOT/PF Maintenance & Operations.
3. Carpeting for second to basement rear stairway installed by Coogan.
4. Basement carpet installed by DOT/PF Maintenance & Operations.

Based irregularities occurring in other aspects of the Queen City contract, questions concerning the carpeting arise as to the amount and quality of materials used, and materials and labor costs.

Summary

The summary for this report contains some questions and some observations which are based solely on the documentation provided to us in response to our requests.

- 1) Were Alaskan businesses precluded from participating in the bid process for the hardwood flooring and ceramic tile subcontract for the Mansion project?
- 2) The information provided by Queen City to substantiate their invoice of \$44,808.00 for hardwood flooring and ceramic tile is not adequate to document the materials used on the project. DOT/PF should not have paid this invoice.
- 3) When DOT/PF twice requested a detailed breakdown for the materials, Queen City treated these requests as change orders by requesting the State to pay for the time to break out the costs. The costs were never adequately justified.
- 4) The unit costs for the carpet were never adequately justified by Queen City.
- 5) Why did Queen City lay the hardwood flooring when there was no heat in the building, knowing that the proper environmental conditions must be adhered to in order for the wood to be properly placed?
- 6) Was this work done properly, and has the State accepted this work?

- 7) Who is responsible for the repair to the three rooms which now show evidence of cracking?
- 8) Is the \$56,916.72 charge for labor appropriate for their work on a project which lasted approximately 56 days?

July 21 '83

Re Governor's house restoration Phase two
architectural specification see 09000

Mr Wayne Coogan
Coogan Construction Co.
4950 Glacier Highway

Dear Sir:

To clarify our position with regard
to the wood floor covering as des-
cribed in above captioned specs we
submit as follows

The painters union local 1140 seems
to quite flexible in all matters except
initiation cost of \$614.75 per person.
or \$1,844.25 for this job.

If we were to participate in this
restoration you could either purchase
our installation & finishing equipment
or a rental arrangement worked out.

Mr Darrell House of local 1140 sees no
conflict with this, ordinarily, an employee
is not expected to furnish personal of
this nature.

The equipment that I use in floor
finishing work is the finest available

The equipment is in good repair and all grinding surfaces & cutting edges are fit & adjustable to accurate tolerances. Capable of ~~producing~~^{achieving} workmanship consistent with the exceptional quality demanded for this job.

As for my personal qualifications I submitted an apprenticeship program in 1957 in metal. I'm issued journey man book before WWII have contracted in hard wood & related activities since 1951. I can reference many installations, Refinish jobs as well as restorations in this area where I have operated since 1953 (A.D.)

A typical restoration comes to mind very similar to the Governors house. The Governors house on gold belt in Juneau. Built in 1914 oak floors of comparable quality. Severely damaged by flooding when hot water heating system thawed after freezing & back ing melt on the radiators. Water flowed through unoccupied house for days before water was contained. Restoration performed for Harley Clough - 1973. This repair could be inspected for comparison with restoration projects completed by other people any where by contrasting

Hard wood flooring

*

Ernest Lowdy phone 364-3271 to
 arrange for an inspection appointment.
 Below is a list of equipment available
 & rental schedule. To be operated by our
 people only. If someone is scheduled to
 use any machine the purchase price of \$12,000
 would apply. We don't rent "out" this equipment.

	Rent/daily	
7-M-12 Ser C7775 12" drum & roller	60 ⁰⁰ ✓	
7-89 Super 8 8" " "	50 ⁰⁰	
7-M-15 15" Ridgid disk "	25 ⁰⁰ ✓	
Super 7 7" edger 3800 RPM	25 ⁰⁰	
7-M-7-31 7" " american	20 ⁰⁰ ✓	
600-A 10 gal 55 Vac w/attachments	20 ⁰⁰ ✓	
Lockwell 3100 Impact Nailers w/mallet	25 ⁰⁰ ✓	
Power Nailer " " "	20 ⁰⁰ ✓	
Lockwell worm drive saw	15 ⁰⁰ ✓	
" 12000 RPM orbital sander	10 ⁰⁰ ✓	
Olivier 6" jointer	40 ⁰⁰	
" 12 table saw	50 ⁰⁰	
Makita 16" chop saw	20 ⁰⁰ ✓	

those items ✓ are required for job.

cc: DOT buildings

Gov. Sheffield

[Signature]

Coogan Construction Co.

P. O. BOX 209 • JUNEAU, ALASKA 99802-0209 • (907) 586 3010

COPY

August 5, 1983

Mr. Elmer Gowdy
P.O. Box 125
Douglas, Alaska 99824

Job: CC83-5

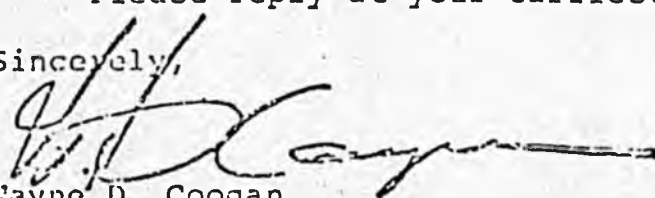
RE: Governor's Mansion Remodel

Dear Elmer,

Per the request of Queen City Industries I am asking
that you go to work for that firm as a floor installer
(on their payroll).

Please reply at your earliest convenience.

Sincerely,


Wayne D. Coogan
Project Manager

WC/lc

COORDINATION MEETING

DOCUMENT # 3
(page 1 of 2)

AUGUST 5, 1983

Attendees: Wayne Coogan
Joe Winders
Larry White
Harry Culliton
Phyllice Bradner
Jerry Wood
Tom Metlicka

The following subjects were discussed:

1. Phyllice asked Larry White to identify the availability of polished gold or brass trim for the first floor office bath. He will do so. We discussed the need to compare the costs identified against the budgeted values identified by Phyllice.
2. Phyllice stated that the electrical fixtures have been identified and that she will have them delivered to the Mansion within the next week.
3. We discussed the need for the two lead men, Larry White and Joe Winders, to interface their activities and that they must not direct each others employees or subcontractors without prior agreement by subject.
4. Wayne Coogan stated that Coast Craft was prepared to proceed with the delivery of the first portion of their work on August 22, 1983.
5. We discussed our desire to carefully remove the trim in the library and salvage as much as possible for use elsewhere in the building.
6. We discussed the flooring and cabinet materials with regard to their conditioning. We agreed that we require expert information with definitive information. Coogan/Capitol has been directed to work closely with the installer to identify specific needs and to address their needs for storage, heat, ventilation, etc. We generally concur that the material will require at least one week under "required" conditions prior to installation.
7. Phyllice asked Tom Metlicka to check on any requirements for Humidification.
8. Tom Metlicka asked Wayne Coogan to pass on the submittal documentation to Phyllice for the tile materials. Phyllice will work closely with Wayne to identify the desired tile and expedite delivery to site.
9. We declared position on the window repair and installation. The existing windows are to be reconditioned as directed by the Department of Transportation and Public Facilities to include replacement of broken glass, new weight cords and puddy work. The storm windows are to be fabricated and installed on the exterior side of the existing windows and all storm windows shall have weather stripping installed. The leaded windows will not have storm windows.

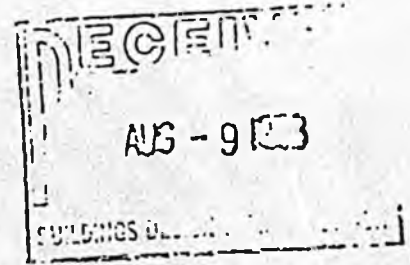
10. We discussed the need to identify and purchase the carpets required. Phyllice stated that she would be working working this subject next week with priority on those carpets in the public areas first and service areas second. The carpets for the service areas will only require one week for delivery per Phyllice's experience for the carpet required.



Coogan Construction Co.

P. O. BOX 209 - JUNEAU, ALASKA 99802-0209 - (907) 525-3010

August 5, 1983



State of Alaska, D.O.T. & P.F.
Division Building Design and Construction
P. O. Box 1467
Juneau, Alaska 99802

Job: CC83-5

Attention: Mr. Tom Freeman

RE: Governor's Mansion Rehabilitation, H79164

Dear Tom:

As suggested, our firm requested proposals from Elmer Gowdy (Woods Construction) and Russ's Construction Company for the flooring and ceramics on the referenced project. These two organizations seemed to be well qualified for the work involved (at least the hardwood floors). However, we have chosen to deal with a large Seattle firm known as Queen City Industries for all flooring and ceramics on this project.

Our decision to employ Queen City Industries was based on their following advantages:

- They are extremely active in public construction contracts in Alaska.
- They are a large firm, with the financial capacity, work force and experience required to expedite a project with difficult scheduling requirements.
- They are a union shop, which will prevent possible conflicts with other trades employed by our firm.
- Their track record provides the level of confidence necessary to give this option the least degree of risk.

As previously mentioned, it is our judgement that local people who are qualified to perform the flooring work would present an unacceptable degree of risk as subcontractors on a job of this nature. However, in an effort to involve these people in the work, we will offer them employment as journeyman mechanics.

Page 2
State of Alaska, D.O.T. & P.F.
August 5, 1983

(page 2 of 2)

As previously discussed, the most reasonable course of action is to employ Queen City Industries for this project. However, it will be necessary for the State to reimburse Queen City for travel and subsistence since they are not a local firm. Our judgement is that this should be a reasonable cost since every attempt will be made to hire local mechanics (not formen). Please remember that if Queen City is permitted to control the installation of their material, quality control will obviously be much more effective.

Queen City can not agree to a labor contract unless they are paid for travel and subsistence. In the event other arrangements for labor must be made, we need your decision on this matter as soon as possible.

Looking forward to your early reply.

Sincerely,



Wayne D. Coogan
Project Manager

WC/lc

Enclosure

Box 126
Douglas, AK 99824
Phone: (907)-364-3270

August 17, 1983



Mr. Wayne Coogan
P.O. Box 209
Juneau, Alaska 99802

RE: Governor's Mansion Remodel - Your Job #CC83-5

Dear Wayne:

Thank you for your letter dated August 5 regarding employment opportunities at the Governor's Mansion renovation project.

In response to your request that I work as an installer for Queen City Industries, the Seattle Contractor whom you have arbitrarily chosen to do the repairing and restoration work at the Governor's Mansion project, please clarify our relative position.

In an informal meeting with Jerry Woods and Tom Metlicka at their DOT office on July 22, it was rationalized that due to my skill and long experience in hardwood flooring, I would be the logical choice to perform the installation and provide the sensitivity for restoration so necessary to a project of this nature. Subsequently I would assume the responsibility for the performance of the work as specified and immediately order the wood products that would be required to complete the job.

Kelly Goodwin showed an inventory of 830 square feet of 5/16 x 2 oak for second floor repair at \$1.89/square foot with about 600 feet required. Hardwood Flooring Distributors showed an adequate supply quarter sawn white oak at \$1.59 and 3-5-7 plank at \$2.50/square foot, FOB Seattle.

However, when I called your office on July 26 you informed me that no one had authority to assign work covered in your contract and the only way that I could work on the project would be to join the union at a cost of \$641.75. I would work for union scale and be carried on your payroll and all job decisions and determinations would originate in your office.

Regardless of your personal edict that I join the union, please be advised that DOT does not require union affiliation; only that union scale plus benefits be paid for any given skill. Now that Queen City Industries has definitely been selected to do the hardwood work as well as the ceramic tile and carpeting, please advise if all the people they bring up to Alaska will be expected to meet the same requirements that you demanded from me. Has Queen City a \$10,000 surety deposit with the

Mr. Wayne Coogan

-2-

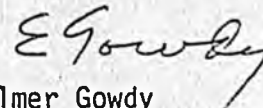
August 17, 1983

union to assure payment of benefits and contributions payable by the employer as required by the union?

At what future date do you plan to start work on this job? It was my thought that July 25 was a reasonable date to do some of the obvious preliminary work and so far there is no evidence of any floor work having been started.

A prompt reply to the above questions will be appreciated so that I will be able to make a final decision.

Sincerely,



Elmer Gowdy
Flooring Division Manager
Woods Construction Company

cc: Governor Bill Sheffield
Steve Woods
Tom Metlicka ✓
Jerry Woods
Queen City Industries
Phyllice Bradner

MEMORANDUM

DOCUMENT # 6
(page 1 of 2)
State of Alaska
Department of Transportation & Public Facilities

TO: The File

DATE: August 18, 1983

FILE NO: 220E

TELEPHONE NO: 364-4314

FROM: Tom Metlicka 
Design Manager
Building Design & Construction
DOT/PF

SUBJECT: Governor's Mansion
Renovations
Project No. H-79164

The following describes our understanding of the events that have occurred concerning the flooring work in the Governor's Mansion.

During a conversation between Jerry Wood and Governor Sheffield on July 12, 1983, the Governor asked if Elmer Goudy had been contracted to do the wood floor finishing work and he expressed his intense interest in the end product of that work. Jerry explained that we had just identified the prime contractor (Coogan/Capitol) and that he did not know if Elmer would be working with them, but he would find out.

Shortly after that Jerry was informed by Phyllice Bradner that the Governor was very interested in having Elmer, or the man from Kenai that had done the floors in the Governor's home in Anchorage, do the Mansion floors.

We began working with Coogan/Capitol to see if Elmer could join them. At this point Elmer had made no known effort to obtain this work thru the normal means of joining or offering to join the contractors bidding for the project. He had been advised to do this several times.

Coogan/Capitol had previously arranged to have Paul's Flooring, a Juneau business, do all the flooring work (wood, tile and carpet). We have been told that at some time in the past few years Paul and Elmer had a falling out. However, at our request Coogan/Capitol tried to develop a working relationship between Paul and Elmer. This failed and ended with Paul withdrawing from the entire project.

After that Coogan/Capitol made several efforts with Elmer trying to develop some way for Elmer to do all of the work. However, Elmer is simply not in a position to provide all of the material and expertise for all of the work (wood, tile and carpet). In addition, in our judgement Elmer is not in a position to provide the manpower required to do the wood floors alone. He has stated to Jerry that he intends to do all of the work himself, with some aid from his son. We are convinced that we will require two men, on a full time basis, at the minimum in order to complete this work in a reasonable period of time.

During all of the negotiations with Elmer he was aware of the Governor's preference for him. As a direct result he has been very difficult to deal with. The attitude perceived is that Elmer Goudy will do the hardwood floors regardless of the time or cost considerations and in spite of any previous agreements. Also, Elmer has come to the Douglas DOT/PF office on numerous occasions. In our opinion his purpose has been to bypass, and have himself thrust upon, the contractor (Coogan/Capitol).

This situation is further complicated by Elmer's resistance to join the appropriate union. The contractor is a member of the Associated General Contractors (AGC) and as such is obligated to hire union employees and deal with union firms. To work for Coogan/Capitol or one of their subcontractors Elmer would have to join the union.

In the mean time Coogan/Capitol has identified a firm that is well qualified to provide both the appropriate manpower and materials to complete this project within an acceptable time frame and at a reasonable cost. Queen City Industries is a well developed flooring firm that has the capability of providing everything that we require. However, they are a Seattle based firm. As such they require per diem and travel expenses for those folks they would send to our project. In our judgement, this additional expense item could be compensated by a similar reduction in cost resulting from the use of their well developed organization. Compared to all locally available sources this is judged to be a favorable situation that meets both our budget and schedule considerations as well as the quality requirements we all prefer. In addition, Queen City Industries has offered to employ Elmer Goudy to work with their man on the project.

The general policy for subcontractor selection is to leave the selection to the general or prime contractor. Our approval or disapproval is then declared. We have approved Queen City Industries as a qualified subcontractor. That approval is documented by the attached memorandums.

TM:JW:ma

cc: Jonathan W. Scribner
Charles S. Matlock
W. I. DeBoff
Jerry Wood



Coogan Construction Co.

P. O. BOX 209 · JUNEAU, ALASKA 99802 0209 · (907) 586-3010

August 22, 1983

State of Alaska, DOT & PF
Div. of Bldg. Design & Construction
PO Box 1467
Juneau, AK 99802

Attn: Mr. Tom Freeman

Re: Governor's Mansion Architectural Renovations, H-79164

Dear Tom:

In previous discussions with Mr. Tom Metlicka it was mentioned that I should write this letter explaining how and why we subcontracted the flooring and ceramics on the referenced project.

When we bid this project, we had previously established a team of subcontractors for whom the overhead and profit figures were specifically formulated. All these subcontractors agreed to the percentages bid by our firm (as a team) during prebid conferences. Our firm and its team of subcontractors developed their bid based on their past and ongoing relationships with each other. In other words, the bid was calculated unusually low for a team we knew would work smooth together. This is the standard procedure in the industry for bidding cost-plus work since the only risk variable is the amount of effort necessary for management and administration.

Subsequently, during a preconstruction meeting, the name of Elmer Gowdy was suggested by owners representatives as a potential hardwood floor installer. In an effort to be cooperative I indicated we would try to involve Mr. Gowdy in the project. Unfortunately, Mr. Paul Heppler, our preselected flooring/ceramics subcontractor, was present at this meeting.

Shortly thereafter, Paul Heppler terminated his involvement in the project. Paul evidently felt unwelcome because he believed the owners wanted Elmer Gowdy, not Paul's Floor Service, doing the hardwood floors. Needless to say, we were very disappointed in this development since we had planned on working with Paul Heppler--not to mention the loss of good will we suffered with him.

As time went on, we were not formally contacted by Mr. Gowdy. However, we heard mention that he was communicating directly with the owners concerning this job. We considered Mr. Gowdy's actions highly irregular at that time, but nevertheless, we invited Elmer to submit his qualifications for performing the labor portion of the hardwood floors. Since Mr. Gowdy is not a licensed business entity, we had to communicate to him through an organization known as Woods Construction Co., a firm we are totally unfamiliar with. We considered this action also highly irregular and somewhat risky. Since time was not on our side during this course of events, I contacted Queen City Industries, a large and long established Seattle hardwood floor and seramics specialist we had worked with in the the past. I directed Queen City furnish the entire material package for the project. I felt this action was essential to maintain the schedule (keeping in mind the loss of our original subcontractor cost'us ten days).

In our judgement, neither Woods Constuction Co. or Elmer Gowdy submitted evidence of past experience with public construction work even remotely comparable to that of Queen City Industries. Due to this fact, we deemed these people a much higher rish as subcontractors than Queen City. Additionally, due to their inexperien in public work, we determined the additional administrative assistance that we would have to provide them was not figured in our original bid.

Queen City, however, has agreed to employ Elmer as a mechanic on the project since we all agree that is what his abilities are best suited for. However, it should be mentioned that some of Mr. Gowdy's unusual business procedures may try our patience.

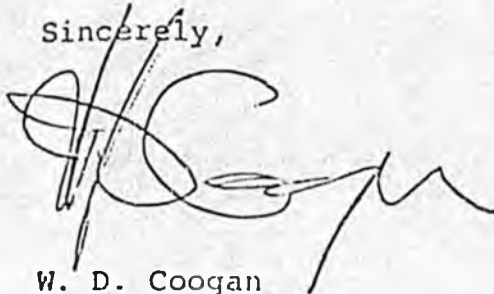
State of Alaska
Mr. Tom Freeman
August 22, 1983

Page Three

(page 3 of 4)

We will continue our cooperation in trying to involve Elmer in this project, but even such things as writing this letter were never anticipated by us. We hope that from this time on, Mr. Gowdy, the owners, and ourselves will be equally cooperative and that the judgements of the parties with the ultimate responsibility for those judgements will be respected by all parties involved.

Sincerely,

A handwritten signature in dark ink, appearing to be 'W. D. Coogan', written over a horizontal line.

W. D. Coogan
Project Manager

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

BUILDING DESIGN AND CONSTRUCTION

BILL SHEFFIELD, GOVERNOR

DOCUMENT # 8
(page 1 of 1)

P.O. BOX 1467
JUNEAU, ALASKA 99802
PHONE: (907) 584-4314

August 12, 1983

RE: Governor's Mansion
Renovation
Project NO. H-79164
220E

Queen City Industries
File 1-5

Coogan Construction Co.
P. O. Box 209
Juneau, Alaska 99802

Attn: Wayne Coogan

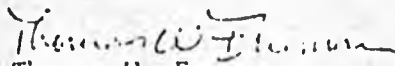
Gentlemen:

This is to acknowledge receipt of your letter of August 5, 1983, relative to having Queen City Industries perform the ceramics and hardwood flooring on the subject project.

This is to inform you that this office has no objection to Queen City performing the work.

Please submit the required subcontract documents for Queen City for review and approval.

Very truly yours,


Thomas W. Freeman
Building Construction Chief

TWF:ma

cc: MRF
Jerry Wood
Tom Metlicka
Phyllice Bradner
Mike Mizich
Nello Long

Coogan Construction Co.

P. O. BOX 209 • JUNEAU, ALASKA 99802-0209 • (907) 586-3010

DOCUMENT # 9
(page 1 of 1)

July 21, 1983

Woods Construction
9018 Gee Street
Juneau, Alaska 99801

RE: Governor's Mansion Remodel, Juneau, Alaska
Project # H

INVITATION TO BID

Gentlemen:

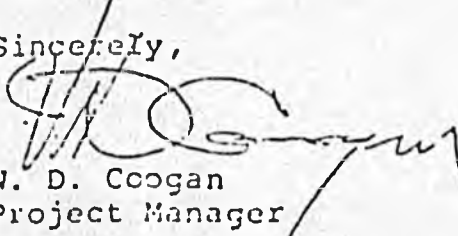
We request that your firm submit a proposal letter to our office for performing hardwood flooring work on the referenced project. Your subcontract, if your firm is chosen between three select bidders, will be on a cost plus percentage basis. Costs will include material, travel, subsistence, labor and labor burden as necessary. Please quote your required percentage of overhead and profit on the mentioned costs. General Contractor may elect to purchase materials in order to expedite delivery.

Selection of the successful subcontractors for this project shall be determined on the following criteria:

- 1.) Track record of subcontractor. Please submit resume of your past projects.
- 2.) Financial capacity. Please furnish names and addresses of your bank, insurance and bonding agents and three creditors, (trade references).
- 3.) Letters of reference from three owners or general contractors for whom your firm has installed hardwood floors.
- 4.) Amount of overhead and profit quoted as a percentage of cost. Please indicate this percentage.

Please reply in writing no later than July 27, 1983.
Thank you for your interest.

Sincerely,


W. D. Coogan
Project Manager

WC/lc

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

BUILDING DESIGN AND CONSTRUCTION

BILL SHEFFIELD, GOVERNOR

DOCUMENT # 10

(page 1 of 1)

P.O. BOX 1467

JUNEAU, ALASKA 99802

PHONE: (907) 364-4314

August 12, 1983

RE: Governor's Mansion
Renovation
Project NO. H-79164
220E

Queen City Industries
File 1-5

Coogan Construction Co.
P. O. Box 209
Juneau, Alaska 99802

Attn: Wayne Coogan

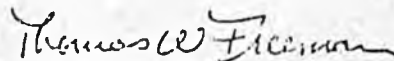
Gentlemen:

This is to acknowledge receipt of your letter of August 5, 1983, relative to having Queen City Industries perform the ceramics and hardwood flooring on the subject project.

This is to inform you that this office has no objection to Queen City performing the work.

Please submit the required subcontract documents for Queen City for review and approval.

Very truly yours,



Thomas W. Freeman

Building Construction Chief

TWF:ma

cc: MRF
Jerry Wood
Tom Metlicka
Phyllice Bradner
Mike Nizich
Nello Long



Coogan Construction Co.

P. O. BOX 209 - JUNEAU, ALASKA 99802-0209 - (907) 586-3010

August 19, 1983

FILE

Queen City Industries
Attention: Mr. Bob Hanson
1001 Mercer Street
P. O. Box 9885
Seattle, WA. 98109

Job: CC83-5

RE: Governor's Mansion Architectural Renovations, H79164

NOTICE OF AWARD

COPY

Dear Bob,

I would like to thank you for your assistance in helping us coordinate the flooring and ceramics for the referenced project. We also congratulate your firm on behalf of the owner for your excellent performance in expediting material thus far.

As previously discussed, we have agreed that Queen City will install the flooring and ceramics for this project on a cost plus percentage basis. Your labor contract shall provide 7.99% (above reimbursable costs) for overhead, and 11.99% (above reimbursable costs plus overhead) for profit.

As previously mentioned in our telephone conversations, reimbursable costs acceptable to the owner are those allowed in the Main Contract including: labor, benefits, labor burden, travel, subsistence, lodging, equipment rental, freight, courier service and any other direct costs approved by the owner.

This letter shall constitute immediate notice to proceed with work as necessary.

Please read carefully all General Requirements regarding laws and regulations, certified payrolls and certificates of insurance. The latter requiring that you submit certified payrolls to the appropriate agencies and an insurance certificate to this office.

SUBCONTRACT NO.		FOR INTERNAL USE ONLY:				document #12	
CC83-5/2		VENDOR	CODE	ACCTG.	RET. %		
PLEASE REFERENCE THIS SUBCONTRACT NO. ON ALL INVOICING AND CORRESPONDENCE.		☐ LIEN	☐ INS.	☐ CONTR.	☐ BOND	☐ C. P/R	☐ MP P.M. APP.



SEATTLE CHAPTER ASSOCIATED GENERAL CONTRACTORS SUBCONTRACT

THIS AGREEMENT made and entered into by and between Coogan Construction Company
P. O. Box 209, Juneau, Alaska 99802

hereinafter called the CONTRACTOR, and Queen City Industries, 1001 Mercer Street
Seattle, Washington 98109

hereinafter called the SUBCONTRACTOR, WITNESSETH:

The CONTRACTOR, for the full, complete and faithful performance of this SUBCONTRACT, agrees to pay the SUBCONTRACTOR: Cost, plus a percentage as described on contractors 8-19-83 "Notice of Award" addressed to subcontractor.

- (a) Lump Sum in the sum of N/A
Dollars (\$), or
- (b) Unit Prices as set forth below which on the basis of estimated quantities will involve a gross contract price of approximately N/A
Dollars (\$).

In consideration therefor, the SUBCONTRACTOR agrees as follows:

- To furnish and perform all work as described in Paragraph 3 hereof, for the construction of
Governor's Mansion Architectural Renovations Phase II
Project No. # H-79164

for State of Alaska, Dept. of Transp. and Public Facilities

hereinafter called OWNER, in accordance with the Contract dated the 20th day of July, 1983, between the OWNER and the CONTRACTOR, and the general and special conditions of said Contract, and in accordance with the drawings and specifications and addenda for said construction by

Linn A. Forrest Architects, 800 Glacier Avenue, Juneau, AK. 99801
(ENGINEER'S & ARCHITECT'S NAME)

ENGINEERS or ARCHITECTS, all of which documents in their ENTIRETY are hereinafter referred to as the MAIN CONTRACT and which have been made and remain available to the SUBCONTRACTOR.

- To be bound by all laws, government regulations, and orders, and all provisions of the MAIN CONTRACT which provisions are incorporated by reference and to be bound by the provisions printed on the reverse side hereof.
- To provide all supervision, materials, labor, supplies and equipment for:
 - SECTION 09300 - TILE, in its entirety.
 - SECTION 09550 - WOOD FLOORING, in its entirety.
 CONTRACTOR'S "Notice of Award" dated 8-19-83 addressed to SUBCONTRACTOR shall be incorporated into this subcontract by reference and shall be binding upon the firms involved

IN WITNESS WHEREOF the CONTRACTOR and SUBCONTRACTOR have executed this agreement, effective the 19th day of August, 1983.

August 19, 1983 Date
by [Signature]
Authorized Signature
[Signature]
Witness

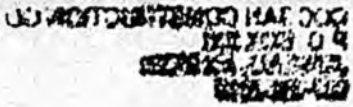
AA 1475

CONTRACTOR'S Registration Number

[Signature] Date
by [Signature]
Authorized Signature
[Signature]
Witness

2043

SUBCONTRACTOR'S Registration Number



MATERIAL CONTRACT

AA - 1475 _____ Job Name Governors Mansion - Alaska
Contractor's Registration Number _____ Contractor's Job No. CC 83 - 5
L 537004 _____ Supplier's Job No. _____
Contractor's Washington Resale Number _____

THIS AGREEMENT, issued this 29 day of July, 19 83,
by and between Queen City Industries, Inc., 1001 Mercer Street, Seattle, WA 98109
(seller's name and address)
hereinafter called the Seller, and Coogan Construction Company,
(contractor)
hereinafter called the Contractor,

WITNESSETH:

Section 1. The Seller agrees to furnish all material set forth in "Section 2" hereof necessary in the construction of Governors Mansion Renovation for State of Alaska
(name of project) (owner)
hereinafter called the Owner, at Juneau, Alaska
(location of project)
in accordance with the plans and specifications together with Addendas No. N / A,
and Alternates No. N / A, prepared by Minch - Ritter - Forrest,
(architect or engineer)
all of which shall be considered part of this Agreement by reference thereto. The Seller agrees that the material supplied will be in accordance with the plans and specifications and will be subject to inspection and acceptance by the supervising authority to determine conformance thereto.

Section 2. It is agreed that the materials to be furnished by the Seller are as follows:
Including but not limited to the following: Ceramics, hardwood,
back-up materials, waterproofing, finishes, and wonder board @ walls
behind tile.
Section 9.300 and Section 9.550; tile and wood flooring.
Both of these sections in their entirety.

Section 3. All material furnished under this Agreement is to be furnished F.O.B.
Seattle Dock
Delivery schedule shall be As Soon As Possible!!! To be coordinated in forthcoming
correspondence.
If this space is not filled in, the schedule shall be mutually agreed upon within two weeks after acceptance of this contract. Contractor shall inspect all materials at time of delivery and note on a Bill of Lading any apparent defects. Satisfactory performance shall be contingent upon timely written approval of both parties of the following material samples, shop drawings, and credit submittals: As required by sections 01.300 and those
sections mentioned above in "section 2" of this material contract.
Six (6) copies of material submittals are required.

Section 4. The contractor agrees to pay the Seller for the material as follows: \$44,178.00
Forty four thousand, eight hundred and 00/100 dollars.

subject to additions and deductions agreed to in writing by Contractor and Seller for changes as may result from operations of Contractor's contract with Owner. Terms of payment are as follows: Net 30 days
from receipt of invoice, or initial acceptance of material by owners
representative, whichever occurs last.

No payment on account shall operate as an approval and acceptance of materials furnished, or any part thereof.



O'HAGAN CONSTRUCTION CO.

P.O. BOX 122

BUREAU, ARIZONA

7-24-63

Section 5. 2 copies of invoices shall be mailed to _____ document #13
All invoices received after the payment cut-off date of the 5th and 25th of every month (page 2 of 2)
will go into the next month's account.

Section 6. In the event of any breach of contract, lien, claim or other liability asserted against the Contractor by a third party arising out of the Seller's performance hereunder, the Contractor shall have the right to retain out of any payments due or to become due to the Seller in amount sufficient to protect the Contractor from damage resulting therefrom, until the situation has been eliminated or adjusted by the Seller.

Section 7. Seller warrants the material to be in accordance with the plans and specifications, except as noted in Section 2., and to be free from defects at time of delivery. THE PRECEDING WARRANTY IS IN LIEU OF AND SELLER HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR ANY PARTICULAR PURPOSE.

Section 8. Consideration of extension of time shall be contingent upon written request for such extension by the Seller within three working days of Seller's good faith determination that there will be a delay.

Section 9. In the event the Seller fails to comply with the provisions herein and fails to commence corrective measures immediately, or to notify Contractor for the delay in such corrective measures after written request by the Contractor, the Contractor may, without prejudice to any other right or remedy, after written notice, furnish or secure elsewhere the necessary materials to remedy the breach, and the necessary cost of which will be at the expense of the Seller.

Section 10. Only material listed in Section 2. will be furnished. No separate installation items or materials will be furnished unless shown on plans and specifications or noted herein.

Section 11. The Seller shall obtain and pay, except as provided otherwise in the specifications, for all patent rights, permits, licenses, tests and official inspections necessary to his performance under this agreement, and shall comply with all laws, ordinances, taxes and regulations bearing on the production of his material and the furnishing thereof.

Section 12. The Seller shall indemnify the Contractor against and save him harmless from any and all claims, suits or liability for injuries to property, injuries to persons, including death, and from any other claims, suits or liability on account of any negligent act or omission of the Seller, or any of his officers, agents, employees or servants. The Contractor shall indemnify the Seller against and save him harmless from any and all claims, suits or liability for injuries to property, injuries to persons, including death, and from any other claims, suits or liability on account of any negligent act or omission of the Contractor, or any of his officers, agents, employees or servants. In any action to enforce this section, including trial and appellate proceedings, reasonable attorneys' fees shall be awarded to the prevailing party.

Section 13. The Seller shall not assign or contract a substantial portion of any special fabrication necessary for this contract without prior written consent of the Contractor. If the Seller assigns the proceeds of the contract, he shall give written notification thereof to the Contractor.

Section 14. In any case of litigation between parties concerning this Material Contract, including trial and appellate proceedings, reasonable attorneys' fees shall be awarded to the prevailing party; and venue any choice of law shall be that of the State of Washington.

Date

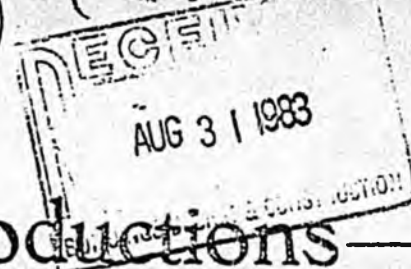
Contractor

By

Date

Seller

By



Snow Goose Productions

Phyllice Bradner • 623 Basin Road • Juneau, Alaska 99801 • (907) 563-3897

August 31, 1983

MEMO TO: Tom Freeman
Department of Transportation/PF

FROM: Phyllice Bradner

RE: Carpet Selection

Tom:

I am currently in the process of making carpet selections in the mansion and would just like to clarify the procedure for expediting that order.

I spoke to Tom Metlicka last week and we both agreed that the quickest and least complicated process would be to extend the Coogan/Capital contract to include carpet work.

Among the carpet needs will be some specialty carpet with borders sewn on for the main staircase, master bedroom, and Chamber D. These are the sort of items that will quite likely be available through very limited sources. We will also need a more standard sort of carpet for the back stair hall and basement area. In order to simplify matters I intend to choose that carpet from among the stock items offered by the company that supplies the specialty carpet.

I have been in contact with Queen City, the people who are supplying our other flooring needs, and they have been very accomodating in locating information about the unusual carpeting I have requested. If it is o y with your department, I would like to proceed under the assumption that we can do business with Queen City as I have found them to be very cooperative and reputable.

Thank you, your prompt decision in this matter will speed the job along.

Respectfully,

Phyllice Bradner

cc: Tom Metlicka



INDUSTRIES, INC.

1001 MERCER ST. • P.O. BOX 9885
SEATTLE, WASHINGTON 98109

STATE CONTR. REG. NO.
223-01 OU-EE-NC 1374 N09

- HARDWOODS
- FLOOR COVERINGS
- SYNTHETICS
- CERAMICS
- TENNIS COURTS
- TRACKS

TO: GOOGAN CONST
JUNEAU ALASKA

ATTN: JOE
PROPOSAL FOR:

Date

10/7/83

CARPET FOR GOV. MANSION.

GENTLEMEN:

IT IS A PLEASURE TO SUBMIT OUR QUOTATION TO FURNISH MATERIALS AND OR LABOR AS FOLLOWS:

PURSUANT TO OUR CONVERSATIONS
WE ARE PROCEEDING WITH THE ORDER DEFINED
AS FOLLOWS:

PROVIDE CARPET AND ~~LAESCIZ~~ IN THE FOLLOWING AREAS.

FIELDSTONE BY WELCO
COLOR SANDSTONE
AND 40 OZ HAIR JUTE
PAD.

{ #14 HALL "B", #15 STAIR HALL, #16 HALL
#17 MAIDS ROOM, #40 STAIR HALL, STAIRS
AND #63 STAIR HALL (NONE IN CLOSETS)
[EXTRA ATTIC STOCK AS POSSIBLE]

"FLORAL PERSONA" BY ALAN
SMITH WITH "GRAMERCY
PARK BY COLUMBIA COLOR
FILIBERT WITH PAD

{ AREA RUG WITH A 1 FOOT (APPROX)
BORDER INSET FOR #54 CHAMBER "C"
USING THIN AREA RUG PAD

GRAMERCY PARK BY COLUMBIA
MADE COLOR FILIBERT

{ INSET AREA RUG, CUMMIS RUG WILL
BE ON AREA RUG PAD ON TOP.

ROYAL CRYSTAL BY C.I.
QUARTZ W/ STD BORDER
OF 6 3/4"

{ MAIN STAIR CRPT 48" WIDE (APPROX)
DOES NOT INCLUDE THE FIRST 2 STAIRS
AND LANDING

ALSO TO PROVIDE AREA RUG PAD FOR ORDER
SUPPLIED CARPETS, APPROX COST 30 - 35¢ PER SQ FT.

TOTAL NOT TO EXCEED
WORTH APPROX. 2400 \$
FOB, SEATTLE DECK, NO SUBSURFACE PREP.
LABOR FIGURED ON NORMAL WORKING HOURS

\$15,000.00

THIS QUOTE DOES NOT INCLUDE WASHINGTON STATE SALES TAX

THIS PROPOSAL IS SUBJECT TO ACCEPTANCE WITHIN N/A DAYS AND TO CONDITIONS ON THE REVERSE SIDE HEREOF.

QUEEN CITY INDUSTRIES, INC.

VERBAL
DE E. 10/6/83
ACCEPTED

DATE

BY

BY

TERMS AND CONDITIONS

GENERAL CONDITIONS

1. The price is only for such work as is specifically described in the contract.
2. SALES TAX: Sales tax is included in the quotation.
3. TERMS OF CASH ON DELIVERY: An invoice will be rendered within 10 days after delivery of the material. Overdue accounts will be charged 1 1/2% per month for service charge.
4. We assume no liability for delay or cancellation from causes beyond our control such as acts of God, labor disturbances, car shortage, war and acts of the Government, transportation delays and accidents beyond our control.
5. Claims for shortages must be claimed by the purchaser within five days.
6. Back Charges: No claims for labor performed or for materials furnished by others as a part of this contract will be allowed except upon written order of the seller. The seller will not assume any charge for use of telephone, general cleaning, office expenses, lighting, power, watchman or temporary structures or extra charges of any kind or description.
7. Structural Work: Unless otherwise noted on the face of this proposal, complete erection of frames and other materials for the reception of the seller's material is to be done by others. It is essential that such work be done in exact accordance with working details and specifications under which seller's quotation is made. Any charges requiring additional work or material by the seller will be charged to the purchaser. It should specifically be noted that our quotations are based on the premise that the sub surfaces are ready to receive our materials.
8. The builder and/or owner shall maintain a temperature of 70° F. for 48 hours before and after and during the progress of the installation of the floor covering. Sufficient lighting and power shall be furnished to the floor contractor.
9. If the job has been estimated from plans and the interior dimensions of any room or rooms shall be found to be larger than on the plans, the builder and/or owner agrees to pay for the additional area at the current market price. The sizes of each room are to be the basis of comparison and no consideration will be given to the exterior dimensions of the building.
10. Any work necessary to repair sub surfaces and sub floors, cut door jambs, casings, repair or put in place counters may be charged as an extra.
11. The purchaser shall provide seller a safe storage space convenient to the site of the work and our construction facilities such as hoists and elevators without charge to the seller.
12. Notification to Proceed: The purchaser shall notify seller seven (7) days prior to installation date and shall provide sufficient work ahead so that the seller's work can be carried on without undue interruption.
13. Purchaser's Contract Form: If purchaser should accept seller's quotation yet use his own contract form, it is agreed that the true copy of seller's quotation and these terms and conditions shall be incorporated therein and made a part of this agreement.
14. Regular Working Hours: Our proposal is based on the premise that the work can be performed in regular working hours unless otherwise noted on the face of this proposal.
15. Delays: The seller will not take responsibility for any delays occasioned by labor trouble, transportation, fire, accidents or any other cause beyond the seller's control. If completion of our contract is delayed for thirty (30) days or more, through no fault of ours, the purchaser will take delivery of the balance of the materials contracted for and payment for all labor and material furnished shall be due forthwith.
16. It is the intention of the floor contractor to furnish material as shown on the face of the proposal. However, if by error the wrong materials are delivered to the contractor and/or owner must accept the delivered material if floor contractor is notified of error within 24 hours after delivery of material.
17. We assume no responsibility for manufacturing defects where a material is sold to go as conforming to size and grade figured for the material on face of the proposal.

WOOD FLOOR CONDITIONS:

1. We assume no responsibility for imperfections in sub floors and we do not guarantee against cupping, buckling, shrinking or for defects which show up in material which are within the scope of the grading rules which are applied for the industry.
2. The contractor and/or owner is to turn the job over to the floor contractor broom-clean and furnish sufficient electric power to operate floor equipment, such as sanders, edgers and polishers.
3. Wood floors shall be finished with a natural finish unless otherwise stated on the face of proposal and should color be desired, the contractor and/or owner shall pay extra for the specific color.
4. Eighty-five percent (85%) of the contract price will be due and payable when floors are laid and the balance upon the completion of the finishing of the job.
5. Inasmuch as the seller cannot control the humidity, heat or moisture condition on the job, we hereby want it understood that we cannot be responsible for the movement of a wood floor or any other condition which may result from moisture and/or heat conditions.

RESILIENT FLOOR, WALL COVERING, & CARPET CONDITIONS:

1. We assume no responsibility for imperfections in sub floors and we do not guarantee against cupping, buckling, shrinking or for defects which show up in material which are within the scope of the grading rules which are applied for the industry.
2. Any imperfections in sub floor which are remedied by the floor contractor shall be considered as an extra unless otherwise agreed to on the face of this proposal.
3. The contractor and/or owner is to turn the job over to the floor contractor broom-clean and furnish sufficient electric power to operate floor equipment, such as sanders, edgers and polishers.
4. If material or pattern group other than specified or agreed upon is selected, the price shall be considered as an extra.
5. On jobs where the seller makes the installation, he agrees to clean up his own debris but is not responsible for cleaning up the debris of the purchaser's sub-contractor and any cleaning is not to be considered a part of the work included in this agreement.
6. Inasmuch as the seller cannot control heat, moisture, and humidity conditions on the job, we hereby want it understood that we cannot be responsible for the movement, cracking, spreading and other defects of a floor, as the result of these conditions.

CERAMIC TILE CONDITIONS:

1. We assume no responsibility for defects caused by structural and/or sub surface conditions or defects caused by extreme high and/or low temperatures.
2. Any imperfections to sub surfaces which are remedied by floor contractor shall be considered as an extra for which a reasonable amount may be charged to contractor and/or owner unless otherwise agreed upon on face of proposal.
3. The contractor and/or owner is to turn the job over to the floor contractor broom-clean and furnish sufficient electric power to operate floor equipment, such as sanders, edgers and polishers.
4. If material or pattern group other than specified or agreed upon is selected, the price shall be considered as an extra.

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: D. D. Dieckmeyer, Director
Design and Construction
Southeast Region
DOT/PF

DATE: October 28, 1983

FILE NO:

TELEPHONE NO: 354-4366

FROM: W.I. Deboff 
Chief, Buildings
Design & Construction
DOT/PF

SUBJECT: Governor's Mansion
H-79164

The construction contractor on the architecture renovations for the governor's mansion has quoted the following costs for carpet installation:

Carpet (State is committed to pay this cost:	\$12,500.00
Labor (5 days)	
Subsistence) -	\$ 3,084.00
Airfair)	

TOTAL AMOUNT: \$15,584.00

Estimated quantity of carpet: 300 yards
Cost of carpet and installation: \$15,584.00 for 300 yards = \$51.95 per yard
Cost of carpet installation: \$ 3,084.00 for 300 yards = \$10.28 per yard

WD/sdh



Seattle's Flooring Center

Queen City INDUSTRIES, INC.

(206) 622-6222

STATE CONTR. REG. NO. 223-01 OU-EE-WC 137-1 N09

1001 MERCER ST. • P.O. BOX 9885 • SEATTLE, WA 98109

ALL CLAIMS FOR SHORTAGES MUST BE MADE AT TIME OF DELIVERY
1% MONTHLY SERVICE CHARGE ON OVERDUE ACCOUNTS

*1-907-586-3010

SHIPPED TO

SOLD TO Coogan Construction Co.
P O Box 209
Juneau, AK 99802

Governor's Mansion
Material contract

Attention: W.D.Coogan, Proj.Mgr. Job #1944 & 19661

CUST. ORDER NUMBER	RESALE NUMBER	SHIPPED VIA	INVOICE DATE	SALESMAN	TERMS
			9/20/83		Net
QUANTITY	DESCRIPTION			PRICE	AMOUNT
	Section #9.300 Tile				
	Section #9.550 Wood floor				
	Per contract as quoted			\$44,808.00	\$44,808.00

40645

OCI 1017-4



Queen City INDUSTRIES, INC.

STATE CONTR. REG. NO. 223-01 QU-EE-NC 1374 N08
1001 MERCER STREET • (206) 622-6222
P.O. BOX 9885
SEATTLE, WASHINGTON 98109

October 4, 1983

Coogan Construction Co.
P O Box 209
Juneau, AK 99802

Re: Governor's Mansion - Change Orders thru Sept. 30, 1983

Gentlemen:

WOOD

Description of Change

Hardwood change order for walnut and oak millwork.

CERAMIC TILE

<u>Room #</u>	<u>Name</u>	<u>Description of Change</u>
12	Bath: Floor	(Bid- (Wood per dwg. A-1 (Actual- (Ceramic tile w/design
	Shower Walls	(Bid-1"x1" sw. ungl. ct w/1" borders. (Actual-3x6 glazed "crown" tiles with (feature strip.
19	Rec/Jac	Bid-Field tile Bianco Antico plain 8"x8" Design Musa Ciclamino border w/(4) Almeria 219. Actual- Field tile Incepa bright white 6"x6" border dbl. band of M.S. Girafa. Need to modify substrate to accept the (2) different thickness of tile.
	Rear Vest.	- No flooring in basic bid. Actual- Quarry tile to match Vest. #30.
38	Scullery	Bid- 2x2 one color no design floor & walls. Actual- Two color offset on floor & walls.
52	Bath	Bid- 1" sq. tile wainscot 36" high. Chg. to- 3x6 or 4x8 glossy white w/Maderia domed relief molding & white 1/4 rd. Actual- 3x6 gl. wt. tile w/black feature strip & M.S. ogee cap molding.

CERAMIC TILE con't.

<u>Room #</u>	<u>Name</u>	<u>Description of Change</u>
55	Bath Floor	(Bid floor- Border design 1" Sq. Corallin & (Sandalwood. (Actual- 1" Sq. beige w/1x2 molted Coraline.
	Wainscot	(Bid- Field St. Florient rose, border Zeta (marble. (Actual - Chg border to 4" of Botticino and (2" of Rosso Vecona. (Marble & border on all floor walls - 4' high
55	Whirlpool	Bid- 1" Sq. CT on floor & walls (sndwd border) Actual- 1" Sq. floor w/beige border. Walls have 3x6 glossy white tile in brick pattern.
	Threshold	Bid- Marble stock threshold. Actual- 1-3/4" x6" w/bevel special milled threshold.
61	Bath	Bid- 4 1/4 x 4 1/4 white tile w/wood cap Actual- 3"x6" Glossy white w/feature strip & M.S. OG (if possible) for cap.
	Shower	Bid- 1" Sq. tiles on walls w/black border. Actual- 3x6 Glossy White w/feature strip.
65	Bath	Bid- Std. 1" White hex field, 1" sq. border white & black. Actual- 1" Hex field w/1" blue border and design.
		Bid- Cleavage Membrane per std. tile specifications to Actual- Bithuthane a special self-healing membrane.
		Raise wainscot to 42" in Room #52.
		Provide (3) white porcelain recessed soap and towel holders.
		Cut special beige border tiles out of a (3) color random pattern (18 sf needed out of 54 sf).
		Preparation of material for air freight shipment from Seattle to Juneau.
		Freight bills not shipped collect.

Glenn Cooper's time needed to facilitate change orders beyond basic material contract including but not limited to the following:

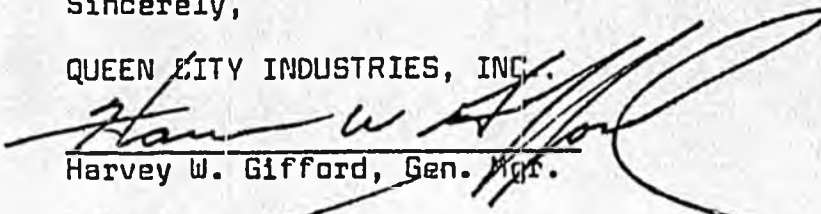
To investigate a variety of ceramic tile manufacturers in regards to alternate products and their availability. Provide the designer with these alterantes and samples to choose from. Investigate potential installation problems and methods for a solution. Change material takeoff to include changes. Order materials to facilitate installation in a timely manner. Personally expedite material from Seattle dock to Juneau.

Total to date -----\$13,721.00

Thru Sept. 30, 1983

Sincerely,

QUEEN CITY INDUSTRIES, INC.


Harvey W. Gifford, Gen. Mgr.

HWG:pjv

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 1467
JUNEAU, ALASKA 99802

THE EAST REGION

January 6, 1984

RE: Governor's Mansion
Architectural Renovations
Project No. H-79164
220E

File 19-2

Coogan/Capitol Construction Co., J.V.
P. O. Box 209
Juneau, Alaska 99802

Gentlemen:

Tom Metlicka has talked to you by phone regarding the Queen City Contract. We need the information that he requested before we can process Pay Estimate Nos. 13 and 14.

To state the problem we are concerned about, we need a break down on that contract. How much for the different items of material supplied and also labor cost break down. Why are we billed for G. Copper's airfare, car rental and food? Was he requested by us to come up, etc.?

Please supply this information as soon as possible.

Very truly yours,

Nello Long
Nello Long
Project Inspector

NL:me

cc: Tom Metlicka

Project #3 for Queen City

Sent via Teleconference on 1-9-84

Joe Leth & Wipe from Queen City



Queen City INDUSTRIES, INC.

STATE CONTR REG. NO. 223-01 QU-EE-NC 1374 NC9
1001 MERCER STREET • (206) 622-6222
P.O. BOX 9885
SEATTLE, WASHINGTON 98109

January 27, 1984

Coogan Construction
4950 Glacier Highway
Juneau, AK 99802

Attention: Wayne Coogan
Re: Governor's Mansion

Gentlemen:

Enclosed is the breakdown on the material bid portion of the Governor's Mansion contract. We find the request for bid breakdown very unusual. We expect this information will facilitate the State's payment of our invoice plus interest owing from the due date to present.

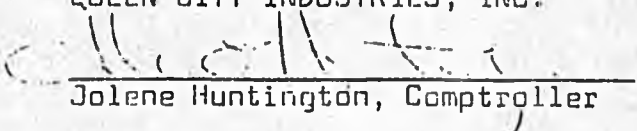
Also enclosed is an invoice for the time involved in breaking out the bid. I estimate it took in excess of one man day each for Bob and Glenn to provide this information. Their combined billing time per hour is \$78.00. The invoice also includes the DHL charge for shipment of this information.

Lastly enclosed are copies of all the other itemized billing on the Governor's Mansion.

Hopefully, Wayne, this will put the State to rest. We are most anxious to receive payment. If I can be of any further help please feel free to contact me.

Sincerely,

QUEEN CITY INDUSTRIES, INC.


Jolene Huntington, Comptroller

JH:pjv
Enc.

2 Name Coogan Construction

Governor's Mansion

Wood, Tile & Flooring Contract

<u>Room No.</u>	<u>Material per Room</u>	
19	Recreation Room	\$6107.00
30	Entry vestibule & Closet	93.00
31	Foyer	110.00
32	Main Hall	372.00
33	Ballroom	471.00
34	Library	1489.00
35	Conservatory	1420.00
36	Dining Room	1032.00
37	Serving/Pantry	900.00
42	Office	146.00
50	2nd Floor Hall	563.00
	Chamber "D"	980.00
54	Master Bedroom "C"	1840.00
57	Study	2980.00
60	Chamber "A"	458.00
54	Chamber "E"	147.00
12	Bath - Shower floor & Side walls	1000.00
19	Rec. Room - Enclosure Top Surface & Back Wall Panel	5600.00
30	Vestibule - Floor	1400.00
38	Scullery - Floor & Walls	4550.00
52	Bath - Floor & Wainscot	2000.00
55	Bath - Floor & Wainscot	7300.00
	Shower - Floor & Steps & Walls	
58	Kitchenette/Bath - Floor in each room	900.00
61	Bath - Floor & Wainscot & Shower	2350.00
65	Bath - Floor	600.00

\$ 44,208.00

1991 MAGELLAN P.C. • P.O. BOX 5805 • SEATTLE, WASH. 98100

SHIPPED TO

Governor's Mansion

No. 40920

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SOUTHEAST REGION

P.O. BOX 1467
JUNEAU, ALASKA 99802
(907) 364-4222

February 2, 1984

Re: Project No. H79164
Governor's Mansion
Queen City Information
File 19-2

Coogan/Capitol Const. Co., J.V.
P. O. Box 209
Juneau, AK 99802

Gentlemen:

Thank you for supplying us with information from Queen City regarding the material they furnished for the Governor's Mansion project. We need more information, however.

They listed the rooms and their prices for material for each room. We requested and still need invoices for the material they sent. We need the square footage amounts for the different items of material they sent, as well as prices per square foot. Also needed are the amounts and prices for the related materials such as floor finishing material, bedding, underlayment, mastic, grout, etc.

Please supply this information as soon as you can because we would like to close this project out, and I am sure you would also.

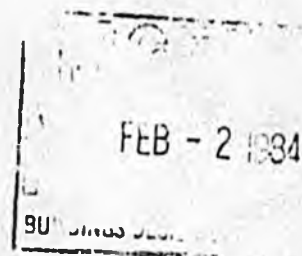
Sincerely,

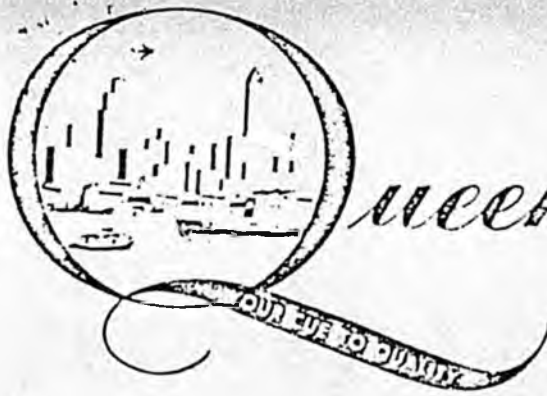
Barry L. Bergdoll, P.E.
Construction Chief

Nello Long
Nello Long
Project Inspector

NL:hn

cc: Jon Scribner, Deputy Commissioner
D. D. Dieckmeyer, Director
Tom Metlicka, Design
Mike Nizich, Governor's Office





Queen City INDUSTRIES, INC.

STATE CONTR. REG. NO. 223-01 QUEE-NC 1374 NOS
1001 MERCER STREET • (206) 622-6222
P.O. BOX 9885
SEATTLE, WASHINGTON 98109

March 23, 1984

Coogan Construction Co.
P O Box 209
Juneau, AK 99802

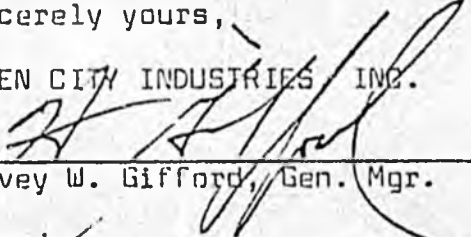
Re: Governor's Mansion

Gentlemen:

Pursuant to your request enclosed is the approximate
breakdown on the above project.

Sincerely yours,

QUEEN CITY INDUSTRIES, INC.


Harvey W. Gifford, Gen. Mgr.

HWG:pjy
Enc.

RECEIVED
MAR 25 1984

COOGAN CONSTRUCTION CO

EDWARDS MANSION /
COOGAN CONT.

FINISH, L. R. R. R.

HARDWOOD FLOOR / MATERIALS ONLY.

BOB N.

3/19/84

Em.

NO.

DESCRIPTION

MATERIALS

FLOORING

MATCHING

REPAIR.

SAND

PROPER

FINISH

TOTAL

19	RECEPTION RM.	X			X	X	605
30	ENTRY VESTIBULE CLOSET	X			X	X	752
31	FOYER		X		X	X	110
32	MAIN HALL				X	X	372
33	BALL ROOM				X	X	471
34	LIBRARY				X	X	259
35	CONSERVATORY	X			X	X	1404
36	DINING ROOM				X	X	351
37	SERVING PANTRY	X			X	X	830
42	SPARE				X	X	146
50	2ND FLOOR HALL		X		X	X	174
51	CHAMBER "D"	X			X	X	1076
54	CHAMBER "C"	X			X	X	1920
57	STUDY	X			X	X	3136
60	CHAMBER "A"				X	X	258
64	CHAMBER "E" (OFFICE)				X	X	147
							19108

ITEM ANALYSIS SHEET

SHEET NO. _____ PROJECT GOV. MANSION LOCATION JUNEAU, ALASKA
 ITEM NO. MATERIALS TYPE OF WORK WOOD FLOOR ESTIMATOR BOZEL DATE 5/19/84

COST ITEM NO.	DESCRIPTION	QUANTITY	UNIT	SMALL TOOLS SUPPLIES & EXPENDABLE MATERIAL		PERMANENT MATERIAL IN PROJECT		DIRECT LABOR		SUB CONTRACTS		TOTAL DIRECT COST	
				U.P.	TOTAL	U.P.	TOTAL	U.P.	TOTAL	U.P.	TOTAL	U.P.	TOTAL
1	"14 RECREATION ROOM - LEVELING MAT. SEE 201 & OAK PLANK - SANDING & FINISH - ING MATERIAL						\$605 ⁰⁰						
2	"30 ENTRY VESTIBULE CLOSET - SAND PAPER & FINISH, OAK.						752 ⁰⁰						
3	"31 FOYER - MATCHING PATCHING MATERIAL, SAND PAPER & FINISH.						110 ⁰⁰						
4	"32 MAIN HALL - SAND PAPER & FINISH.						372 ⁰⁰						
5	"33 BALL ROOM - SAND PAPER & FINISH						471 ⁰⁰						
6	"34 LIBRARY - SAND PAPER & FINISH.						269 ⁰⁰						
7	"35 CANTINA RESTAURANT - FLOORING, SAND PAPER & FINISH.						1404 ⁰⁰						
8	"36 DINING ROOM - SAND PAPER & FINISH						357 ⁰⁰						
9	"37 SERVING, KITCHEN - FLOOR- ING, SAND PAPER & FINISH.						5000 ⁰⁰						
10	"41 OFFICE - SAND PAPER & FINISH.						146 ⁰⁰						
11	"40 2ND FLOOR HALL - MATCHING OAK (PATCHING) SAND PAPER & FINISH.						1740 ⁰⁰						
12	"51 CHAMBER "D" - OAK, SAND PAPER & FINISH						1076 ⁰⁰						
13	"54 CHAMBER "C" - OAK, SAND PAPER & FINISH.						1920 ⁰⁰						
14	"57 STUDY, FLOORING, SAND PAPER & FINISH.						3136 ⁰⁰						
15	"60 CHAMBER "A" SAND PAPER & FINISH.						280 ⁰⁰						
16	"61 CHAMBER "B" FLOORING, SAND PAPER & FINISH						1190 ⁰⁰						

SCULLERS MANSION / JUNEAU ALASKA
LOCALITY COST - CERAMIC TILE MATERIAL ONLY

#12

BATH

COST \$1000-

A - SHOWER FLOOR, UNGLAZED 1" WHITE HEX TILES.
IN MORTAR BED & GROUTED

B - SHOWER WALLS UNGL 1" WHITE SQ TILES
GLASS MESH BACKED BACK, CEMENT & GROUT

#19

REG ROOM

COST \$5000

A - TUB SURFACE REPAIR CERAMIC "MOSAIC" TILE 6"x6"
GLASS MESH BACKING, CEMENT MORTAR & GROUT

B - BACK WALL 6"x6" GLAZED TILE WITH FIELD
& BORDER SAME INSTALLATION AS ABOVE

#30

VESTIBULE

COST \$1400

A - 6" SQ. UNGL QUARRY TILE

REPAIR MORTAR BED CEMENT MORTAR & GROUT

#38

SCULLERY

COST \$4550

A - FLOOR UNGL CERAMIC MOSAIC TILE 2" SQ.
ONE COLOR NO DESIGN, CEMENT MORTAR & GROUT

B - WALLS UNGL C.M.T. 2" SQ, ONE COLOR
NO DESIGN GLASS MESH BACKING, MORTAR & GROUT

cm # 52

BATH

COST \$2000

A- FLOOR UNGL HEX TILES 1", MORTAR & GROUT

B- WAINSCOT 36" HIGH UNGL. 1" SQ TILES MORTAR & GROUT

cm # 55

MASTER BATH

COST \$7300

A- FLOOR - UNGL WHITE HEX AND 1" SQ TILES,
(PER PATTERN ON PLANS), TYPICAL INSTALLATION

B- WALLS MARBLE TILES (SEE DETAILS ON PLANS.)

MASTER BATH SHOWER

A- FLOOR UNGL 1" SQ TILES, TYP. INSTALLATION
SLOPE TO DRAIN

B STEPS & WALLS 1" SQ TILES (SEE PLANS
FOR DETAILS) TYP INSTALLATION.

cm # 58

KITCHENETTE / BATH

COST \$900

A - FLOORS UNGL 1" HEX TILES. (SEE PLANS
FOR DETAILS.) TYP INSTALLATION.

cm # 61

BATH

COST \$2350

A- FLOORS UNGL 1" HEX TILES (SEE PATTERN
ON PLANS) TYP INSTALLATION.

B- WAINSCOT GLAZED WALL TILE $4\frac{1}{4} \times 4\frac{1}{4}$

C- SHOWER. MORTAR AND GROUT.

A- FLOOR 1" HEX TILES, TYP. INSTALLATION

B WALLS 1" SQ TILES, TYP. INSTALLATION

sqm = 65

BATH

COST \$600

A - FLOOR UNGL WHITE HEX TILES WITH
PATTERN (SEE DRAWINGS)

NOTE:

GENERAL SPECIFICATIONS CALL FOR CLEAVAGE
MEMBRANE WHICH REQUIRED.

TOTAL COST \$25,700⁰⁰



(page 7 of 7)

1001 MERCER ST. • P.O. BOX 9885 • SEATTLE, WASH. 98109

1-907-586-3010

SHIPPED TO

Cougan Construction Co.
P O Box 209
Juneau, AK 99602

[illegible]

Insurance paid to General Lee Insurance Co.
 Per estimate #2 8-1-83. for gen. materials
 Sub. to City Service Building Rd \$1,513.47

for estimate #6 8/1/83
 materials General Rd. 44,502.20

Per estimate #7 10/14/83
 labor Rd 32,179.61

for estimate #8
 materials - Change order. Rd. 13,721.00

for estimate #9
 labor Rd. 23,113.62

Per estimate #10 12/1/83
 11/17 estimate to 12/1/83 Rd. 3,316.47

for estimate #11 12/1/83
 labor 11/17 (material) Rd. 2,635.63

for estimate #12
 labor 12/1/83 not paid. 1,304.31
 12/1/83 not paid. 14,311.90

According to my ledger we are holding
 from General City. 22,537.53

Post to Queen City Estimates
2 then = 14 total 113,842.19

Cost of that - for labor. 56,916.72

In what is 61,925.47

Have not paid.
From estimate # 13 - ballast 8,633.63

Estimate # 15 with building. 14,301.90

We are holding at total of 22,931.53



Seattle's Flooring Center

document #23

(206) 622-6222

Queen City INDUSTRIES, INC.STATE CONTR REG NO 223-01 OU-EE NC 1374 1109
1001 MERCER ST. • P.O. BOX 9885 • SEATTLE, WA 98109ALL CLAIMS FOR SHORTAGES MUST BE MADE AT TIME OF DELIVERY
1% MONTHLY SERVICE CHARGE ON OVERDUE ACCOUNTS

*1-907-586-3010

SHIPPED TO

SOLD TO Coogan Construction Co.
P O Box 209
Juneau, AK 99802

Governor's Mansion

Job # 9364

CUST. ORDER NUMBER	RESALE NUMBER	SHIPPED VIA	INVOICE DATE	SALES MAN	TERMS
			12/20/83	~~XXXXXXXXXXXX~~	net
QUANTITY	DESCRIPTION	Harvey W. Gifford	PRICE	AMOUNT	
	<u>Item</u>				
	<u>Basic contract</u>				
120 SY	"Fieldstone" - Sandston	8)			
27 SY	Border for area rugs (Gramacy PK)	)			
25 SY	Floral Persian Area Rug	)			
24 SY	Field Stair Carpet (Royal Chrystal)	)			
78 LF	Border for stair carpet	)			
	<u>Additions & Credits to Basic</u>				
DD 120 SY	40 oz. hair jute pad		+	480.00	
DD 1980 SF	4 rolls of area rug pad 54"x60' per contract @.35 SF		+	693.00	
REDIT	(Freight credit for extra shipment of carpet pad)		-	89.10	
DD 40 SY	Full carpet in "D" chamber		+	200.00	
EDUCT 8 SY	Change carpet in chamber closet to Fieldstone, delete ptn. of Gram. PK		-	100.00	
DD	Widen main stair carpet		+	100.00	
DD	Closets per Phyllis, basement, 1st & 2nd floor		+	550.00	
REDIT	Subsistence not used		-	150.00	
REDIT	Labor - carpet installed by others		-	344.00	
	Total			\$ 14,301.90	\$14,301.90

40854

OCI 1017-4

FILE COPY

May 1, 1984

Representative Mitch Abood
Chairman
House State Affairs
Pouch V
Juneau, Alaska 99811

Dear Representative Abood:

The following compiled figures represent actual invoice amounts for materials needed to repair and replace flooring items required to complete scheduled work in the Governor's Mansion renovation which was recently performed by Coogan Construction Company and their subcontractor Queen City Industries of Seattle.

No freight charges are included. Queen Cities material quotes were FOB Seattle dock. Only ceramic tile known costs were cited in this evaluation, namely plain white and 6" quarry tile used in vestibule floor with the white tile being used around built-in tub in room 19.

In my opinion, the tile in rooms 38 and 55 seem to be overpriced, but no color schedule for this material was available so cross referencing was impossible.

It is interesting to note that Coogan Construction had contractually agreed to obligate the state to pay Queen City \$44,808 for materials to be used on the Governor's Mansion project 23 days prior to issuing Queen City a subcontract for doing the work. Also, that this amount became the actual submitted billing after all the change orders and surprises that occurred as the project evolved.

A recent inspection of the project showed many cracks opening in the new first floor in room 35. This could probably be attributed to improper handling and/or storing the wood prior to installation or indifference to environmental considerations like low heat, no heat or high humidity.

The end product in room 50 must have been a disappointment to the owners inasmuch as the parquet repair seemed to be structurally acceptable, but the material used to fill the nail holes in the top milled pieces was not colored to match the wood. The nail holes had been filled with material much lighter in color than the wood resulting in hundreds of little light colored spots.

The specifications required that some amount of each kind of material used be left for future repairs. An inspection of flooring stored at the Department of Transportation's building on Willoughby Avenue near the school showed about 300 feet of 5/16" x 2" square edge but only a few scraps of 3, 4, and 5. The 5/16 flooring was apparently very old inasmuch as I have not seen strip flooring bundled

in a like manner since WW II. Age, however, is no measure of quality as long as no apparent oxidation by exposure to sunlight has occurred.

The material costs used to project the cost items per room are as follows: 5/16" oak @ \$1.89 per sq. ft.; 3-4-5 oak plank @ \$2.45; glitza floor finish @ \$24.50 a gallon; machine rental per day @ \$124; finishing materials @ \$.33 per sq. ft.

I called Queen City at 8:01 am April 20th on $\frac{1}{2}$ " quarry tile prices and they quoted \$2.97 a square foot retail, but looking at room #30, it seems like the charges billed to the Mansion job was more like \$13.00 a square foot. There should be some explanation for discrepancies of this magnitude.

The 1x4 existing fir floors which were refinished in chamber "A" and "E" shows material in the large cracks to be breaking up and falling out in chunks. On a tour of the mansion with Phyllice Bradner and again with Jerry Woods, I suggested that the fir flooring be carefully removed and relaid to eliminate the exceedingly large cracks to preclude this problem from happening. Mr. Hanson from Queen City convinced Mr. Winders that this would be impractical and hence a less than acceptable product is the result.

If an evaluation in greater depth would be helpful to determine more specifically if required procedures have been satisfied, I would be available to assist in any manner within my capabilities.

Respectfully submitted,

Elmer E. Cowdy
Box 125
Douglas, Alaska 99824

ACTUAL COST OF MATERIALS TO REPAIR AND REPLACE		Q.C.F. BILLING	
ROOM NO.	FLOORS IN ROOMS AS SHOWN COWDY		PER ROOM
19	Wood floors and tub surround- ing only. No millwork should be included in Oct. 4 billing.	\$1,668	\$6,107
30	Onl base shoe molding	12.00	93.00
30*	98 inot maximum 6x6 quarry tile, gout and mastic	330.00	1,400
31	An acceptable figure		
32	Not unreasonable		
34	Minor repair at door to room #35 and at radiator	282.00	1,489
35	135 sq.ft. 1x4 fir @ \$1.50 FBM plus finish material	242.00	1,420
36	Not to include millwork for window seats, included in separate Oct. 4 billing	278.00	1,032
42	Not to far out of line		146.00
50	A reasonable figure		563.00
51	Wood, finish material, machine rent	456.00	980.00
54	250 sq.ft. total 160 sq. ft. new	385.00	1,840
60	Refinish 151 - \$30.00 for repair material	181.00	458.00
54	Not unreasonable		147.00
19	Recreation room ceramic tile to surface and back wall panel plain white basic feature tile on back wall panel priced from similar decorative items sold by American Olean Tile Co. epoxy, tile, trim shapes and feature tile gout	318.00	5,600

* Called Queen City Flooring regarding retail price 1/2 quarry
tile FOB, & their showroom quoted \$2.97 sq.ft. 8:01 am YST 4/20/84

Room 57 was inadvertantly omitted. Please refer to May 2 submitted.

May 2, 1984

FILE COPY

Representative Mitch Abood
Chairman
House State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Abood:

The following is in further reference to my May 1 letter regarding Queen City Floor' and the Governor's Mansion renovation project:

Line item Queen City Floor' inc. Hardwood floors, tile and carpet. Materials only. \$68,650

Hardwood floors and tile as shown in cost per room schedule 1/27/84 in lieu of original invoice, \$44,808 (44,808)
\$23,842

Since no invoices were submitted and wood and tile items are included in \$44,808 items this must be the cost of carpeting. There was only 50 square yards of carpet required for back hall and stairs and about 30 yards or less for maids room. Carpet used in these areas are basic low budget types. 90 yards of this quality goods should have cost no more than \$1,000 with pad and fastening systems adding \$300 or \$350 more. It would be prudent to require Queen City Flooring to submit carpet roll cost with product description and sample to match enclosed sample. All three of the "cost per room" analysis charts defy all logic. These again are materials only FOB Seattle dock. Take room 19 as an example.

Cost per schedule submitted by Jolene Huntington
January 27, 1984

Room 19, recreation room \$6,107

Hardfloors/materials only (Bob H) 3/19/84 #1 \$6,056

Item analysis sheet " " " " #1 \$6,056

Actual Cost:

600 sq.ft. 3", 4", 5" select oak plank
(decorative plugs as specified were not installed)
@ \$2.45 \$1,470

3 gallons glitza 78

3 machines used, rental cost 124

abrasives 20

applicator covers 6

\$1,698

Millwork, stair tread, wood trim, etc. is listed under Oct. 4 billing and no doubt is included in misc. cost of \$13,721.

Room 30 from "item analysis" sheet initialed Bob H., wood floors.	\$752.00
<u>No wood floors in this room!!!</u>	
<u>Jolene Huntington schedule</u>	93.00

Actual cost - only wood item that could possibly be construed as applicable is base shoe molding at less than \$12.00. An additional charge for room 30 is shown January 27, cost per room schedule.	\$1,400

Actual - about 98 sq. ft. 6x6 quarry tile @ \$300	294
Grant hydrament, additional misc. - \$36	36
	\$330.00

Room 57 - Study	\$3,136
Bob H. - Item analysis sheet	2,980
Jolene H. 1/27/84 Cost for room schedule	3,136

<u>Actual Cost</u>	
300 ft. 2"x5/16" SE oak @ \$1.89	\$567.00
1½ gallon Glitza	39.00
machine rental	124.00
abrasives, applicator, etc.	26.00
	\$756.00!!!!!!

For room 35 they show a cost of \$1,420 on one chart and \$1,420 on another. Actual costs as follows:

136 FBM ft. 1x4 fir @ FBM	\$194.00
finish, materials, machine use, etc.	48.00

\$242.00

Please refer to cost comparison schedule dated May 1 for further discrepancies.

It would seem to have been much simpler for Queen City to have submitted actual invoices showing unit costs and number of units delivered rather than try to substantiate the highly overpriced "costs per room" schedule which they will ultimately embarrassingly find increasingly difficult to defend.

I offered to do all floorwork other than tile and carpet for \$36,400.00. It was DOT's opinion that a sole source contract was impossible and they (Woods and Metlika) were certain that Queen City would do it for much less.

Elmer Cowdy

DOT/PT

document #26
(page 1 of 8)

This list was completed and submitted
on May 2, 1954 by Hellewang

— common renovation project # 179164

This is an estimate - to the best of my ability of
the Hardwood flooring and ceramic tile materials
used on the renovation work on this project.

I believe I have been generous in figuring the
sq. ft. areas. I believe I have been generous with
the price for sq. ft. etc.

The Hardwood flooring and related materials comes
to a total of \$12874.60

The Ceramic tile, special tile, and related
materials comes to a total of \$21315.00

Total of materials in my estimation = \$34492.60

Hellewang

First Floor.

- Dining Rm #36 (Oak floor)
20' x 24' room = 480 sq. ft.
Estimated replacement. 20% 96 sq. ft.
- Conservatory Rm. #35 (In flooring used.)
10' x 18' room = 180 sq. ft.
Complete replacement. 180 sq. ft.
- Main Hall Rm #32
20' x 25' Rm. = 500 sq. ft. (Oak flooring)
Estimated 15% replacement. 100 sq. ft.
- Office Rm #42
13' x 15' room. 195 sq. ft. (Oak flooring)
Estimated 15% replacement. 36 sq. ft.
- Vestibule Rm #30 and closet.
7' x 9' room = 63 sq. ft. - Vestibule closet. (Oak material) 63 sq. ft.
1' x 7' room. 42 sq. ft. Vestibule area. (Oak material) 42 sq. ft.
- Entry Rm #31
6' x 14' = 84 sq. ft. + (Oak flooring) 100 sq. ft.

7. Serving pantry Rm. # 37 (Oak flooring)
11' X 12' Rm. = 132 sq. ft. Complete replacement. 133 sq. ft.

8. Ball Rm # 33 (Oak flooring)
20' X 32' Rm. 640 sq. ft. Estimate 15% replacement. 96 sq. ft.

9. Library Rm. # 34 (Oak flooring)
20' X 22' Rm. = 440 sq. ft. Estimate 15% replacement. 66 sq. ft.

2nd floor.

1. Chamber C Rm # 54 (Oak flooring used)
5' X 20' area = 100 sq. ft. 100 sq. ft.

2. Chamber D Rm. # 51 (Oak flooring used)
15' X 52' area = 78 sq. ft.
5' X 22' area = 110 sq. ft. 188 sq. ft.

3. Main Hall Rm # 50 (Oak flooring)
20' X 20' Rm. 600 sq. ft. Estimate 25% replacement. 150 sq. ft.

4. Dress Study Rm # 57 (Oak flooring)
18' X 20' Rm. = 360 sq. ft. Complete damage. 360 sq. ft.

14- Office Rm. # 64 (Fin. flooring)
14' x 14' Rm. = 196 sq. ft. Estimate 20% replacement.

40 sq. ft.

15- Chamber A Rm. # 60 (Fin. flooring)
18' x 20' Rm. = 360 sq. ft. Estimate 20% replacement.

72 sq. ft.

(Basement)

16- Recreation Rm. # 19 (Est. flooring)
30' x 30' Rm. = 600 sq. ft.
3' x 16' Rm. on Hot tub wall.

600 sq. ft.

48 sq. ft.

Sub Total

20% for waste

3468 sq. ft.

Total

493.80

at \$3.30 per sq. ft. in Juneau.

X

2962.80 sq. ft.

Total cost of flooring

\$9777.24

A explanation of pricing

Total flooring	2449 sq. ft.
20% for waste - cuts & etc.	493 sq. ft.
Total sq. ft.	2962.50 sq. ft.

\$3.50 per sq. ft. in garage.	\$9774.60

Griggs for presentation floor	\$100.00
Black Paper & related material	\$500.00
Sealer filler - sealer and finish	\$2500.00
	\$12874.60

First Floor

Lincoln Expansion

1- Laundry Rm #38 (Ceramic Tile)

8' x 12' Rm. = 96 sq. ft.

7' x 4' wall area = 360 sq. ft.

456 sq. ft.

(First floor)

2- Bath Rm #41 (Ceramic Tile)

5' x 11' Rm. = 55 sq. ft.

3.5' x 32' wall area (ceiling) = 112 sq. ft.

167 sq. ft.

(First Floor)

3- Vestibule #30 (6" x 6" tile)

3' x 5' area = 15 sq. ft.

15 sq. ft.

(Basement)

4- Bath Rm. & shower Rm #12 Ceramic Tile

9' x 16' wall area in shower = 144 sq. ft.

4' x 4' floor area in shower = 16 sq. ft.

Rest. area 5' x 10' = 50 sq. ft.

ceiling & wall area 3.5' x 30' = 105 sq. ft.

= 315 sq. ft.

(Basement)

5- Recreation Rm #19

Ceramic tile

that took check.

walls and ceiling = 110 sq. ft. of coverage.

110 sq. ft.

2nd floor.

- Bath Rm. #61 (Ceramic tile)

8'x10' Rm. = 80 sq ft on floor.

3.5'x36' wainscot on walls. = 125 sq. ft.

4'x4' shower room with 8.5' walls = 144 sq. ft.

349 sq. ft.

Bath Rm. #58 (Ceramic tile)

8'x13' floor area = 104 ✓

2'x10' counter top area with 4" splash. = 25 sq. ft.

129 sq. ft.

- Office Bath Rm. #65 (Ceramic tile floor)

4'x10' Rm. 40 sq. ft.

40 sq. ft.

- Chamber D Bath #52 (Ceramic tile)

8'x10' Rm. = 80 sq. ft.

wainscot 3.5'x38' = 133 sq. ft.

223 sq. ft.

- Master bath to Chamber C #55 (Ceramic tile)

6'x8' floor area = 48 sq. ft.

54 sq. ft.

4'x40' wall (wainscot) Enamel tile 160 sq. ft.

* 100 sq. ft.

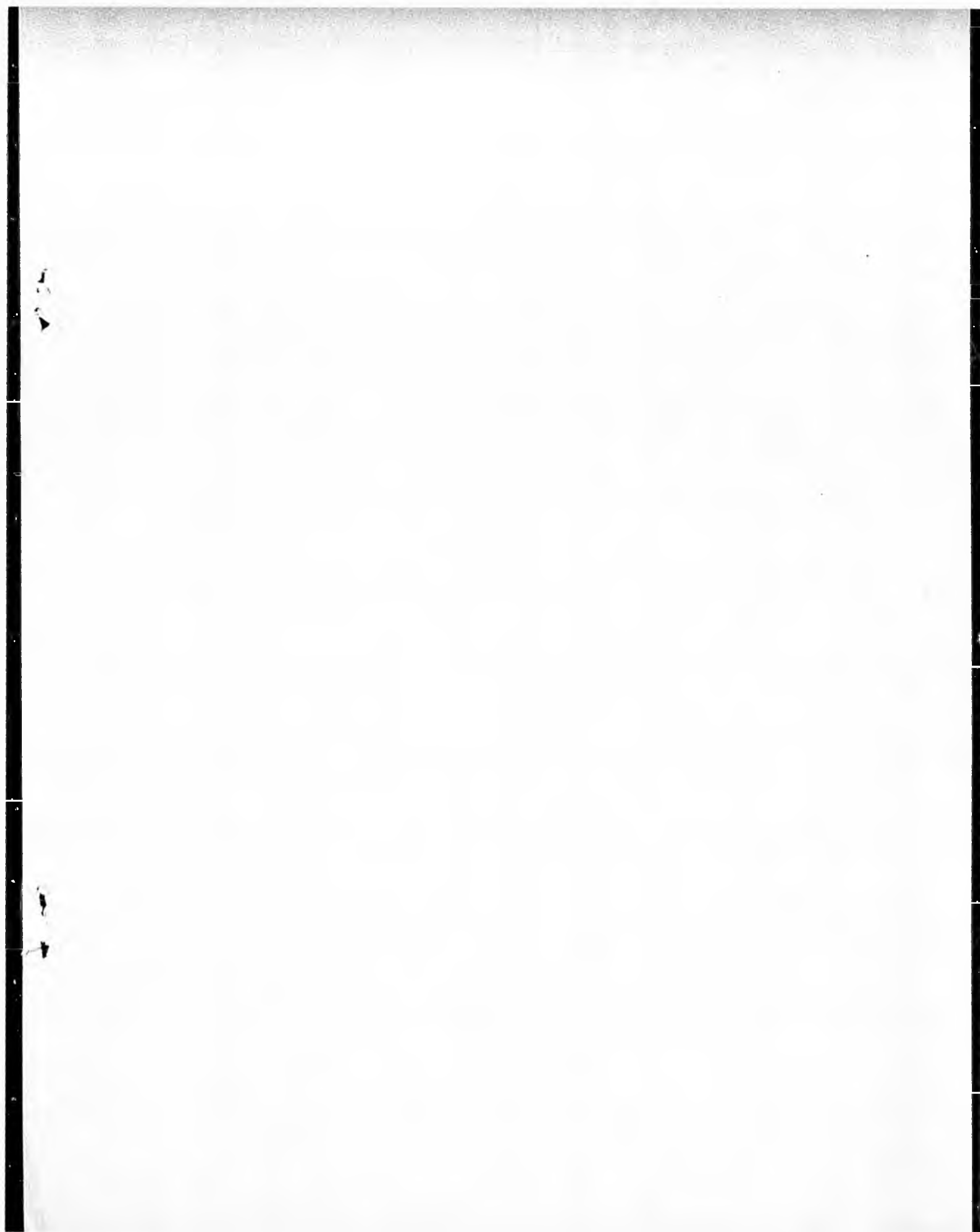
Jewelry & storage area.

6'x6' floor and tub deck area. 36 sq. ft.

36 sq. ft.

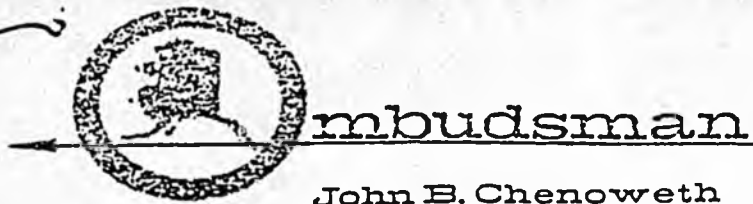
walls 24'x5.5' area = 204 sq. ft.

504 sq. ft.



OMBUDSMAN COMPLAINT

J83-0683



State of Alaska

August 4, 1983

Jon W. Scribner, Acting Deputy Commissioner
Southeast Region
Department of Transportation and Public Facilities
Post Office Box 1467
Juneau, Alaska 99802

Reply to:

- ☐ 840 K Street, Room 203
Anchorage, Alaska 99501
(907) 275-4011
- ☒ Pouch WQ
Juneau, Alaska 99811
(907) 465-4970
- ☐ P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

RE: Ombudsman Complaint J83-0683

Dear Mr. Scribner:

Extensive renovations planned for the Governor's Mansion culminated in the issuance of several contracts for repair and construction for that building, and in the issuance of at least one professional services contract related to the renovation effort. The latter contract, formally identified as Agreement Number 83SB269, is an agreement for project management and coordination services for the renovation project. The contract, in a face amount of \$25,000.00, was entered into between the Southeast Design and Construction Division's Building Section and Jerry D. Wood, P.E., and executed on July 7, 1983. Your signature appears on behalf of the state.

The complaint alleges that the execution of the contract was improper.

The "summary of services" provision of the executed agreement relates that the contractor is to

[p]rovide "on-site" Project Management for the Governor's Mansion Renovations, Phase I and Phase II. Consultant shall also provide const. mgmt. using computerized scheduling and manpower scheduling techniques. Consultant shall provide written and/or oral reports to the State Project Manager, Mr. Tom Metlicka, as required for efficient project construction.

An appendix more specifically describes the contractor's "basic services":

Project Manager services shall consist of:

- a. Physically inspecting the Governor's Mansion to become familiar with the extent of the planned renovations.

b. Becoming familiar with the contracted private firms who are conducting the planning, providing the Bid Documents, and providing the construction services necessary to complete the renovations.

c. Providing expertise to insure effective and harmonious cooperation between the Division of Buildings, private firms, the Governor, and the Governor's staff.

d. Using computerized scheduling, and up-to-date scheduling techniques to insure that all renovation activities are conducted in an efficient and safe manner.

e. Providing management reports, as necessary, oral and/or written, to the State Project Manager, Mr. Tom Metlicka, on a timely basis to facilitate a smooth transition of all phases of the work.

The extent of the state's maximum financial obligation under the contract totals exactly \$25,000. The contractor is to be paid "2,110/wk. for 10 weeks; from 7/7/83 to 9/15/83", allowing a total of \$21,100 for "all fees[,] expenses[,] travel and per diem", with, in addition, an option in the department to retain the consultant for his services, with a rate of \$300 per day for a maximum of 13 days beyond the mid-September contract performance date. (The \$2,110/wk. rate -- at 60 hours per week, an effective rate of \$35.16 per hour -- places the contractor's compensation generally at the level of compensation comparable to that paid other contractors for similar services.)

The maximum financial obligation established in the contract does not constitute the full extent of the state's obligations under the agreement. Elsewhere in the agreement the state obligates itself to furnish the contractor with a vehicle "with which to travel from his place of residence to the Governor's Mansion, and to use as otherwise necessary in conducting his duties."

I

The background applicable to the issuance of this contract appears to be as follows:

Planning for renovation to the mansion goes back some months. Early in his term, the governor appointed a "Mansion Renovation Committee" to oversee renovation and repairs in the residence. In so doing, the governor apparently acknowledged that the needed repairs would inconvenience him, but expressed concern that the time in which his occupancy and use of the building would be disrupted be held to a minimum.

As late as mid-May, 1983, officials of the department's Southeast Region expected to complete the bulk of the work within the residence on

August 4, 1983

a "lump sum" bid basis, with time and material contracts reserved for contingency and specialty work. The period of disruption anticipated under this approach was noted, on May 13, to be between June 1 and September 1. On May 25, department personnel concerned with the project proposed to shift gears to a "time and materials" basis. In a May 25 memo to you, Buildings Chief Wally DeBoff explained:

In the second phase of the bidding process, this office planned to issue bidding documents to all prequalified bidders and request bids for the work. The lowest bidder would then be awarded the contract.

Contractor prequalification was considered necessary on this project because of the sensitivity of renovating the Governor's Mansion. . . . Prequalification would assure us that the contractor and his subcontractors would be highly skilled in their trades, would be well established in the [City and] Borough [of Juneau], and would have reputable work experience records.

Only one contractor responded to the prequalification advertisement. The bidding documents are not suitably developed for bidding purposes and will not be ready for a minimum of two weeks.

Since we have one contractor who is qualified and has expressed an interest in doing the work, we propose to award a time and materials contract. Although this proposal is a change in direction, it will still permit the earliest possible start of work with a contractor selected by formal advertising. In addition, the construction plans which are not suitably developed to permit bidding, are complete enough to permit ordering of materials and commencement of work on a time and materials basis.

. . . [I]f our proposal for a time and materials contract is not satisfactory, and competitive bids are mandatory, we will have to extend the advertising period and solicit other contractors and await the completion of construction plans (probably mid-June). We could then anticipate a July starting date with a much later completion date.

Please advise of the direction we should proceed.

The instructions given to Mr. DeBoff were, apparently, to proceed as he had outlined.

Within 48 hours, you contacted Mr. Wood to confirm that his assistance as a one-time consultant on this project would be available to you:

August 4, 1983

Thank you for agreeing to come to Juneau on June 13 to review construction management techniques and procedures with Commissioner Dan Casey, my staff and me. [Deputy Commissioner] Fred Seeger has recommended you highly as one who might be able to give us some good advice.

We look forward to learning of ways we might better manage and facilitate certain types of construction work. . . .

. . . .
I would propose we begin with a tour of the project site and review the project scope in the morning. Then we could discuss your impressions on how the work might be managed based on your experience. Finally, we could have a wrap-up with Commissioner Casey, and you could be on your way back north on an evening flight.

. . . .
At the time Mr. Wood arrived in Juneau, you provided Commissioner Casey with a copy of the gentleman's resume, noting at the top:

cc Commissioner Casey:

Per your request & FYI

Mr. Wood's review of the project was, I would guess, mutually satisfactory and, ultimately, mutually profitable. Not more than 24 hours after his visit, you wrote to Commissioner Casey:

6/14/83

Would appreciate your calling Frank Turpin re availability of Jerry Wood. It is agreeable that Jerry come to work w/ us next week (or 2 at most!) to help w/ Gov Mansion. We will put him on a prof svc contract at \$20.0 k. He will be available to work w/ us thru September; then he's off to other things.

The commissioner moved quickly to accommodate the request, responding to you:

John Scribner,

I've spoken with Frank Turpin, Pres. of Alyeska on this. He says no problem. He['ll] pass word along. Go ahead @ your end with Jerry ASAP. Thanks. /s/

By June 23, plans for a professional services contract with Mr. Wood were in progress. On that date, you presented a memorandum of justification (to which reference is made later in this letter) and, in a separate document, advised Commissioner Casey:

In order to reduce construction time to a minimum, we have to date proceeded with time and materials contracts with two contractors who will also have several subcontractors. The most critical elements in completing the work quickly, efficiently and correctly will be for the State to provide a high level of construction management.

This will prevent interference and overlaps in work by the various crews and will insure that all work, including materials delivery[,] will follow a detailed critical path schedule.

In the usual type of contract (lump sum), we are not directly involved in scheduling of the work since this is a basic requirement of the contractor. Consequently, we doubt that our in-house buildings [sic] people are experienced in construction management to the degree needed on this project. Therefore, we propose to retain a consultant who has proven experience and competence in this type of work to supervise this project.

Our existing consultant selection procedures, Policy and Procedure 28-8000, paragraph 6.5A states in part ". . . Project Manager should develop a short list based on at least three informal proposals obtained from prequalified contractors and then obtain negotiation authority." Additionally, this section refers to a limit of \$20,000 in agreement cost although later legislation and administrative code addresses contracts of over \$25,000. We assume that P&P28-8000 should be changed to be consistent with law and regulations.

Because of the tight time frame as well as the sensitivity of renovating this designated historical structure, we request that you approve waiving the requirement for proposals from three or more professional services contractors, and approve an original agreement cost not to exceed \$25,000.

Approved _____ Date _____
Daniel A. Casey
Commissioner

[Emphasis added.]

I have been unable to determine that Commissioner Casey signed the requested waiver.

On June 28, you confirmed with Mr. Wood award of his contract:

We are pleased to offer you a professional services contract for specialized construction management services on the Governor's Mansion code upgrade, renovation and restoration project.

The work under this contract will begin July 6, 1983 and is expected to be complete about September 15, 1983.

The contract is being sent to you separately for signature and includes rates negotiated with you.

. . . .

II

The contract recites that it is entered into under AS 35.05.040, a provision that, in part, authorizes the Department of Transportation and Public Facilities to "procure directly materials, labor and contractual services for planning, designing and constructing public facilities of the state." State statutes require departments to enter into agreements in accordance with competitive bid procedures, with exception made in certain specified circumstances by AS 37.05.230(1)(C). Professional services are exempt. AS 37.05.230(1)(C)(vi). Specific procedures relating to contracts for professional services are set out in AS 36.98.

Contract approval authority for professional services contracts to be entered into by the Department of Transportation and Public Facilities is assigned to that department rather than the Department of Administration. AS 36.98.080(1). In addition to the applicable statutory requirements, the department has adopted regulations (17 AAC 07.010 - 7 AAC 07.900) and Policy and Procedure entries (P&P 28-8000 and P&P 28-8001) for the selection and use of contractors for professional services. The regulations provide, at 17 AAC 07.010, that they apply to "contracts for professional services let by the Department of Transportation and Public Facilities in accordance with AS 36.98 where the contract amount exceeds \$25,000."

Since the regulations are nominally inapplicable, I have relied principally for the Policy and Procedure entries for guidance in this investigation. Either of two provisions is applicable. Paragraph 6.5(B) of P&P 28-8000 provides:

If Agreement cost estimate exceeds \$20,000, but does not exceed \$100,000, the Project Manager shall establish a Selection Committee which shall: prepare a Request for Proposal; solicit Proposals (and price quotations if services are non-exempt) from all Contractors prequalified for the required services;

score proposals; prepare a Committee Evaluation Report; ~~and~~ obtain Negotiation Authority.

In an accompanying memo, you have re-interpreted the "\$20,000" to be one that should be regarded as consistent with the general statute, AS 36.-98.010(1), effectively setting the limit as "\$25,000". You suggest that solicitation of proposals should not thereby be required. Assuming you are correct -- and I do not believe your re-interpretation is supportable -- Paragraph 6.5(A) of P&P 28-8000 would apply:

If Agreement cost estimate exceeds \$2,500 but does not exceed [\$25,000], [the] Project Manager should develop a short list based on at least three informal proposals obtained from prequalified Contractors and then obtain Negotiation Authority.

Either of these provisions appears mandatory. I find no authorization for waiver.

The department has apparently processed this contract consistently with its general regulations covering professional services contracting and the issuance of sole source contracts thereunder (17 AAC 07.070). The award of a proposed professional services contract under a sole source waiver requires review and approval by a commissioner. AS 36.98.040(c); 17 AAC 07.070(1).

Apparently believing that the proposed professional services agreement between the state and Mr. Wood required the commissioner's review and formal approval, Commissioner Casey gave his approval to the agreement. In a June 23 memorandum, belatedly signed by Commissioner Casey and Labor Commissioner Robison, you provided a justification based largely on time constraints and Mr. Wood's singular talents:

As you know we are in the process of considering contracting with Mr. Jerry Wood to help us manage construction of the Governor's Mansion renovation and code upgrade project.

We have set a very ambitious completion schedule for this project, which if it is to be met, will require an unusually large degree of scheduling and manpower utilization/assignment effort.

While our staff is quite capable of handling this project under more normal contracting methods and procedures, they are lacking in capability to use computerized scheduling and manpower assignment techniques needed to complete this project in the tight time frame desired.

In looking for ways to meet this time frame we have interviewed Mr. Jerry Wood and are satisfied that he has special skills in scheduling and experience in project management which could help us expedite the

work. He is also a registered professional engineer in Alaska. Although we have not solicited proposals from Alaskan firms we feel it would be unlikely that any could provide the specialized expertise required and be available immediately as is the case in this instance.

. . . .

In view of the limited time to solicit other proposals we are proposing to contract with Mr. Wood immediately to help us manage the construction work. The contract would be signed for less than \$25,000, thus there is no need for competitive selection under AS 36.98. He would report directly to our Buildings Design and Construction Staff, but would work full time out of the Governor's Mansion at the project. Occasionally, he may need to use State facilities and services to support his effort, but this is expected to be minimal. This contract would be for professional services and Mr. Wood would represent the State's interests as the "owner" rather than the construction contractor. The duration of the project is expected to be less than three months so it is not feasible to select and hire an employee for the work.

The purpose of this memorandum is to document the rationale for hiring Mr. Wood and to establish his relationship to the project. [Emphasis added.]

Sole source or single source professional services contracts are authorized. By AS 36.98.030(d),

The provisions of [AS 36.98.030, relating to solicitation of proposals for professional services contracts] do not apply if

(1) the contracting agency demonstrates that there is a single source of the expertise or knowledge required or that one person or firm can clearly perform the required tasks more satisfactorily because of the person's or firm's prior work; however, this exemption applies only if the head of the state agency has submitted a written request to the commissioner that details the reasons for the exemption and the commissioner or deputy commissioner has authorized in writing the state agency to enter contract negotiations with the single source; [or]

(2) the commissioner makes a written determination that public necessity will not permit delay incident to the procedures otherwise required by this chapter; [Emphasis added.]

The regulation adopted and followed by the department is substantially similar:

The requirements of 17 AAC 07.030, pertaining to the solicitation of services, do not apply if the commissioner authorizes a limited solicitation before negotiations begin and

(1) there is a single source of the expertise or knowledge required or a particular person or firm can clearly perform the required tasks more satisfactorily because of the person's or firm's prior work; however, this exception applies only when the commissioner has approved a written request that details the reasons for the exemption and authorizes negotiations with the single source; [or]

(2) the commissioner makes a written determination that public necessity will not permit the delay incident to the procedures otherwise required by this chapter; [Emphasis added.]

Assuming, for purposes of this discussion, that justification under AS 36.98.030(d) and 17 AAC 07.070 was required in this instance, the statute places the burden on the requesting agency, in this case your division, to demonstrate the unique and unusual conditions that necessitate selection of the selected contractor. Moreover, the demonstration must be based on the proposed contractor's prior record of work.

Mr. Wood's record of work, at least insofar as it is written, is summarized in his resume. His credentials are impressive. In his most recent endeavors, between May, 1982, and the date of his consultancy contract with your division, and, before that, between April, 1980 and November, 1981, Mr. Wood served the Alyeska Pipeline Service Company as a Project Supervisor or Site Representative/Field Engineer, chiefly responsible for coordination, supervision, and "orchestration" of project construction efforts involving shop facilities, permanent housing facilities, and permanent offices at various pipeline-related pump stations. Earlier work, including a year-long association with the Everett, Washington-based SeeWood Corporation, provided opportunity to be involved in architectural and structural design in a variety of fields.

Impressive as Mr. Wood's credentials may be, your June 23rd memorandum is hardly sufficient to discharge the burden imposed by AS 36.98.030(d). You stress in the memorandum reliance on "computerized scheduling and manpower assignment techniques" because of a tight time frame for completion of the project renovations. You suggest that in-house staff capacity to match these stringent assignments and scheduling requirements is "lacking", and indicate that, because of the short-term nature of the project, "it is not feasible to select and hire an employee for the work." You turned to Mr. Wood, you recite, because you "are satisfied that he has special skills in scheduling and

experience in project management which would help us expedite the work," though you do not specifically enumerate those skills as displayed by the gentleman's work history. You do not compare Mr. Wood's experience to any other contractor or firm, eliminating the need to treat with any others with a brief dismissal: "[W]e feel it would be unlikely that any could provide the specialized expertise required and be available immediately as is the case in this instance." (Whether Mr. Wood was "immediately available" is open to question for, elsewhere in the memo, you note that he is "presently working full-time in Alaska." and, indeed, you had earlier enlisted the commissioner's aid in obtaining Mr. Wood's services from Alyeska.)

Critics acknowledge that sole source contracts lend themselves to abuse. Paragraph 8106 of the Division of General Services and Supply's May, 1983, professional services contracts memorandum enunciates a general state policy with respect to them:

It is the policy of the State that, whenever possible, professional services should be provided by State or University of Alaska personnel. If the State or University does not have qualified personnel to perform your required services, or you have determined that qualified personnel are not available, you may request authority to seek the required professional services from a contractor. [Emphasis added.]

In a recent report, issued under the name "Choosing and Using Contractors," publication of which preceded the statutory provisions enacted as AS 36.98, the consultants presented this criticism with respect to sole source agreements:

In a few situations, public agencies may elect not to use a competitive selection process. The sole (or single) source approach . . . selecting a firm without going through a competitive selection process . . . should be used only in cases when the contracting agency is certain of the services needed and can demonstrate that the firm selected is uniquely qualified to undertake that project. Contracting agencies who use sole source procurements must be extremely cautious in ensuring that the consultant is the most qualified and cost-efficient for the task. This approach [i.e. use of sole source contracts] is considered appropriate when the contract fee is below a set amount . . ., only one source is available, public necessity requires that the work be performed immediately, or competitive proposals or bids are in violation of the ethical rules under which the professional service is practiced (e.g., engineers, doctors, and attorneys). It may also be used to respond to unsolicited proposals which originate with the consultant.

Sole source contracting practices are exceptional only in the sense that their use avoids the requirements generally relating to formal or informal solicitation and evaluation of competing proposals. Sole source procedures do not eliminate the need to comply with other general safeguards and requirements of law. Reliance on a sole source contract request approved by the commissioner of your department does not appear to eliminate, for example, the need to obtain and act in accordance with the provisions of your department's policy manual which relate to completing and securing the signature of a proper "Authority to Negotiate" or "ATN" before executing the sole source contract. I find no authority for waiver of obtaining an ATN, and have discovered no record of a signed ATN in any files relating to the award of this contract, and assume from this that no action to obtain an ATN was taken.

III

Beyond the compensation payable to Mr. Wood under the contract entered into with him is the obligation on the part of the department to provide its contractor with a vehicle "with which to travel from his place of residence to the Governor's Mansion, and to use as otherwise necessary in conducting his duties." A vehicle has been provided. On July 6, before the date of execution of the agreement under which the department obligates itself to provide the vehicle, Mr. Metlicka arranged use of an automobile under a rental agreement with the state's contractor, National Car Rental (Juneau Airport office), under state TR 336690, for Mr. Wood. The contract indicates that the car is under a monthly rental, at a monthly rental rate of approximately \$920.00, exclusive of any expenditures related to insurance coverage. (When I made inquiry of the State Equipment Fleet as to whether a vehicle had been requested, I was advised by an employee of that division that, at the request of the Governor's Office, arrangements had earlier been made to put an excess Department of Public Safety vehicle at the service of the Mansion for Mr. Wood's use, but that, after preparation of the vehicle, the request was withdrawn.)

The state's lease of the vehicle for Mr. Wood's exclusive use presents an additional problem. As earlier noted, the maximum allowable under this professional services contract is \$25,000, a sum that in my opinion was contrived in order to remove the contract from the requirement that the division otherwise adhere to the provisions of AS 36.98. Yet, even from before the date of execution of the contract, the state has in fact incurred liability under this contract not only as to the stated maximum amount for the contractor's professional services, but also as to the additional charges incurred under state TR 336690 for the vehicle rental, a minimum of \$920 for at least this first month of the vehicle's use.

Inclusion of the charges for the vehicle, for which the division obligated itself under paragraph B.3.1 of the July 7 agreement, within the ambit of the division's potential liability under this contract is sufficient, in my judgment, to regard this contract as one for which the total amount of contract services will, in fact, exceed \$25,000. Actual expenditures under the contract may not exceed \$25,000, of course,

depending on whether the division exercises the option of retaining the contractor's services for as many as 13 additional days after mid-September.

Candidly, it matters little whether or not that option is ultimately exercised or whether the division ultimately expends more or less than \$25,000. For our purposes, it probably shouldn't matter. The \$25,000 exemption for professional services contracts was intended to provide the state's agencies opportunity for quick access to professional services contractors' services for matters that could not be accomplished in-house. As an exception to standard professional services contracts, the exception should be reasonably, albeit narrowly, construed. Its application and efficacy as an exception ultimately depends, in the first instance, on the issuing agency's estimate of just how much it reasonably expects to obligate to pay under the specific terms of the agreement. If that reasonable expectation comes in at \$25,000 or less, the legislature has exempted the agency from satisfying the usual contracting process applicable to professional services contracts under AS 36.98. If, as in this instance, one can look at the terms of the contract and reasonably calculate that the incurred liability will exceed \$25,000, the agency cannot take advantage of the exception.

FINDING:

The combination of actual obligations imposed on the division under the contract in question and the division's opportunity to secure additional services from its contractor for a period of additional days is sufficient to define, in my mind, a probable expenditure of more than \$25,000 by the division in satisfaction of the liabilities incurred by the department that are directly attributable to this contract. If, relying on the exemption of AS 36.98.010(1), you sought to qualify this contract under the exemption, I cannot conclude that you have properly done so.

Whether we determine that the contract does or does not exceed \$25,000, I suggest that, in order to maintain a degree of control of agency professional service contract management, it appears that the provisions of the department's regulations and policy and procedure entries should apply in full force to Department of Transportation and Public Facilities professional services contracts. Justification of sole source contracts appears to be required. The justification provided for this contract is insufficient. Moreover, the record in this matter does not show prior approval of the procurement method by department officials, nor does it evidence a completed ATN for the contract in question executed by your department.

Under either analysis, the contract was, in my view, improperly entered into, and the complaint is, in my opinion, justified.

*

Because they were brought to my attention in the course of investigation, several additional factors bear brief mention.

First, the statutory regime for professional services contractors authorizes an agency to refer to the state's professional services contractors' register. AS 36.98.020(a); AS 36.98.030(c); 17 AAC 07.020; 17 AAC 07.030(1) and (2). You selected Mr. Wood without making that contact or following those procedures. Moreover, quick research discloses that Mal Linthwaite, an employee of the regional office, made a belated attempt to add Mr. Wood's name to the register on June 14 and that Mr. Wood has not qualified himself on the professional services register in the standard or usual fashion of submitting the requisite prequalification submittal documentation. Mr. Wood's name is listed under the heading of "Construction Management" (code 021) with a notation that is indicative that his name was added per Mr. Linthwaite's intervention and specific instruction. I question both your failure to use the professional services contract register and, surely more important, the effort to misuse the department's professional services contract register in so flagrant a manner.

In your June 23 memo, you stated that you expected Mr. Wood's dependence on state facilities and support services to be minimal. In fact, his dependence commenced immediately upon the gentleman's filing of his application for a business license, which occurred on the date of execution of the agreement. Your memorandum notes that "Mr. Wood is presently a resident of Everett, Washington, but he has spent about seven years of the last nine working in Alaska, about five of which were as a full time resident in Anchorage, and he is presently working full time in Alaska." Presumably, Mr. Wood sees his business contact with the state as short-term, perhaps related to only this one project, and does not seem to be interested in maintaining ties to the state after completion of his work under this agreement: on his business license application, he lists the Southeast Regional Office's mailing address as his "business location" address, and the Southeast Regional Office's telephone number as the "daytime phone number of the owner or contact".

On this point, I should note that, in the course of investigation, those with whom I spoke indicated that the state was providing its contractor with office space in the Governor's Mansion and with necessary clerical assistance. You allude to the possibility of these support services being provided in your June 23 memo. The provision of these support services by the state to its contractor may be sufficient to disallow treatment of the agreement as a "professional services contract" under AS 36.98 and require that it be examined and treated as a "personal services" contract. See in this regard paragraph 8130 of the state Administrative Manual:

The State cannot enter into a contract with a State employee. If a person is an independent contractor, a contract must be negotiated and the person paid through the general disbursement system; therefore it is necessary to ensure an employer/employee relationship does not exist.

An employer/employee relationship may exist if the following conditions apply:

1. The person is subject to the control of the State -- not only as to what shall be done but when, where, and how it shall be done. It is not necessary that the State actually direct or control the manner in which services are performed; it is sufficient that the State has the right to do so.

. . .

3. The State furnishes the tools, equipment, and a place to work for the individual performing the services.

. . . .

Next, I am advised that the handling of workers' compensation insurance coverage under this agreement is not in compliance with department practice, as indicated in Paragraph 8.3(F)(2) of Policy and Procedure Number 28-8001. No letter signed by the contractor appears as a matter or record. Waiver by contract addendum or by signature of the commissioner and of the commissioner of labor is not authorized.

Then, a question was raised regarding compliance of the contractor with the provisions of AS 36.10.010, a so-called general "local hire" provision. I understand that the applicability of this provision to professional services agreements initiated by the department is to be placed under active review with an attorney assigned to the department, and therefore I am declining to initiate action with respect to it at this time.

Finally, apart from or in addition to the explanation provided above, the complaint suggests that this contract ought not to have been entered into, citing at least two additional reasons: (1) the description of the principal services which served to justify the contract -- "using computerized scheduling, and up-to-date scheduling techniques to insure that all renovation activities are conducted in an efficient and safe manner" -- is not sufficient to warrant issuance of a sole source contract under the criteria set out in AS 36.98.030(d)(1); and (2) the contractor cannot clearly demonstrate on the basis of past job experience that he can "clearly perform the required tasks more satisfactorily" than can the division's own Building's section. While my research has touched on these matters and found some substance to each, I have opted to treat with the investigation to this point on the narrowest grounds presented.

Several of those with whom I spoke in this matter are of the view that the selection of the contractor was improper because of the contractor's business relationship to a department Deputy Commissioner. Before his retention under contract, Mr. Wood distributed business cards to department personnel in which there was express evidence of an earlier business partnership between Mr. Wood and the department's Deputy Commissioner, Fred J. Seeger, under the name "SeeWood Corp.", bearing an Everett, Washington, address. The "Corporations Section"

office of the Secretary of State for the State of Washington advised me on July 26 and 27 that the corporation is registered in good stead through March 31, 1984. On the public record readily available to me from Washington state, Deputy Commissioner Seeger now appears alone as a principal in that business, with no evidence from Washington officials that Mr. Wood continues to participate as a party to a current business relationship. (The disclosure form filed by Deputy Commissioner Seeger with the state's Public Offices Commission confirms Mr. Seeger's participation as an owner and officer in that corporation).

A December 3, 1982, Opinion of the Attorney General addresses the subject of "Conflict of Interest." In the absence of significant statutory provisions, the opinion details the Department of Law's reasons for examination of, and willingness to apply, common law definitions of conflict of interest to guide the behavior of state officials. The opinion concludes:

The common law of conflict of interests aims not only to prevent officials from actually taking unfair advantage of their office. It also aims to eliminate the potential for abuse and the appearance to the public that officials are subject to temptation. For these reasons, the courts have dealt sternly with officials in conflict situations, and they will continue to do so. . . .

Earlier in the opinion, in a section headed "Legislator Conflicts" but surely relating language of applicability to all state officers and employees, the Attorney General quotes favorably from a 1959 law review note to indicate the potential breadth of the common law prohibitions:

The first question does not concern classic self-dealing, the letting of contracts by an official to himself or his relatives, associates or company. It is a different problem described in the following terms:

There is a great possibility that an official who has no immediate administrative connection with the contract may be sufficiently motivated by his personal interest to exert whatever influence his position allows to pressure the public official who in fact has a direct responsibility concerning the contract to favor that personal interest. In this way, an official without a personal interest in the contract acquires a conflicting interest in the sense that he must choose between appeasing the pressuring official and properly discharging his duties in the matter.

Experience indicates the harm that may flow from [this situation]. Contracts may be awarded that are over-priced or unnecessary, or the performance rendered under the contract may be inferior, all because of official favoritism, compromise or intentional oversight. Even if the abuse is nothing more than partiality in awarding a contract, it may import an aspect of unfairness into public administration, engendering popular disrespect for government.

Note, Conflict of Interests of Government Personnel:
An Appraisal of the Philadelphia Situation, 107 U.
Pa. L. Rev. 985, 987-988 (1959).

. . . .

I suggest to you that, irrespective of whether the award of the contract in question is regarded as the result of a conflict of the kind described in the law school note, strict adherence to agency contract requirements would elude (or at least substantially reduce) the potential that such activities would constitute a conflict and would certainly guard against claims of an "appearance" of a conflict.

RECOMMENDATIONS:

I appreciate that substantial work has been completed under the contract in question, and, for that reason, am reluctant to recommend termination of the agreement. Though your division has apparently not relied on Mr. Wood's skills to provide computerized management of the project, I am advised by those who have been directly involved with the project that Mr. Woods' efforts in support of the renovation have not been insignificant. Charles Matlock, acting for you in your recent absence from Juneau as I had this matter under examination, testified in support of the contract, claiming that Mr. Wood had skills that were useful for this "sensitive" and "difficult" project, leaving those in the Southeast Regional Office who are principally responsible for the timely completion of this project confident that the renovation work is being well-handled. Mr. Matlock suggests that, without the active participation of Mr. Wood, the tasks would not have been handled as smoothly and efficiently. (Indeed, Mr. Matlock was so firm in defense of this contract arrangement that he shared with me the observation that, while he believed the decision to retain Mr. Wood's services to have been yours, he was of the view that you would not have opted to contract with him without assurance from him [Matlock] that Mr. Wood had the requisite credentials, experience, and skills for the job.)

Nevertheless, and despite the time constraints for completion of Mansion renovations now in place (in response to the promise of performance allegedly made by Commissioner Casey to Governor Sheffield), for the reasons set out above, I am of the view that the contract was not properly entered into and am persuaded that the contract should now be invalidated. Paragraph A11.2 of the contract authorizes termination

by the state, and I would very much like to recommend that the paragraph be invoked to set aside the agreement. My understanding of the work performed suggests that, as between the division's own Project Manager and the division's on-site inspector, regular attention is being given to the project. Moreover, it appears that one of the principal reasons for which Mr. Wood's services were retained -- his ability to use his special skills in computer-based management of resources necessary for the renovation project -- are not, in fact, being utilized. It is difficult to see that termination of the agreement would preclude timely completion of those phases of the project for which Mr. Wood's supervisory services were engaged.

To maintain the integrity and propriety of the professional services contracting authority granted to the department, and to blunt the criticism of the department citing conflict of interest, I recommend cancellation of the agreement.

Secondly, the statute (AS 36.98.020(a)) and applicable departmental regulations (17 AAC 07.020(a)) providing for the establishment and maintenance of a professional services contractors' register generally prescribe the procedures for addition of a contractor's name to the register. No prequalification form was submitted by Mr. Wood. I am recommending that his name be removed from the register until he is properly qualified.

Next, as earlier noted, I am advised that Mr. Wood's name was included on the register at the direction of Mr. Linthwaite. This manner of qualifying the contractor is irregular. I ask that you verify to your own satisfaction that Mr. Linthwaite improperly directed the addition of Mr. Wood's name to the register and, if your findings conform to mine, that you formally reprimand Mr. Linthwaite (and any others who may be responsible for the decision to qualify Mr. Wood's name without examination of his credentials in accordance with 17 AAC 07.020(a)).

Finally, I would ask for some expression from you that the affairs of the Southeast region will be conducted so as to avoid or reduce future claims of improper contracting by the Department of Transportation and Public Facilities. May I have your assurance that, hereafter, issuance of professional services contracts will conform strictly to applicable law. Especially would I like to establish as a matter of record that the Southeast Region does not regularly award its professional services contracts with so shallow a regard for the department's own professional services contracting procedures, and will not in the future.

My first recommendation is not intended to be critical in any way of Mr. Wood or of his performance under the contract. Moreover, there is no evidence that he was a party to the improper addition of his name to the register.

A regulation of the ombudsman's office, 21 AAC 05.080, asks an agency officer or employee to indicate within 30 days whether he will

accept and implement the finding and recommendations of the ombudsman or reject them. In accordance with the regulation, may I hear from you at your earliest convenience concerning my suggested disposition of this matter before the expiration of the deadline.

You should know that, because I am concerned about the allegations of continued abuse by the department in its professional services contracting, I may pursue other aspects of this investigation apart from the issues raised by the award of this contract.

Sincerely,

John B. Chenoweth
Ombudsman

JBC:jdt

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SOUTHEAST REGION

P.O. BOX 1467
JUNEAU, ALASKA 99802
PHONE:

364-4360

RECEIVED

August 9, 1983

AUG 9 1983

Jack Chenoweth, Ombudsman
Pouch W0
Juneau, Alaska 99811

JUNEAU
OFFICE OF OMBUDSMAN

Dear Mr. Chenoweth:

I have carefully reviewed your report to me on complaint J83-0683 and find that I cannot agree with your conclusions or recommendations.

The matter of contracting with Mr. Jerry D. Wood to help our staff manage the Governor's Mansion Renovation project is a management decision that involves only four basic questions:

1. Is the contract covered by AS 36.98?
2. Was the selection done according to Department of Transportation and Public Facilities P&P 28-8000 which is applicable to this contract?
3. Does Mr. Wood's place of residence affect whether the Department can contract with him?
4. Was there a conflict of interest between Jerry Wood and Fred Seeger?

If the answer to each of these questions is "No" there should be no question about the propriety of this contract.

1. Your review should have clearly revealed our concern and respect for AS 36.98. It is mentioned several times in the correspondence and is clearly spelled out in the contract that the total amount of the contract may not exceed \$25,000. In fact, our estimates were always much less than the \$25,000 limit, which is one reason why we were able to consider this contract procedure. The option to keep Mr. Wood on for an additional period should we choose was specifically added to the contract to provide additional flexibility and still stay within the \$25,000 statutory limit. Even as written, the Department is not obligated to spend the full \$25,000. You have somehow twisted these facts by suggesting that we deliberately subverted the law and planned to exceed this limit from the beginning by providing Mr. Wood with transportation and not including it in the total contract value.

Jack Chenoweth
August 9, 1983
Page 2.

I cannot disagree enough with your supposition, but, regardless, you may be assured that his contract will not exceed \$25,000 with transportation and any other extra "benefit" we can conceive included in the total. See enclosure #1 which further clarifies that the statutory limit will be adhered to.

In conclusion of this point, the total amount of this contract falls below the minimum amount of concern to the Legislature. Hence AS 36.98, by specific exclusion of the Legislature, is not applicable. Even the Legislature recognized that for small contracts such as this one it is not prudent to set rigid procedures on selection, etc.

2. My staff and I extensively discussed the applicability of Department of Transportation and Public Facilities P&P 28-8000. We all agreed that the only way to bring this, or any other, contractor on in the short time available was to waive certain of the time consuming requirements of the P&P. Waivers are specifically provided for in the P&P for just this type of unusual and exceptional situation. It is also consistent with AS 36.98 which doesn't apply to this contract. This waiver was requested on June 23 and signed the next day by Commissioner Casey. (See enclosure #2.) Hence, on this point also, I take exception that applicable procedures were not followed.
3. Notwithstanding the two previous questions, the matter of residency also was of great concern. I am very much aware of AS 36.10.010, about which there has been considerable discussion and not much concrete direction for years. See enclosure #3 which is our current guidance from the Attorney General's office and you'll sense our frustration.

I did not stop here, however. In order to air the question and get further guidance, I prepared another memo June 23 (enclosure #4) which provided the background of our proposal and discussed in some detail the residency issue. Commissioner Casey discussed the issue personally with Commissioner Robison and both concurred that residency was not an issue of concern for this contract. (Note concurring signatures at the bottom of enclosure #4.)

4. This Governor's Mansion Renovation project is exceptionally sensitive because it involves high public visibility. Everyone is interested in it and many would seize the opportunity to find fault with this particular project and be critical to embarrass the Governor or other public officials. It also is exceptional because of the short time allowed for completion. In addition to being a public facility, and an historic building, it is the home of Alaska's Governor and he must suffer great inconvenience while the work is being done. Finally, the public perception that Department of Transportation and Public Facilities does not efficiently administer projects still persists within top levels of this new administration. For these reasons, Commissioner Casey, Charles Matlock and I, as managers, have been concerned about this project getting the best possible attention and also about using procedures above reproach. When it became apparent

Jack Chenoweth
August 9, 1983
Page 3.

our normal lump sum contract procedures would change in favor of time and materials contracts, the desire for additional help became even stronger. In the course of securing this help the matter was discussed with Fred Seeger who, incidentally, has no direct or indirect responsibility for this project whatsoever. Fred suggested Jerry Wood as one who might be able to help. Having no other immediate suggestions, I arranged for Jerry to come to Juneau for one day to view the project and share the benefit of his experiences with our people. Jerry came at his own expense except travel and per diem. During his visit, it was apparent that Jerry could work well with our staff and was imminently capable of helping to facilitate this project. In the close out conference with Commissioner Casey and myself the possibility of a longer term relationship was first discussed. Afterward, I checked with Charles Matlock and our buildings staff. Charles saw, as I did, substantial benefits to this arrangement. Other staff were less enthusiastic initially (a natural reaction), but felt they could work well together. In addition to his strong project management capabilities, Jerry would provide a buffer for our staff during the project. We could learn from him how to better administer these types of contracts and in turn Jerry could share his views on the capabilities of our staff with top management. Throughout this process Fred Seeger never exerted any kind of direct or indirect pressure to hire Jerry Wood. In fact, I had made it clear to Charles Matlock that if he had problems with this proposal I would not authorize it. Hence, the tedious process of effecting this contract came about. It is hard to imagine any impropriety or conflict of interest, real or perceived, that this process might suggest.

As to the many other issues you raised, it appears they either don't apply to this case or are so insignificant as to merit no further discussion. If you see it differently I am available and willing to pursue it in greater detail.

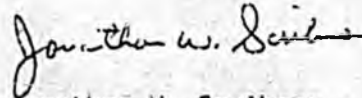
I welcome your detailed review of our use of consultant contract administration procedures. While I am sure you will not find everything perfectly in order, you should be assured that we are seriously concerned with the law, regulations and procedures and always make every effort to comply fully, especially with the substantive provisions.

I am perhaps the single person who has a comprehensive knowledge of the sequence of this matter from its beginning and can offer perspectives not available otherwise. Accordingly, most of your concerns could probably have been satisfactorily addressed had I been given the opportunity to discuss them with you ahead of time as you are required to do in your authorizing legislation.

Jack Chenoweth
August 9, 1983
Page 4.

Jack, the need for this contract was perceived to supplement our staff, to maintain a continuous work flow and provide a cohesive work force to get the job done correctly and on time. Up to the present time, the decision has proven to be quite beneficial to the State, to say the least.

Sincerely,



Jonathan W. Scribner
Acting Deputy Commissioner
Southeast Region

JWS/lrc

Enclosures

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: W. J. DeBoff, P. E.
Buildings Chief
Building Design & Construction
DOT/PF

DATE: August 9, 1983

FILE NO:

TELEPHONE NO.

FROM: Charles S. Matlock *CSM*
Acting Director
S. E. Region Design & Construction
DOT/PF

SUBJECT: Consultant Contract
Governor's Mansion
Project No. H-79164

Please take the appropriate action to insure that the Consultant Contract for Jerry Wood does not exceed the contract amount of \$25,000.00, including extended services and vehicle rental.

CSM:JUL:ma

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: Daniel A. Casey, Commissioner
Department of Transportation
and Public Facilities

DATE: June 23, 1983

FILE NO.

TELEPHONE NO.

364-4347

SUBJECT

Governor's Mansion
Construction Management

FROM:

Jonathan W. Scribner
Acting Deputy Commissioner
Southeast Region

In order to reduce construction time to a minimum, we have to date proceeded with time and materials contracts with two contractors who will also have several subcontractors. The most critical elements in completing the work quickly, efficiently and correctly will be for the State to provide a high level of construction management.

This will prevent interference and overlaps in work by the various crews and will insure that all work, including materials delivery will follow a detailed critical path schedule.

In the usual type of contract, (lump sum) we are not directly involved in scheduling of the work since this is normally a basic requirement of the contractor. Consequently, we doubt that our in-house buildings people are experienced in construction management to the degree needed on this project. Therefore, we propose to retain a consultant who has proven experience and competence in this type of work to supervise this project.

Our existing consultant selection procedures, Policy & Procedure 28-8000, paragraph 6.5A states in part "...Project Manager should develop a short list based on at least three informal proposals obtained from prequalified contractors and then obtain negotiation authority." Additionally, this section refers to a limit of \$20,000 in agreement cost although later legislation and administrative code addresses contracts of over \$25,000. We assume that P&P 28-8000 should be changed to be consistent with law and regulations.

Because of the tight time frame as well as the sensitivity of renovating this designated historical structure, we request that you approve waiving the requirement for proposals from three or more professional services contractors, and approve an original agreement cost not to exceed \$25,000.

Approved

Daniel A. Casey, Commissioner

Date

6/24/83

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Daniel A. Casey
Commissioner,
Department of Transportation
and Public Facilities

June 23, 1983

FROM: Jonathan W. Scribner
Acting Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities



361-4360

Professional Services
Contract for Governor's
Mansion Project

As you know we are in the process of considering contracting with Mr. Jerry Wood to help us manage construction on the Governor's Mansion renovation and code upgrade project.

We have set a very ambitious completion schedule for this project, which if it is to be met, will require an unusually large degree of scheduling and manpower utilization/assignment effort.

While our staff is quite capable of handling this project under more normal contracting methods and procedures, they are lacking in capability to use computerized scheduling and manpower assignment techniques needed to complete this project in the tight time frame desired.

In looking for ways to meet this time frame we have interviewed Mr. Jerry Wood and are satisfied that he has special skills in scheduling and experience in project management which could help us expedite the work. He is also a registered professional engineer in Alaska. Although we have not solicited proposals from Alaskan firms we feel it would be unlikely that any could provide the specialized expertise required and be available immediately as is the case in this instance.

Mr. Wood is presently a resident of Everett Washington, but he has spent about seven years of the last nine working in Alaska, about five of which were as a full time resident in Anchorage and he is presently working full time in Alaska.

In view of the limited time to solicit other proposals we are proposing to contract with Mr. Wood immediately to help us manage the construction work. The contract would be signed for less than \$25,000, thus there is no need for competitive selection under AS 36.98. He would report directly to our Buildings Design and Construction Staff, but would work full time out of the Governor's Mansion at the project. Occasionally, he may need to use State facilities and services to support his effort, but this is expected to be minimal. This contract would be for professional services and Mr. Wood would represent the State's interests as the "owner" rather than the construction contractor. The duration of the project is expected to be less than three months so it is not feasible to select and hire an employee for the work.

The purpose of this memorandum is to document the rationale for hiring Mr. Wood and to establish his relationship in the project.

JWS/sh

Jonathan W. Scribner
Acting Deputy Commissioner

Daniel A. Casey
Commissioner Department

MEMORANDUM

State of Alaska

ENCLOSURE #4

Edwin B. Thompson, A.I.A.
Chief, Technical Services
Design and Construction
Central Region

September 14, 1981

FROM

Donald W. McClintock
Assistant Attorney General
Department of Law - Anchorage
Transportation Section

SUBJECT

File No. 220H
Anchorage State Office
Building
Project No. H60090;
AS. 36.10, Employment
Preference

PS This is a will no doubt
be changed soon for 7/28

By memorandum of August 24, 1981, you requested our
opinion on the following question:

Will AS 36.10.010, Employment Preference, be binding
to the winning development team in the performance of RECEIVED
contract with the State?

AS 36.10.010 provides as follows:

SEP 22 '81

EMPLOYMENT PREFERENCE.

In the performance of contracts let by the
state or political subdivision of the state
for construction, repair, preliminary
surveys, engineering studies, consulting,
maintenance work, or any other retention of
services necessary to complete any given
project, 95 percent residents shall be
employed where they are available and
qualified. If 10 or fewer persons are
employed under the contract, then 90 percent
residents shall be employed where they are
available and qualified. In all cases of
public works projects, a preference shall be
given to residents.

Design & Const.	Cost	Allocation
Central Region		
Director		
Deputy Director		
Chief Engineer		
Chief Estimator		
Chief Inspector		
Chief Surveyor		
Chief Traffic Engineer		
Chief Water Engineer		
Chief Air Engineer		
Chief Electrical Engineer		
Chief Mechanical Engineer		
Chief Civil Engineer		
Chief Environmental Engineer		
Chief Health Engineer		
Chief Safety Engineer		
Chief Quality Control Engineer		
Chief Materials Engineer		
Chief Construction Management Engineer		
Chief Planning Engineer		
Chief Research Engineer		
Chief Development Engineer		
Chief Marketing Engineer		
Chief Sales Engineer		
Chief Customer Service Engineer		
Chief Training Engineer		
Chief Human Resources Engineer		
Chief Information Systems Engineer		
Chief Communications Engineer		
Chief Security Engineer		
Chief Legal Counsel		
Chief Financial Officer		
Chief Administrative Officer		
Chief Executive Officer		

AS 36.10.010 has not been litigated or tested for
constitutionality. However, the Supreme Court's decision in
Hicklin vs. Orbeck, 437 U.S. 518 (1978) raises a substantial
question that AS 36.10.010 cannot survive constitutional
scrutiny. One particular defect of the statute is that the flat
percentage requirements do not necessarily bear a substantial
relationship to the particular evil of local unemployment that
presumably AS 36.10.010 was enacted to prevent.

The Commissioner of the Alaska Department of Labor is
charged with the enforcement of AS 36.10 pursuant to AS
36.10.075 and .090. It is our recommendation that any policy
decision to enforce the employment preference statute be left
with the Department of Labor.

Ray S - what
are your thoughts
on this policy
question.
D
NBA
CC Staff

Edwin B. Thompson, A.I.A.
September 14, 1981
Page Two

In conclusion, it is our opinion that DOT/PF should not attempt to bind the winning developer team by contract to the requirements of AS 36.10.010. This memorandum of advise is not intended to be a firm opinion regarding constitutional issues, but is intended to be of guidance to you in your contract process.

DWM/mjr

cc: David LeBlond

MEMORANDUM

State of Alaska

TO: The Honorable Helen D. Beirne
Commissioner, Department of
Health and Social Services

DATE: July 28, 1981

FILE NO:

TELEPHONE NO:

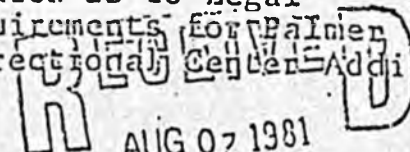


FROM: Wilson L. Condon
Attorney General

SUBJECT:

Opinion as to Legal
Requirements for Palmer
Correctional Center Addition

Daniel W. Hickey
Chief Prosecutor



By: Michael J. Stark *mjs*
Assistant Attorney General

CENTRAL REGION
DIVISION OF GENERAL
DESIGN AND CONSTRUCTION
ANCHORAGE, AK

You have asked us to comment on certain questions raised regarding requirements relating to out of state bidders for a contract to construct an addition to the Palmer Correctional Facility. Specifically you have asked our opinion as to the application of:

- (1) AS 08.18.011 to out of state contractors;
- (2) AS 08.48.281 to out of state architects and engineers; and
- (3) AS 36.10.010 to out of state construction and design work.

Each of these questions will be answered in turn.

A. AS 08.18.011

AS 08.18.011 makes it unlawful for a person to submit a bid or work as a contractor in Alaska until he has been issued a certificate of registration by the Department of Commerce and Economic Development. While the registration process is relatively simple, you should be aware that there are also bonding and insurance requirements that must be met before a certificate of registration will issue. See AS 08.18.071--08.18.115 and 12 AAC 21.010 et. seq.

B. AS 08.48.281

AS 08.48.281 prohibits the practice of architecture, engineering or land surveying in the State of Alaska by any person who is not registered with the Board of Registration for Architects, Engineers, and Land Surveyors.

We have been informed by the Director of the Division of Occupational Licensing and the President of the Board that registration may be achieved by being licensed in another state and either associating with a state licensed individual who places his stamp on any design work, passing a course on arctic and earthquake conditions given by the Board, or by writing a treatise on these subjects. The requirement for knowledge in the permafrost area is the only one for engineers while architects must also be qualified in the area of earthquakes. Clearly the easiest of these choices is associating with an engineer or architect who is already registered in the state and is willing to place his registration stamp on the design plans.

C. AS 36.10.010

AS 36.10.010 provides that in contracts let by the state for construction, engineering studies, etc., 95 percent residents shall be employed where they are available and qualified; and where 10 or fewer persons are employed under the contract then the figure shall be 90 percent.

As you are aware, in 1978 the United States Supreme Court struck down the Alaska Hire Act as it pertained to employment on the Alaska pipeline. Hicklin v. Orbeck, 437 U.S. 518, 57 L.Ed.2d 397, 98 S.Ct. 2432 (1978). As a result of that decision a substantial question exists as to the constitutionality of AS 36.10.010. Because a court has not yet ruled on this question, the Department of Law is not in a position to state that the law is unenforceable. However, based on the Hickland decision, AS 36.10.010 is being narrowly interpreted.

Thus, the Department of Labor has been advised that the statute does not apply to work which is conducted outside the state.

After the bid is awarded for the Palmer addition project, if the company awarded the bid is located outside the state, then you should immediately inquire whether the portion of the construction work which will take place in Alaska (i.e., actual assembly of the facility on site) can be accomplished by available and qualified Alaska residents. If the response is affirmative then no conflict with AS 36.10.010 exists. If, however, the response is in the negative, then under the statute as long as qualified Alaskans are available to work, AS 36.10.010 would require their employment. If this latter situation arises, the Department of Law is available to advise you on the implementation of applicable laws.

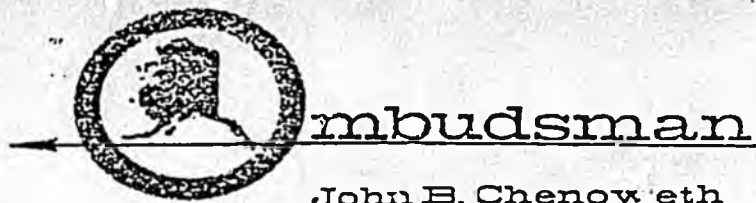
The Honorable Helen D. Beirne
Commissioner, Department of
Health and Social Services

July 28, 1981
Page 3

One last point is worthy of mention. AS
36.05.010 requires that prevailing wages be paid employees
who work on public works projects whether they be Alaskan
residents or are brought in from outside the state.

If you have any questions regarding our response
to your questions, please contact us at your convenience.

MJS:dm



John B. Chenoweth

State of Alaska

November 9, 1983

Jonathan W. Scribner, Deputy Commissioner
Department of Transportation and Public Facilities
Post Office Box 1467
Juneau, Alaska 99802-2500

Reply to:

- ☐ 3201 C Street, Suite 606
Anchorage, Alaska 99503
(907) 276-4011
- ☒ Pouch W0
Juneau, Alaska 99811
(907) 465-4970
- ☐ P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

RE: Ombudsman Complaint J83-0553

Dear Mr. Scribner:

While I appreciate the promptness and thoroughness of your response to my August 4 letter, I was less than satisfied in your response to the recommendations.

In the intervening months, the Legislative Budget and Audit Committee has directed a comprehensive review of the Governor's Mansion project. That decision suggests to me that the committee is interested in the particulars of liabilities incurred and expenditures approved in conjunction with the improvements to the Mansion and is not now interested in the related questions of departmental contracting policy and practices as I am.

We disagree, as we've discussed, as to several issues presented in this complaint. I have reviewed your August 9 response in light of my own analysis, and, in candor, I am not persuaded that the earlier finding should be amended.

You suggest, first, that the contract is not covered by AS 36.98, and that I am guilty of "[twisting] these facts" to support my conclusion that the department entered into the agreement by deliberately subverting the law. May I respectfully suggest that the only twisting and subversion that were done occurred in your shop, in your effort, by a stroke of the pen, to alter the limit on professional services set out in the Policy and Procedure provision from \$20,000 to \$25,000. I continue to maintain that the original document exposed the state under the agreement to a potential liability of \$25,000 plus the cost of automobile rental, and that the handling of the contract was therefore improper under applicable law.

You next suggest that the provisions of P&P 28-8000 may be waived. Jon, under the P&P section as it was written at the time this contract was entered into, there was simply no provision for waiver of the kind you have suggested to cover this situation. The only authority for

waiver involves reference to the "sole source" statutes, and it is there provided that the commissioner may authorize a limited solicitation of services prior to negotiations. That was not done.

Third, while the residency issue may have been of concern to you, for purposes of this investigation it was not. In my August 4 letter, I related that I had declined to initiate examination of the matter.

Finally, I agree that the evidence does not support a finding of an actual "conflict of interest" in the matter of the Seeger - Wood relationship. I made no such finding, for I was not formally asked to examine the matter. In my August letter, I discussed the business relationship between the two gentlemen at some length (1) to try to set out that relationship and to put to rest the charge, emanating from within your own department, of conflict and (2) to alert you to the Department of Law's December, 1982, position relating to conflicts and, more particularly, the "appearances" of conflict of interest.

On the central allegation of this complaint -- that the contract was entered into improperly -- I stand by the earlier finding of "justified."

*

May I next speak to the four recommendations I offered, commencing at page 16 of my August 4 letter?

As to the first, of course, the department did not see fit to cancel the contract with Mr. Wood in response to the rationale I presented, and, for our purposes, the matter is moot. As to the last, your August 9 statement that "you should be assured that we are seriously concerned with the law, regulations and procedures and always make every effort to comply fully, especially with substantive provisions," will have to stand for itself. I do note that P&P 28-8000 has since been reissued.

Two recommendations remain.

On November 3, I received a phone call from Mal Linthwaite. Mr. Linthwaite took issue with the substance of the third of my four recommendations, offered at page 17 of the letter, which read:

[T]he statute (AS 36.98.020(a)) and applicable department regulations (17 AAC 07.020(a)) providing for the establishment of a professional services contractors' register generally prescribe the procedures for addition of a contractor's name to the register. No prequalification form was submitted by Mr. Wood. I am recommending that his name be removed from the register until he is properly qualified.

Next, as earlier noted, I am advised that Mr. Wood's name was included on the register at the

direction of Mr. Linthwaite. This manner of qualifying the contractor is irregular. I ask that you verify to your own satisfaction that Mr. Linthwaite improperly directed the addition of Mr. Wood's name to the register and, if your findings conform to mine, that you formally reprimand Mr. Linthwaite (and any others who may be responsible for the decision to qualify Mr. Wood's name without examination of his credentials in accordance with 17 AAC 07.020(a)).

The regulation to which I make reference provides:

(a) The department will maintain a professional services contractors' register. A person or firm wishing to perform professional services for the department may be placed on the register by completing a prequalification form (Form 25A 272) which may be obtained from the department's contracts administration office. [Emphasis added.]

The effective date of the provision is August 11, 1982.

When he first called me, Mr. Linthwaite acknowledged that he had contacted the contracts administration office and directed inclusion of Mr. Wood's name to the professional services contractors' register. He asserts that he did so because he had been advised in a conversation with personnel of that office some weeks previously that this was a proper way to register a person interested in obtaining a professional services contract.

Mr. Linthwaite and I met on November 7. At the time he handed me a copy of his memorandum to the file (copy attached) which recounts his recollection of his contacts with the contract administration personnel and his understanding of the inclusion of Jerry Wood's name on the Professional Services Contracting register.

Between Mr. Linthwaite's original contact and his delivery of the file memorandum, on November 3 I collectively interviewed the current personnel of the department's contracts administration office, Derwin F. Halvorson and Coralie Sparks. I did not take their sworn statements. It was Ms. Sparks recollection that, over a period of weeks prior to the inclusion of Mr. Wood's name on the professional services contractors' register, she and Mr. Halvorson had been contacted by telephone at least four times from Southeast regional office personnel with respect to professional services contract register requirements. Each time she was contacted, Ms. Sparks said, the questions became more specific about the registration requirements and the inclusion of interested parties. Ms. Sparks reported that she advised the callers, including Mr. Linthwaite, that, when the contracts administration office receives calls from a person or firm inquiring about registration, the name of the person or firm is added to an "alpha" register in "open status."

The "alpha" register, Mr. Halvorson and Ms. Sparks explained, is a device to keep track of parties indicating or expressing interest. A party that provides a name and address is, in turn, mailed a copy of the prequalification form, 25A 272, properly titled the "Prequalification Submittal". It is not until that form or "Submittal" is completed and returned to the contracts administration office that there is sufficient information available to personnel in that office to place the person or firm making application into a category and discipline. Ms. Sparks indicated that the "alpha" register is an intraoffice reference that does not serve as the basis of providing professional services registration certifications to personnel of other divisions, and cannot be validly construed as "the register" intended by the statute and regulation. Ms. Sparks stressed that she has repeatedly advised that inclusion on the register cannot be only by request of department employees. In her explanation to me, she was certain that there should be no confusion on these points.

Mr. Halvorson acknowledged at least two telephone contacts in mid-June from Mr. Linthwaite. In the first, Mr. Linthwaite specifically directed inclusion of Mr. Wood's name on the professional services contract register. Mr. Linthwaite specified that Mr. Wood's name was to be included in the discipline of "Civil Engineer" and in category "021", that is, as I understand, "contract management." In his second, coming apparently 24 hours later, Mr. Linthwaite specifically requested the professional services contracts register that displayed that discipline and category. His second request, Mr. Halvorsen implied, was made with the expectation that Mr. Wood's name would appear on the list.

On November 3 I had the opportunity to review the current register. Inspection revealed that there has been no new information provided in support of Mr. Wood's inclusion on the register. No Prequalification Submission form has ever been completed. Mr. Wood's name is still maintained on the register, in contraversion of the requirements of your department's own regulation. I reiterate the second recommendation of my August 4 letter: the gentleman's name should be removed.

As to Mr. Linthwaite's objection: In our telephone conversation, Mr. Linthwaite acknowledged his directing the inclusion of Mr. Wood's name. The source of the directive has been verified by Ms. Sparks and Mr. Halvorson. I see no genuine dispute as to the fact that it was Mr. Linthwaite who directed the addition of Jerry Wood's name to the register.

The unsworn statements of Ms. Sparks and Mr. Halvorson suggest that Mr. Linthwaite was quite specific in his orders. He directed Mr. Halvorson to include Mr. Wood's name on the list of one category and discipline, and it appears that this was done.

When he provided me the copy of the file memorandum in our meeting of November 7, Mr. Linthwaite noted that the professional services contract register now serves a purpose different from the department's prequalification list that he had used in years past. I noted that the change in purpose came as the result of the change of statute (Ch. 144,

November 9, 1983

SLA 1982) and by the department's addition of regulations to implement the statute.

I respectfully suggest that Mr. Linthwaite's directive violated the procedures set out in 17 AAC 07.020(a). Whether Mr. Linthwaite acted with actual knowledge that, in directing the inclusion of Jerry Wood's name to the register without submission of the required form, his action did not comply with the requirement of the applicable regulation, whether he was erroneously advised in this matter, or whether there was a legitimate misunderstanding on the part of Mr. Linthwaite are, to my mind, factors bearing on imposition or mitigation of discipline of Mr. Linthwaite's actions. I reiterate the third of my recommendations: Verify to your own satisfaction that Mr. Linthwaite improperly directed the addition of Mr. Wood's name to the register and, if your findings conform to mine, formally reprimand Mr. Linthwaite and any others who may be responsible for the decision to qualify Mr. Wood's name without examination of his credentials in accordance with the applicable regulation.

Incidentally, I do not regard the matters of violation of departmental regulation and the statute on which it was based as "insignificant," and I am confident that the legislature does not share that evaluation and would not readily accept your categorization.

In closing, as an observation that may be of some benefit to you in the management of this region, there seems to be continuing degree of confusion concerning applicable contracting authorities. As an example, when I advised Mr. Linthwaite that P&P 28-3000 had been reissued over the signature of Deputy Commissioner Fred Seeger on October 20, he was not aware of the issuance of the amended provision. At least within the Southeast Region, you may want to make it a point to keep the division directors and senior staff apprised of these important procedural changes relating to professional services contracting.

In our last phone conversation, November 3, you reiterated your invitation to meet with me on matters in which we are in disagreement. If there remain matters that you believe can be resolved, may I suggest a meeting in the week of November 14, at your convenience? Otherwise, may I receive a formal reply from you in response to my request for reconsideration of the two recommendations set out above by November 28.

Sincerely,

John B. Chenoweth
Ombudsman

JBC:jdt
Enclosure

MEMORANDUM
RECEIVED

State of Alaska

Department of Transportation & Public Facilities

TO: File

NOV 8 1983

DATE: November 4, 1983

FILE NO:

JUNEAU
OFFICE OF OMBUDSMAN

TELEPHONE NO:

FROM:

M. A. Linthwaite
Chief, Technical Services
Southeast Design and Construction

SUBJECT: Contact with the
Ombudsman

Yesterday, for the first time, I read a copy of the Ombudsman's Report on his investigation on the Governor's Mansion Renovation dated August 4, 1983. Shortly after reading the report I called the Ombudsman, Jack Chenoweth, to require on what information he based his recommendation concerning me.

I explained that a few weeks prior to any mention of Jerry Woods, I had called Coralie Sparks, at Charles Matlock's request, to obtain some packets which we could mail to consultants who called in, rather than have them call back to her. She explained that they wanted to be aware of anyone who received a packet and the only way they could control them was to mail them out themselves.

She further explained that her office would gladly take the name and address from us, and mail a packet out to a consultant, and add the consultant's name to the register, pending receipt of the completed packet.

When Jerry Wood's name was first mentioned to me, Mr. Matlock asked how Woods could get on the register. I told him what Coralie said, and after we reviewed his resume, we decided that he could probably get on the register under the Construction Management (CM) section. I then called the Contracts Administration office to have a packet sent to him and have his name added to the register.

It was a few days later when Wood's name came up in regards to a contract for construction management on the Governor's Mansion. At that time, Jay Davis received a printout of the CM register and Jerry Wood's name was there, with a notation that I had requested he be listed there. I told Jay at the time that I didn't see anything wrong with that, as I only followed the procedure outlined by Contracts Administration.

The Ombudsman advised me that he would investigate further to determine, if in fact, his recommendations were correct. He stated that he would get back to me within 10 days.

I only wish I could have seen the Report at an earlier date, so I could have had this matter cleared up more timely.

HAL/jw

c: John B. Chenoweth, Ombudsman, State of Alaska
Donald D. Dieckmeyer, Director, Southeast Design and Construction,
Department of Transportation and Public Facilities

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 1467
JUNEAU, ALASKA 99802

SOUTHEAST REGION

November 14, 1983

Re: Ombudsman Complaint
J83-0683

Mr. Jack Chenoweth, Ombudsman
Office of the Ombudsman
Pouch W0
Juneau, Alaska 99811

Dear Mr. Chenoweth:

I have now received your second letter on Jerry Wood's contract without the opportunity for discussion. It is most frustrating to read of the complaints, your interviews with others and your analysis without the courtesy of personal discussion.

Nevertheless, the following response to your continuing concerns is again offered:

I suppose as long as you are convinced that Jerry Wood's contract had the "potential" to exceed \$25,000 we can never agree on its propriety. No where in the development of this contract was it anticipated the contract would exceed \$25,000. The record contains several references to this effect which, inexplicably, have received no consideration by you. All of our cost estimates to do the work were well below \$25,000 and we did not fabricate unrealistic estimates to subvert AS 36 or 17 AAC. 07, as you conclude. AS 36.98 and 17 AAC. 07 simply were not applicable because they apply only to contracts exceeding \$25,000. That is why P & P 28-8000, albeit dated, was the only document applicable for this selection process.

P & P 28-8000 provides different procedures for each of three levels of agreements: > \$2,500 but $\leq$ \$20,000; > \$20,000 but $\leq$ \$100,000; and > \$100,000. A departmental review was done earlier which, among other things, recommended the \$20,000 limit be raised to \$25,000 to be consistent with AS 36.98 and 17 AAC. 07. The P & P was finally changed officially on October 20, 1983.

Neither the procedures for contracts < \$20,000 nor for contracts > \$20,000 could be met given the urgency to proceed. In such cases paragraph 5.2 provides: "When determined by the Commissioner of the Department of Transportation and Public Facilities to be in the best interest of the State, this procedure (P & P 28-8000) may be waived."

November 14, 1983

Given the need for this contract; there was no question that a waiver of the entire procedure would have been granted by the Commissioner had it been requested. In retrospect this may have been cleaner, but we wanted to preserve as much of the procedure as we could reasonably expect to accomplish and still enable the job to get done. That is why a "limited" waiver was requested of the Commissioner in accordance with P & P 28-8000.

With the waiver approved, we proceeded to develop and execute the contract. The construction was to be complete September 2, 1983; hence it appeared reasonable that Jerry Wood's work, including any outstanding paperwork, etc., could be completed by September 15, 1983. These costs amounted to a firm fixed price of \$21,100. Since we were still well below the \$25,000 trigger for AS 36.98/17 AAC. 07 we decided to add an option to keep Jerry Wood on at the rate of \$300/day for a maximum of 13 days just in case we ran into unanticipated problems in completing the construction and Jerry Wood's services were still needed. In addition, the "Maximum Amount" possible for payment under the contract was \$25,000 to very clearly distinguish this contract from falling under AS 36.98 and 17 AAC. 07.

Not until you raised the question, was there even a hint that nonmonetary services provided in the contract might be construed as falling within the "total amount of the contract" contained in AS 36.98. No where in AS 36.98 can I find a definition of "total amount of the contract" in AS 36.98 to support your position. I would suggest that "total amount of the contract" refers to the actual dollars the State is obligated to pay a contractor and that the cost of other services like car rental would not be included because these costs would be incurred whether or not a contractor was involved.

Regardless, it seemed pointless to argue, so instructions were issued immediately to ensure that the "total amount of the contract" including such things as car rental would not exceed \$25,000.

On the question of residency, further research has revealed that AS 36.10.010 applies only to employees. Jerry Wood was a proprietor or employer, not an employee. There is no issue here.

The conflict of interest question is still unresolved, apparently. My understanding is that common law conflicts of interest, actual or apparent, exist primarily when there is a potential for gain from an actual business relationship. The Department of Law, in its proposal to the last legislative session to clarify this issue suggested that to avoid any "appearance" of conflict of interest there should be no business relationship for at least six months. In this case there was a clean break in the business relationship between Jerry Wood and Fred Seeger of well over two years, long before either of them had any idea they would be working with the State of Alaska.

November 14, 1983

I agree that anytime there is a "perception" or "appearance" of impropriety there is cause for concern. But if we based all our decisions on certain people's "perception" of a problem, one can readily imagine government coming to a virtual standstill.

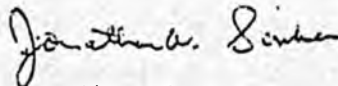
It is regrettable that a copy of the gentlemen's business card from their previous relationship received such wide circulation, but it hardly seems appropriate or responsible to use that as a basis for suggesting the contract be terminated.

Regarding your two remaining recommendations:

1. Removal of Jerry Wood's name from the department's register was requested November 14, 1983. No action was taken previously because the register played no part in the hiring of Jerry Wood, since the contract was not over \$25,000.
2. No action was taken to reprimand Mr. Linthwaite previously because the contract was not over \$25,000 and a register was not required. Also departmental procedures for prequalification were virtually useless.

Obviously, you have gone to considerable effort subsequent to your first analysis on this issue which suggests further examination is appropriate. I also accept this recommendation and will report to you on the actions taken when my review is complete.

Sincerely,



Jonathan W. Scribner
Deputy Commissioner

sh

MEMORANDUM

State of Alaska

TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities

DATE: November 16, 1983

FILE NO: 366-124-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Review of department's project management contract for conflict of interest

By: Diane T. Colvin
Assistant Attorney General
Department of Law

You asked us to review the contract award made to Jerry D. Wood by the Department of Transportation and Public Facilities. Mr. Wood was hired in conjunction with renovation of the Governor's mansion to provide project management services. On August 4 the Ombudsman issued an opinion in response to a complaint received on the project services contract. One of the Ombudsman's findings was that the contract involved a conflict of interest, because of Mr. Wood's business relationship with Fred Seeger, Deputy Commissioner, Department of Transportation and Public Facilities. You have asked us to review the conflict of interest issue.

According to your response of August 9 to the Ombudsman, Mr. Seeger suggested Jerry Wood for the management services project initially. After that recommendation was made, you claim that Mr. Seeger had no further involvement in the award of the contract to Mr. Wood. You have also informed us that although Mr. Seeger and Mr. Wood did have a prior business relationship, that relationship was severed at least two years ago.

As you may know, the applicable standard for conflict of interest is the common law. This is a strict standard, prohibiting not only actual conflicts of interest but also requiring avoidance of even the appearance of impropriety. See 1982 Op. Att'y Gen. No. 15 (Dec. 3).

Based on the facts you provided, we find no conflict of interest in the award of the Wood contract because Mr. Seeger did not and could not benefit as a private person from the contract. The issue arose because of the previous business relation between the two individuals. However, if as you state, the relationship was severed two years ago, the potential for conflict is tenuous. Even under the common law, the amount of time involved here between the business association and the award of the contract diminishes the possibility of a conflict.

RECEIVED

NOV 22 1983

JUNEAU
OFFICE OF OMBUDSMAN

Jonathan W. Scribner
Deputy Commissioner
Southeast Region -- DOT-PF
366-124-84

November 16, 1983
Page 2

The conflict issue is, unfortunately, enhanced in this case because the Wood contract was awarded on a sole source basis. While there may have been justification for sole source in this particular instance, it would have been preferable, had time and circumstances allowed, to solicit proposals in order to avoid raising the issue of conflict of interest.

If you have further questions, please contact us.

DTC:eja



ombudsman

John B. Chenoweth

December 9, 1983

Jon Scribner, Deputy Commissioner
Southeast Region
Department of Transportation
Post Office Box 1467
Juneau, Alaska 99802

State of Alaska

Reply to:

- ☐ 3201 C Street, Suite 606
Anchorage, Alaska 99503
(907) 276-4011
- ☒ Pouch W0
Juneau, Alaska 99811
(907) 465-4970
- ☐ P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

RE: Ombudsman Complaint J83-0683

Dear Mr. Scribner:

I have had an opportunity to review your November 14 reply. I'm appreciative of your action and proposed action with respect to the specific recommendations resubmitted for your consideration.

There is no disagreement between us in the matter of the perception that Mr. Wood's contract constituted an actual conflict of interest, and I don't know that there ever was. Assistant Attorney General Colvin's conclusion in her November 16 opinion supports your point. Ms. Colvin adds a caution, advising that, in order to avoid raising the conflict of interest issue, "it would have been preferable, had time and circumstances allowed, to solicit proposals" It is the appearance of irregularity to the public, I respectfully suggest, with which she is, and I had been, concerned.

Though not part of the complaint from my perspective, you and I have given attention to the issue of compliance with the "Alaska hire" provision, AS 36.10.010. In your November 14 letter, you assert that ". . . further research has revealed that AS 36.10.010 applies only to employees [and that] Jerry Wood was a proprietor or employer, not an employee." I am advised that the last, most comprehensive opinion on the subject of the application of the "Alaska hire" provision was issued on September 12. I am enclosing a copy and, while the opinion is a technical discussion not directly relevant to the Department of Transportation and Public Facilities, I direct your attention to the discussion at pages 5 - 8 of consultants' and related contracts. The Alaska Department of Labor is drafting regulations to interpret the provisions of AS 36.10.010. Randy Carr, a statewide supervisor for the Department's Division of Labor Standards and Safety, this week advised me that the draft of the proposed regulations does exempt or exclude from the provisions of AS 36.10.010(b) certain professional services and consultant's services provided under contract by a professional services contractor under agreement with a state agency.

December 9, 1983

I am addressing this matter to emphasize that, if I understand Mr. Carr correctly, the Department of Labor's proposed regulations will distinguish between kinds or types of contractors, and not merely on the basis of the employer-employee relationship. Those proposed regulations are due to go to public hearing. Because they may bear upon the kinds of contracts entered into by the division directors and others employed in your department's Southeast Region, you may want to review these regulations as they become available.

Finally, between us there remains a difference of opinion as to the matter of the cost or value of the original contract between the department and Mr. Wood.

Assuming, as you have suggested I should, that the contract, before its amendment, was one that did not exceed \$25,000, Commissioner Casey's June 27 signature of a waiver may fulfill the requirements of the statute (AS 36.98.030(d)). While I would like to offer a supportive conclusion, my review of the record leads me to conclude, again, that it is far from clear that the commissioner's signature of the waiver complied with either the letter or the spirit of the companion regulation, 17 AAC 07.030, as I discussed at pages 9 - 11 of my August 4 letter.

I was heartened by our discussion and the content of your November 16 response to the criticisms and comments provided in the Internal Review conducted by Bob Janes. From the perspective of this office, I appreciate the attention you have given the matter. Please know, too, that the members of the staff with whom I spoke have also given the matter their good cooperation.

I propose to advise the complainant of the attention given to this complaint and conclude the investigation.

Sincerely,

John B. Chenoweth
Ombudsman

JBC:pjc
Enclosure

BILL SHEFFIELD, GOVERNOR

RECEIVED
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 1467
JUNEAU, ALASKA 99802

JAN 16 1984

SOUTHEAST REGION

(907) 364-4360

JUNEAU
OFFICE OF OMBUDSMAN

January 12, 1984

Re: Governor's Mansion
Project

Mr. Jack Chenoweth
Office of the Ombudsman
Pouch W0
Juneau, Alaska 99811

Dear Mr. Chenoweth:

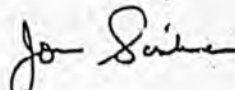
Thank you for your December 9, 1983 letter on the Governor's Mansion project. I feel good, after finally having an opportunity to discuss your concerns, that we seem to have reached a mutually satisfying understanding on all issues except whether Jerry Wood's contract was subject to AS 36.98.

I would first like to report to you on your November 9 recommendation as promised in my November 14, 1983 letter:

1. Jerry Wood's name was removed from the register.
2. After reviewing how Mr. Wood's name came to be placed on the Professional Services register, I have determined not to reprimand Mr. Linthwaite. The enclosed memorandum from D. D. Dieckmeyer summarizes the basis for my determination. I have shared this information with Ron Lind, Director Administrative Policy & Fiscal Management. The Contracts Administration Section reports to Mr. Lind. He agrees with my determination and the information has been provided to him for any action he may deem appropriate.

Finally, your firm position that AS 36.98 was applicable to the Jerry Wood contract without acknowledgement or consideration of the procedures used or the intent continues to concern me deeply because it falsely portrays a flagrant disregard for State law. So, I asked the Attorney General's Office to review this matter. I would like to share with you the enclosed response which supports the propriety of our actions.

Sincerely,



Jonathan W. Scribner
Deputy Commissioner

Enclosures

JWS/sh

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

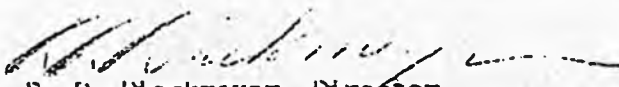
TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region

Confidential

DATE: December 14, 1983

FILE NO: SHC-010

TELEPHONE NO: 361-4347

FROM: 
D. D. Dieckmeyer, Director
S.E. Region Design & Construction

SUBJECT: Professional Services
Contractors Register

Reference: Letter J. B. Chenoweth to J. W. Scribner, dated November 3, 1983;
Re: Ombudsman Complaint JS3-0683

I have reviewed the above referenced letter with regard to the recommendation that W. A. Lintwaite be reprimanded for directing activities in violation of statutes and regulations that relate to the Department's Professional Services Contractors Register.

AS 36.98.020(a) and 17 AAC 07.020(a) require that a professional services contractors register be established and maintained by the Department. Regulations further define the requirements that must be met in order for a contractor to be placed on the register.

At issue is the claim that Mr. Lintwaite directed the addition of a contractor to the register without requiring the contractor to meet the regulation requirements.

I submit the following:

- 1) Responsibility for the maintenance of the Department's Professional Services Contractors Register is assigned to the Contract Administration Section within the Standards & Statewide Programs group. Employees of the Contract Administration Section are solely responsible for maintaining the integrity of the register.
- 2) Employees within the Contracts Administration Section acknowledged that they knew the exact requirements that must be met in order for a contractor to be placed on the register.
- 3) Employees within the Contracts Administration Section contend that they repeatedly advised that inclusion on the register cannot be only by request of department employees, and they were certain that there was no confusion on the point.
- 4) Employees of the Contract Administration Section are not accountable to anyone in the Southeastern Region, nor are they responsible for receiving direction from anyone in the Southeastern Region.

Mr. Lintwaite is an employee of the Southeastern Region and, therefore, has no authority to direct the activities of employees within the Contracts Administration Section.

Jonathan W. Scribner

-2-

December 14, 1983

- 5) Employees within the Contract Administration Section placed the contractor on the register in violation of statute and regulation requirements.

Based on the above, I am unable to conclude that Mr. Linthwaite was responsible for the addition of the contractor to the register. I do not feel that I have sufficient justification to reprimand Mr. Linthwaite as recommended by Mr. Chenoweth.

DEU:ka

MEMORANDUM

State of Alaska

cc Elmer Starke
cc Jack Chonoweth
cc Don Dieckmeyer

TO Jonathan W. Scribner
Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities

DATE: January 10, 1984

TELEPHONE NO: 465-3603

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Interpretation of
AS 36.98

By:

Jack McGee
Assistant Attorney General
Transportation Section-Juneau

The question you raised in your memo of January 3, 1984 can be re-phrased as follows:

Must the value of a rental car be included in determining whether the \$25,000 limit for professional services contracts set out in AS 36.98 is satisfied?

AS 36.98.010 authorizes the state to enter into professional service contracts without going through the competitive bidding process when "the total amount of the contract does not exceed \$25,000." The use of the word "total" here indicates that the value of all remuneration received by a contractor must be included when one is calculating the "total amount" of the contract. It follows, therefore, that the value of a rental car must be included in determining whether the \$25,000 limit of AS 36.98.010 is reached.

It is my understanding that in Mr. Wood's contract relating to the Governor's Mansion, it was originally contemplated that the value of a leased car would not be included in determining total value of the contract. After the issue was raised, however, DOT/PF personnel were specifically directed to insure that Mr. Wood's contract did not exceed the sum of \$25,000 including the value of vehicle rental. See appendix #1. This instruction, it seems to me, served to correct the original misunderstanding. As a result, there was no violation of AS 36.98.010.

JM:ebc

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

J. L. Boff, P. E.
Chief
Building Design & Construction
S-1/PP

Charles S. Matlock
Acting Director
S. L. Region Design & Construction
S-1/PP

DATE August 9, 1983

FILE NO.

TELEPHONE NO.

SUBJECT Consultant Contract
Governor's Mansion
Project No. H-79164

Please take the appropriate action to insure that the Consultant Contract for Jerry Fred does not exceed the contract amount of \$25,000.00 including extended services and vehicle rental.

CSH:JUL:ra

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES AND THE
OFFICE OF THE GOVERNOR
GOVERNOR'S MANSION RENOVATION PROJECT

December 29, 1983

Commissioner (Acting),
Department of Transportation
and Public Facilities

H. Glenzer, Jr.

Deputy Commissioners,
Department of Transportation
and Public Facilities:

Standards and Statewide
Programs (Acting)
Southeast Region
Central Region
Northern Region (Acting)

Daniel Malick
Jon Scribner
David Haugen
William McMullen

Office of the Governor

Governor
Lieutenant Governor

Bill Sheffield
Stephen McAlpine

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

January 3, 1984

Members of the
Legislative Budget and Audit Committee:

In accordance with a Legislative Budget and Audit Committee
special request and Title 24 of the Alaska Statutes, the
attached report is submitted for your review.

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES, AND THE
OFFICE OF THE GOVERNOR, GOVERNOR'S MANSION
RENOVATION PROJECT

December 29, 1983



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REPORT

In accordance with a Legislative Budget and Audit Committee request and Title 24 of the Alaska Statutes, this special report has been prepared to document the activities surrounding the renovation of the Governor's mansion. The review was of the Department of Transportation and Public Facilities and the Office of the Governor and addresses specific areas of concern:

1. The sources of funding used to finance the project;
2. Contracting procedures used to hire individual contractors;
3. Cost overruns and expansion of the project beyond its original scope.

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HISTORICAL BACKGROUND

The construction of the Governor's Mansion in Juneau in 1912 was under the direction of William N. Collier, U.S. construction engineer. The structure was authorized by Congress in the Public Builders Act of 1910, which appropriated \$40,000 to cover both building and furnishing. The architecture of the building was designed by a well-known architect of the time, James Knox Taylor, and is described as a liberal interpretation of New England Colonial.

The mansion, measuring 58 x 60 feet overall, has two and a half stories with a full basement. The original \$40,000 was insufficient to furnish the entire building, but the lower floor and some of the bedrooms were furnished in 1912. The third floor was left virtually unfinished though the original detailed drawings show that half of this top floor was to serve as a territorial museum (which it never did).

The single most extensive renovation of the exterior of the house was done with Federal funds (\$14,100) in 1936. Renovations to the mansion, which had been badly run down, were started in June 1936, under contract to the J.B. Warrack Company.

The entire exterior of the building was plastered over the original clapboard finish, and painted white giving the building the appearance that it has today. The short porch that covered only the entry steps was extended to cover the driveway. The peaked roofs of the dormers were flattened and the three small windows above the small entry porch were consolidated into one large window. The three windows on the third floor were consolidated into two to be in balance with the roof angle. Outside shutters were provided for all flush windows. The garage was also dug into the basement in 1936.

The most dramatic change made in the 1936 renovation was the extension of the original portico which covered the central third of the porch. The short portico was extended to cover the entire length of the house supported by six pillars rather than the original four. No major renovations to the exterior have been done since 1936.

Interior renovations done in 1936 included redesigned bathrooms with new plumbing and other minor cosmetic changes.

Minor changes took place between 1936 and 1967. A kitchenette was installed sometime during the Egan administration in the late fifties and early sixties.

The single most significant interior renovation prior to 1983 was executed in 1967-1968 by Arthur Morgan Designers of Seattle, Washington. The renovation, done under the Hickel administration, included gutting the third floor and remodeling it. The ceiling on this floor was lowered and two suites and one bedroom were constructed. A sauna was installed in the basement also. Although the lower two floors remained structurally unchanged, major cosmetic changes were made. The entire color scheme of the mansion was changed to greens and golds, wall-to-wall carpeting was installed in many rooms, and contemporary furniture was purchased.

On November 7, 1976, the mansion was placed on the National Register of Historic Places.

The 1983 renovation of the mansion is the most extensive in the history of the building. The first and second floors and the basement were renovated to restore the interior appearance to the 1912 era.

General changes included removing all of the wall-to-wall carpeting and replacing it with large oriental rugs. Hardwood floors were refinished and repaired throughout the mansion. All of the seven fireplace mantles and all the walls were stripped and repainted. Some antique furniture was purchased and bathroom fixtures were replaced by old style fixtures, (bear claw tubs, pedestal sinks, brass and porcelain handles, etc.).

Several structural changes were made during the 1983 renovation. The kitchenette on the second floor was removed to allow for the large entry hall per the original blueprints. A door was installed between the Governor's study and the master bedroom. The bathroom adjacent to the Governor's study was converted into a kitchenette with toilet facilities. Mahogany shelving from floor to ceiling was installed along all of the walls of the library on the first floor, and a new mahogany mantle was built. A new hardwood floor was placed in the entry way and the conservatory. The pantry was changed to the dishwashing area and a new refrigerator and dishwasher installed. The dishwashing area was changed to the pantry and custom cabinets installed. A hot tub (purchased by Governor Sheffield) was installed in the basement, and the mantle from the library was installed around the fireplace in the recreation room in the basement. Also, a wall was built to block off the laundry room in the basement. The 1983 renovation included installing new electrical and plumbing systems on the first and second floors as well as the basement, and a new fire detection and intrusion system.

FINDINGS AND EDITOR'S COMMENTS

A. What were the sources of funding used to finance the Governor's Mansion Renovation project?

DOTPF transferred a total of \$1,455,000 to the Governor's mansion project from appropriations that were originally intended for other purposes. The following is a list of the source of funds used for the mansion project:

1. Ch 120, SLA 80 appropriated \$71,000 to DOTPF for the Governor's Mansion Fire Sprinkler System.
2. Ch 82, SLA 81 appropriated \$5,200,000 to DOTPF for Energy, Safety, and Architectural Barrier Changes. Of this total appropriation, \$1,385,000 was used to fund the mansion project. However, only \$235,000 was specifically intended for the mansion. The residual amount, \$1,150,000, had originally been intended to be used to correct deficiencies noted in energy audits performed on Interior Region buildings. The specific projects are:
 - a) \$596,000, project number H79364 (Fairbanks Electrical Retrofit), Fairbanks Court House and parking garage.
 - b) \$200,000, project number H79361 (Interior Buildings Retrofit), State office buildings.
 - c) \$204,000, project number H79362 (Interior Shops Energy Retrofit), maintenance shops.
 - d) \$150,000, project number H79363 (Fairbanks Peger Road Energy Retrofit), DOTPF building complex on Peger Road, Fairbanks.
3. Ch 107, SLA 83 appropriated \$500,000 to DOTPF for the Governor's Mansion. Intent per DOTPF's budget documents was for remodeling/repairs to the Governor's mansion.
4. An RSA between the Department of Administration (DOA) and DOTPF transferred \$305,000 from DOA to DOTPF for the Governor's Mansion Renovation project. The source of funds of the amount transferred was Ch 25, SLA 82, which appropriated \$7,000,000 for Building Renovation, Replacement, and Surplus. The intent per budget documents was for this appropriation to be used for providing housing to State employees, particularly in remote rural locations. The following projects were eliminated as a result of the RSA:

- a. Deer Mountain Hatchery (\$100,000)
- b. Livengood Septic System (\$60,000)
- c. Nelchina Septic System (\$30,000)
- d. McGrath Septic System (\$70,000)
- e. Slana Exterior (\$75,000)

DOTPF subsequently transferred \$117,000 to the Office of the Governor for the acquisition of furniture, rugs, and other decor items.

- 5. Ch 101, SLA 82 appropriated \$13,121,400 to the Office of the Governor for Executive Operations, and \$169,000 was used for the Governor's Mansion Renovation project.

In summary, DOTPF funded \$2,144,000 and the Office of the Governor funded \$286,000 for the renovation of the Governor's mansion, which totals to \$2,430,000. Of this amount, \$1,455,000 (\$1,150,000 of Ch 82, SLA 81 and \$305,000 from RSA) or 60% of the total funding was budgeted for other purposes.

- B. Were individual contractors on the Governor's Mansion Renovation project hired in accordance with State contracting procedures?

The purpose of the various statutes, regulations, and P&Ps regarding competitive bidding and advertising for State contracts is probably best summarized by an Attorney General's opinion note to AS 35.15.050:

"The purpose of this section and the Fiscal Procedures Act (AS 37.05) is not only to protect the state and the public purse from uneconomic contracts let because of failure to request competitive bids and because of possible favoritism, but also to insure that contractors are insured a certain amount of 'fair play' in dealing with the state government and in competing with one another for state contracts."

When the competition has been limited through sole source contracts, restricted advertising, etc., this sense of "fair play" is missing. It also opens up the State to possible litigation and gives the appearance of favoritism.

Department of Transportation and Public Facilities
(DOTPF)

DOTPF did not follow established procedures or the intent of statutes and regulations when awarding

several contracts for construction and professional services on the Governor's Mansion Renovation project:

1. Vernon Akin & Associates was awarded a sole source contract for engineering design and construction services in the amount of \$60,000. This project was not advertised as required by AS 36.98, or DOTPF P&P 28-8000. AS 36.98.030 does allow DOTPF to contract on a sole source basis if they can demonstrate that there is a single person or firm that can clearly perform the required tasks more satisfactorily because of the person's or firm's prior work. Although DOTPF stated that this was the basis for the sole source contract, it was not clearly demonstrated by any written evidence in the files.
2. Jerry D. Wood, P.E., was awarded a sole source contract of \$25,000 to provide on-site management for the Governor's Mansion Renovation project. In addition, the contract provided Mr. Wood with a car during the duration of his contract. The contract was later amended up to a total of \$35,000, which included the car rental in the contract price.

In our opinion, the original contract amount exceeded \$25,000 and therefore should have been advertised in accordance with AS 36.98. There were over 100 firms on DOTPF's prequalification register for these types of services. DOTPF's not allowing these and other contractors the opportunity to compete for this contract clearly violates the spirit and intent of the law. Several other items noted were:

- a) Mr. Wood had been a business associate with Fred Seeger in a corporation known as SeeWood (this is discussed further in "D" of this section of the report). Fred Seeger was Deputy Commissioner of DOTPF until he resigned in early December, 1983.
- b) Mr. Wood was added to the DOTPF professional services contractor register without all of the proper forms being submitted and reviewed.
- c) Mr. Wood obtained a business license the same day his contract was signed, July 7, 1983.
- d) Mr. Wood's business address was DOTPF's Southeast Regional office.

- e) Three out of the four construction contracts for this project had been awarded and work started (with one contract completed) by the time Mr. Wood's contract began. His contract terminated October 18, 1983. Both before his contract began and after it was terminated, the project was managed by DOTPF employees (project was not complete until mid-December).
3. The August Corporation was awarded a contract of \$90,000 for roof repair and attic insulation. DOTPF did not advertise this contract as required by DOTPF P&P 70-7001. In addition, AS 35.15.130 requires that at a minimum, informal bids shall be requested from as many contractors as can be requested conveniently. Five local firms were contacted, with two responding.
4. The Rhine Stone and Plastering Company was awarded a contract of \$14,000 for concrete and masonry services. This contract was not advertised. However, two local firms were contacted for informal bids.
5. Harbor Plumbing & Heating was awarded a contract of \$600,000 (subsequently amended to \$1,000,000 with costs to date of \$1,081,000 and estimated to exceed \$1,130,000) for plumbing, heating, and electrical renovation. This contract was not advertised as required by DOTPF P&P 70-7001. P&P 70-7001 states "projects shall be advertised in three consecutive weekday issues in newspapers in Anchorage, Fairbanks and Juneau, local papers where available, the Tundra Times and the All Alaska Weekly. Large projects should also be advertised in the northwest regional construction trade papers." However, DOTPF only advertised in the Juneau Empire, limiting the response to only those firms located in the City and Borough of Juneau, and provided a cost estimate indicating the project would cost only \$250,000 to \$500,000.
- In addition, this contract was not dated, did not contain a project completion date, but did provide a bonus of \$25,000 if the contractor completed the project on time.
6. Coogan Construction Company and Capitol Construction Company, a Joint Venture, was awarded a \$300,000 contract (subsequently amended to \$400,000 with costs to date of \$676,000 and estimated to exceed \$735,000) for architectural renovation work. This project was not advertised in accordance with P&P 70-7001 which requires a

minimum advertising period of 21 days. DOTPF did not submit advertising orders to newspapers, etc., until June 27, 1983, but they required that completed "Expression of Interest Questionnaires" be returned to DOTPF by 2:00 PM, July 8, 1983, a period of eleven days maximum.

In addition, DOTPF prequalified the contractors and stipulated that only the top three would be allowed to bid on the project. This further restricted the competition (two bids were not opened).

The purpose of prequalification is to assure that only contractors who meet certain qualification criteria are allowed to bid on a project. However, DOTPF does not have established procedures or standards for prequalifying construction contractors. In this particular case, allowing only the top three prequalified contractors to bid could not only have resulted in excluding some qualified contractors, but it also could have resulted in DOTPF having to award the bid to an unqualified contractor if one of the top three was really not qualified to perform the contract but submitted the low bid. DOTPF, if it wishes to use prequalification, should establish procedures and standards so that all qualified and interested contractors will be allowed to bid on projects where prequalification is used.

The Office of the Governor

Title 36, Chapter 98 of the Alaska Statutes governs professional services contracts. Under these statutes and the related regulations, 02 AAC 17, the Department of Administration has established procedures for professional services contracts in the State Administrative Manual (SAM) sections 8102 through 8193. Section 8120 specifies required procurement procedures for contracts depending on their dollar value: \$5,000 or less, informal solicitation of interest; over \$5,000 up to \$25,000, formal or informal solicitation of interest; over \$25,000, formal solicitation as well as advertise in a newspaper in general circulation in Alaska. Section 8120 also states that all costs for the life of the contract including any anticipated successive phases or follow-up work are to be included in determining the dollar value of the contract.

However, the Office of the Governor awarded three sole source contracts (stated face value \$64,000) worth over

\$280,000 to Phyllice Bradner, dba Snow Goose Productions, that were not advertised nor were informal or formal proposals solicited:

1. A \$5,000 contract was awarded February 7, 1983 for Ms. Bradner to act as coordinator for the Restoration Advisory Committee on the Governor's Mansion Renovation project. This contract had not been advertised. Also, informal proposals had not been solicited as required by the SAM, Section 8120.
2. A \$14,000 contract was awarded March 24, 1983 for Ms. Bradner to provide a cost estimate study of the Governor's Mansion Renovation project and to continue as the coordinator for the Restoration Advisory Committee. This contract was awarded without securing competitive proposals because the Office of the Governor requested and the Department of Administration granted the authority to negotiate this contract on a sole source basis. However, we question the reason used to justify the sole source (to facilitate continuity in the project and to maintain consistency of style), especially since the initial contract was awarded without advertising or soliciting proposals from several firms. We believe a request for a sole source contract because of wanting to continue a relationship should come under much closer scrutiny.
3. A \$45,000 contract was awarded May 19, 1983, for Ms. Bradner to act as project coordinator for the Governor's Mansion Rehabilitation project. Her services included the selecting and purchasing of all decor items (furniture, antiques, draperies, etc.), selling these items to the Office of the Governor (plus a handling charge for wholesale items), and overseeing the placement and arrangement of these items in the mansion. Again, as in the previous contract, the authority to negotiate a sole source contract was requested from and granted by the Department of Administration, eliminating the competitive process.

In addition, the contract did not restrict the amount of the items the contractor could purchase. As a result, the Office of the Governor could have been liable for all items purchased even though the amount may have exceeded that intended for purchases (\$222,000 was encumbered for decor items). We believe because of the nonstandard nature of the scope of services and degree of latitude being allowed the contractor that this

contract should have been reviewed by the Department of Law.

C. Why was the original scope of the project expanded and what changes resulted from the scope expansion?

The original scope of the Governor's Mansion Renovation project was defined by the Governor's House Restoration Advisory Committee which was formed to oversee the project. The initial concern expressed by DOTPF to the Restoration Advisory Committee was for maintenance of the mansion which highlighted the need for a fire suppression (sprinkler) and alarm system. Subsequently, DOTPF personnel suggested that new electrical and plumbing systems be included in the scope of work being defined by the Restoration Advisory Committee, due to major plumbing problems and electrical deficiencies, and because it would be most economical and practical to install the systems while the walls are opened up to install the sprinkler system.

In April, 1983, the Restoration Advisory Committee defined the original scope of work, Phase I, to consist of installing a new hot water heating system, new electrical wiring and distribution system, new sprinkler and smoke detection systems, and related cutting and patching. The preliminary cost estimate was \$600,000. In May, 1983, Phase II of the renovation, which was for interior finishes, cabinetry, and wainscoting, was added to the original scope of work per the wishes of the Office of the Governor. The estimated cost of the additional work was \$300,000.

Phase II scope of work was again expanded per the wishes of the Office of the Governor in July, 1983 to include tile work for the scullery, cabinetry in the pantry, cast iron radiator wood enclosures and carpeting. The scope increase was estimated at a cost of \$235,000.

In September, the scope of Phase I was expanded to include additional electrical wiring work, television distribution, telephone system, fire alarm and intrusion systems. The estimated cost of the expanded scope was \$175,000. The scope of Phase I was expanded again in September to include heat distribution in the basement area, new dishwasher and refrigerator, and installation of antique plumbing and electrical fixtures. The cost of the additional work was estimated to be \$75,000. Phase II work was also expanded in September to include additional painting, wall papering, kitchen pantry, mill work, and door hardware. The estimated cost for the scope expansion was \$75,000. The scope

was expanded in these cases because of additional work required due to unknown conditions.

The amount of \$283,000 was identified for consultant contracts roof repairs, new telephone system, attic insulation, and furnishing storage. The total cost estimate was increased by \$401,000 due to low estimates and overtime pay to expedite project completion. The total cost estimate for the construction phase of the project was \$2,144,000, with an additional \$286,000 cost estimate for overseeing the project and for decor items, bringing the total to \$2,430,000.

D. What was the relationship between Fred Seeger (DOTPF Deputy Commissioner until December, 1983) and the project coordinator Jerry Wood?

The following items were noted relating to this question:

1. Fred Seeger and Jerry Wood had been associates in a business known as SeeWood Corporation.
2. Mr. Wood gave to DOTPF personnel (in June, 1983) a SeeWood Corporation business card that contained both Mr. Wood's and Mr. Seeger's name on the face, indicating a current business relationship.
3. Mr. Wood was first mentioned as a potential contractor by Mr. Seeger.
4. Mr. Wood was awarded a sole source contract.
5. Mr. Wood was added to the DOTPF professional services contractor register without all of the proper forms being submitted and reviewed.
6. Mr. Wood obtained a business license the same day his contract was signed, July 7, 1983.
7. Mr. Wood's business address was DOTPF's Southeast Regional Office.
8. Three out of the four construction contracts for this project had been awarded and work started (with one contract completed) by the time Mr. Wood's contract began. His contract terminated October 18, 1983. Both before his contract began and after it was terminated, the project was managed by DOTPF employees (project was not complete until mid-December).

All of the above give the appearance of a conflict of interest. It should be noted, however, that the State

of Washington corporation records have not listed Jerry Wood as an owner or officer of SeeWood Corporation since 1981.

E. Expenditures and contract administration.

DOTPF

DOTPF transferred Governor's Mansion Renovation project expenditures of \$40,000 to an overhead account. The project expenditures transferred consisted of personal services expenditures for DOTPF employees who worked on the mansion project. In addition, November and December expenditures for DOTPF Maintenance and Operations employees working on the Governor's Mansion Renovation were not charged to the project.

Alaska Statute section 37.07.080(e) prohibits transfers between appropriations except as provided in an act making the transfers between appropriations.

Personal services expenditures related to the project should be included as a part of the total project costs and should not have been transferred to another account.

The Office of the Governor

The Office of the Governor in administering and making payments under two of the Snow Goose Productions contracts:

1. paid for expenses of the contractor that were not provided for by the contract. The contract stated that in full consideration of her services she would be paid \$40 per hour with no reference made to expenses (the second contract with her provided for expenses as well as \$40 per hour).
2. paid \$10,000 in advance of receiving the services.
3. paid a percentage handling charge for retail items, shipping, and services while the contract only allowed this handling charge on items purchased at wholesale by the contractor.
4. paid for items without invoices as required by the contract. In addition, they had not verified that the items had been received.
5. did not assure that competitive quotations were obtained where possible on items or services purchased.

The above problems resulted in some overpayments and two double payments totalling over \$3,600. While the Office of the Governor has adjusted subsequent billings for most of these overpayments (after it was brought to their attention), it indicates they need to improve their controls over contracts and contract payments.

F. Could Federal Funds have been used to finance the Governor's Mansion renovation?

Since the Governor's mansion is on the National Register of Historic Places, the question was raised whether Federal Funds were available for this project. The National Park Service of the U.S. Department of the Interior does provide project grants under its Historic Preservation Grants-in-Aid Program to states operating historic preservation programs. These grants, which are to be matched equally with State funds, can be used to help finance state surveys and plans for historic preservation, research, preservation for public benefit of National Register listed properties, and other costs necessary to accomplish the purposes of this program.

To obtain further information on this program, we contacted the Alaska Regional office of the National Park Service and were informed that in recent years, the total funding available under this program has been substantially reduced for all states. In addition, Federal funds provided to Alaska have been restricted to performing surveys and planning activities.

G. What department of the State of Alaska should be responsible for the Governor's Mansion?

There is a question of whether DOTPF or the Department of Natural Resources (DNR) should be responsible for the Governor's Mansion. In general, DOTPF is responsible for the construction (which includes major repairs) of public works, as well as the maintenance of State-owned buildings.

However, AS 41.35, Alaska Historic Preservation Act, provides that State-owned historic properties are under the control of DNR. To clarify this issue, we have requested an opinion from the Department of Law.

H. What happened to the furniture that was in the mansion before the renovation?

Part of the furniture that was in the mansion before the renovation was placed back in the mansion after the reconstruction phase. Some of these items were reupholstered and/or refinished.

Other furniture and decor items have been placed in storage, for example the Austrian Bentwood chairs that had been in the ballroom. Some of these items in storage will be auctioned at a later date.

The rest of the furniture was auctioned to the public on October 29, 1983 (the State received approximately \$7,200 for the sale of these items). However, the Department of Administration, Division of General Services and Supply (GSS), did not inform other State agencies of this excess furniture (to determine if they could use some of the items) as required by the State Property Accounting Manual. GSS had been specifically instructed by the Office of the Governor to hold all these excess items for auction to the public.

In addition, three items on the list to be auctioned (two decoupage wall plaques and a set of draperies) were never received by GSS, and are currently missing.

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APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS
(Note 1)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price Method	Bid Method	Costs					Total Costs
					Materials	Labor		Other Expenses	Profit O/H	
						Straight	Overtime			
<u>Department of Transportation and Public Facilities</u>										
LIHM A. FOREST ARCHITECTS, A.I.A.	Fire and intrusion detection system design.	\$ 16,500	9/3/81 Fixed	Informal Solicitation 3 Firms	\$ -0-	\$ 10,098	-0-	\$ -0-	\$ -0-	\$ 10,098
(Note 1)	Architectural services for Phase II, construction services.	18,000 6,204 *	6/17/83 Fixed	Informal Solicitation 3 Firms	-0-	16,300	-0-	7,904	-0-	24,204
Total FOREST		40,704			-0-	26,398	-0-	7,904	-0-	34,302
LARRY BRIDGEC	Basic fire sprinkler design	12,000	9/29/81 Fixed	Informal Solicitation 3 Firms	-0-	10,200	-0-	-0-	-0-	10,200
VERNON AKIN & ASSOCIATES (Note 1)	Design services for heating and sprinkler system	60,000	4/18/83 Fixed	Sole Source	-0-	40,083	-0-	19,917	-0-	60,000
AUGUST CORPORATION	Repair and replace roof, insulate attic	90,000	5/12/83 Cost Plus	Informal Solicitation 3 Firms	22,604	46,964	1,585	490	10,747	82,390
WHITE STONE & PLASTERING (Note 1)	Resurface south deck, clean rock work and replace	14,000 (8,000) * 6,000	6/9/83 Fixed	Informal Solicitation 2 Firms	-0-	-0-	-0-	6,000	-0-	6,000
HAKKON PLUMBING & HEATING (Note 1)	Plumbing, heating and electrical	600,000 300,000 * 100,000 * 131,526 *	6/20/83 Cost Plus	Bid (1 bidder)	102,777	184,278	-0-	69,412	59,089	415,556
August Corporation	Cutting, patching carpentry, and clean-up renovation				25,434	82,470	37,502	-0-	36,424	181,850

APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS

(Note 1)

(Continued)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price Method	Bid Method	Costs					Total Costs
					Materials	Labor Straight	Overtime	Other Expenses	Profit O/H	
Cochran Electric	Electrical, telephone cable, smoke/ intrusion system				47,010	196,004	31,640	-0-	-0-	274,654
H.L. Lawler, Inc.	Pipe insulation				7,846	21,477	14,494	-0-	1,208	45,025
Harri Plumbing	Install sprinkler system				23,986	20,137	10,127	-0-	7,034	61,284
Rhine Stone & Plastering	Plaster walls and ceilings				14,922	34,497	9,923	-0-	6,102	65,444
Associated Gravel	Pave driveway to garage				1,281	-0-	945	-0-	-0-	2,226
Reliable Sheet Metal	Sheetmetal work for ventilation system				2,558	19,173	-0-	-0-	-0-	21,731
Johnson Controls	Heating/pneumatic system design and installation				21,478	17,691	3,906	-0-	998	50,073
C. Klassen Concrete	Finish garage, basement, and bathroom floors				-0-	774	200	-0-	-0-	974
Foskin Construction	Install new water main				7,232	4,762	715	-0-	-0-	12,709
Total HARBOR PLUMBING		<u>1,131,576</u>			<u>260,544</u>	<u>581,263</u>	<u>109,452</u>	<u>69,412</u>	<u>110,855</u>	<u>1,131,526</u>
JERRY LIND, P.E.	Provide on-site project management using computerized scheduling	25,000 10,000 * <u>\$ 35,000</u>	7/7/83 Fixed (Plus Car) *	Sole Source	-0-	31,030	-0-	3,784	-0-	34,814

APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS
 (Note 1)
 (Continued)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price	Bid Method	Costs					
			Method		Materials	Labor Straight	Overtime	Other Expenses	Profit O/H	Total Costs
COOGAN CONSTRUCTION/ CAPITOL CONSTRUCTION, Joint Venture (Note 1)	Architectural renovation work	300,000 100,000 * 335,217 *	7/19/83 Cost Plus	Prequalifi- cation Bid (5 responses, 3 bids opened)	16,842	115,333	67,354	82,274	75,499	357,302
Renoir Painting	Painting, stripping and detail work				15,648	90,069	48,191	-0-	26,799	180,907
F & C Enterprises	Alar's representative for Coastcraft, Inc.				489	961	-0-	-0-	103	1,559
Queen City, Inc. (Note 2)	Hardwood floors, tile, and carpet				68,650	23,287	13,654	-0-	9,839	115,430
JD Glass & Door	Storm windows, glass work and glazing				317	1,494	-0-	-0-	-0-	1,811
Coastcraft, Inc.	Hill work, cabinets, woodwork				78,208	-0-	-0-	-0-	-0-	78,208
Total COOGAN/CAPITOL		<u>735,217</u>			<u>180,354</u>	<u>231,150</u>	<u>129,199</u>	<u>82,274</u>	<u>112,240</u>	<u>735,217</u>
Total DOTPF Contracts		<u>2,110,447</u>			<u>463,502</u>	<u>967,088</u>	<u>240,236</u>	<u>189,781</u>	<u>233,842</u>	<u>2,094,449</u>
DOTPF Direct Expenditures										
Personal Services:										
Buildings Design and Construction (Note 3)					-0-	61,484	-0-	-0-	-0-	61,484
Maintenance and Operations (Note 1 & 3)					-0-	27,683	-0-	-0-	-0-	27,683
Other					-0-	-0-	-0-	17,449	-0-	17,449
Total DOTPF		<u>2,110,447</u>			<u>463,502</u>	<u>1,056,253</u>	<u>240,236</u>	<u>207,230</u>	<u>233,842</u>	<u>2,201,065</u>

APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS
 (Note 1)
 (Continued)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price Method	Bid Method	Materials	Costs			Profit O/H	Total Costs
						Labor		Other		
						Straight	Overtime	Expenses		
<u>Office of the Governor</u>										
SNOW GOOSE PRODUCTIONS	Restoration Advisory Committee Coordinator	\$ 5,000	1/8/83	Sole Source	-0-	4,160	-0-	839	-0-	4,999
SNOW GOOSE PRODUCTIONS	Provide Cost estimate study & continue as coordinator	14,000	3/24/83	Sole Source	-0-	4,360	-0-	9,625	-0-	13,985
SNOW GOOSE PRODUCTIONS	To be Renovation Project Coordinator, interior decorator, & purchase furniture & other decor items.	45,000	5/19/83	Sole Source	-0-	-0-	-0-	45,000	-0-	45,000
	To sell to the State decor items purchased.	222,000	Cost Plus		132,273	-0-	-0-	68,750	12,132	213,155
<u>Total Office of the Governor</u>		<u>286,000</u>			<u>132,273</u>	<u>8,520</u>	<u>-0-</u>	<u>124,214</u>	<u>12,132</u>	<u>277,139</u>
<u>Total Governor's Mansion Renovation</u>										
		<u>\$2,396,447</u>			<u>\$595,775</u>	<u>\$1,064,775</u>	<u>\$240,236</u>	<u>\$131,444</u>	<u>\$245,974</u>	<u>\$2,478,204</u>

APPENDIX A
GOVERNOR'S MANSION RENOVATION PROJECT
NOTES TO SCHEDULE OF CONTRACTS AND COSTS

Note 1 - Estimated Costs

We have included estimated costs (per DOTPF and the Office of the Governor) because the final cost figures were not yet available. We have also provided adjustments to contract amounts to match anticipated costs where necessary. The breakdown of these estimates are as follows:

	<u>Contract</u>	<u>Materials</u>	<u>Labor</u> <u>Straight</u>	<u>Other</u>	<u>Profit</u> <u>O/H</u>	<u>Total</u>
<u>DOTPF</u>						
Linn A. Forrest, Architects	\$ 6,204	\$ -0-	\$ -0-	\$ 7,904	\$-0-	\$ 7,904
Vernon Akin & Associates	-0-	-0-	-0-	19,917	-0-	19,917
Rhine Stone & Plastering	(8,000)	-0-	-0-	6,000	-0-	6,000
Harbor Plumbing & Heating	131,526	-0-	-0-	50,390	-0-	50,390
Coogan/Capitol J.V	335,217	-0-	-0-	58,675	-0-	58,675
Total DOTPF Contracts	<u>464,947</u>	<u>-0-</u>	<u>-0-</u>	<u>142,886</u>	<u>-0-</u>	<u>142,886</u>
<u>DOTPF Direct Exp.</u>						
Pers. Svcs. M & O	-0-	-0-	7,382	-0-	-0-	7,382
Total DOTPF	<u>464,947</u>	<u>-0-</u>	<u>7,382</u>	<u>142,886</u>	<u>-0-</u>	<u>150,268</u>
<u>Office of the Governor</u>						
Snow Goose Productions	222,000	4,528	-0-	8,364	296	13,188
Total Estimates	<u>\$686,947</u>	<u>\$4,528</u>	<u>\$7,382</u>	<u>\$151,250</u>	<u>\$296</u>	<u>\$163,456</u>

Since these figures are only best estimates of anticipated costs, the final actual cost of the renovation may vary from the schedule.

Note 2 - Queen City, Inc.

The costs for this sub-contract include approximately \$8,800 for subsistence, lodging, and related expenses.

Note 3 - DOTPF Direct - Personal Services

The Buildings and Construction personal services charges include approximately \$40,000 that had been transferred to an overhead account. The Maintenance and Operations charges of \$27,683 are from an operating project account (see E.1. of the Findings and Auditor's Comments section of this report).

Note 4 - Snow Goose Productions

The \$222,000 included in the contract amount column was the amount that had been encumbered for the purchasing of decor items. However, no amount had been specified in the face value of the contract (see F of the Findings and Auditor's Comments section of this report).

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BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

RECEIVED
JAN 31 1984
LEGISLATIVE
COUNCIL

January 24, 1984

Mr. Gerald L. Wilkerson, C.P.A.
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, AK 99811

Dear Mr. Wilkerson:

The Office of the Governor has reviewed the audit of the Governor's Mansion renovation project, entitled "A Special Report on the Department of Transportation and Public Facilities and the Office of the Governor Governor's Mansion Renovation Project."

We have the following comments regarding the report:

Section B:

In the discussion of contracting procedures under the subsection "Office of the Governor," the auditor neglects to mention that both the statutes and related regulations regarding professional services contracting also provide procedures for sole source contracting (AS 36.98.030(d)(1) and State Administrative Manual, Section 8122). Although the auditor acknowledges that the Office of the Governor obtained approval from the Department of Administration to negotiate the sole source contracts, there is no indication that procedures were followed as required by law.

Section E:

Item two - Advance or mobilization payments are a common practice in State contracting, and are acceptable to the Department of Administration in most cases. The Department of Administration has stated that agencies have the authority to determine when such payments are necessary for mobilization costs for a contract.

Mr. Gerald L. Wilkerson

- 2 -

January 24, 1984

Item three - All questionable handling charges were deducted from payments prior to the completion of the contract. Payment was subsequently made only on those charges which the contractor was able to substantiate were wholesale charges or where she had been given a professional discount.

Item four - Payment was made by this office upon receipt from the contractor of her invoice, detailing each purchase and any applicable handling charges as required by the contract. These invoices were submitted with backup for each purchase consisting of invoices, statements, purchase orders, and/or cancelled checks.

Errors pointed out by the auditor were discovered prior to the completion of the contract. Adjustments were made prior to the completion of both the contract and the audit. No close-out audit had yet been done by this office, because the contract was still in progress, a fact the auditor fails to mention. Since adjustments were made prior to the completion of the contract, and the State, in fact, lost no money, charges of overpayments totaling over \$3,600.00 are premature.

Sincerely,



Laura J. Herman
Executive Assistant
for Administration

cc: Bill Sheffield
Governor

John Shively
Chief of Staff

Michael A. Nizich
Director, Division of
Administrative Services

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

SOUTHEAST REGION

P.O. BOX 1467
JUNEAU, ALASKA 99802
(907) 364-4360

RECEIVED
JAN 25 1984
LEGISLATIVE
COUNCIL

January 25, 1984

Re: Governor's Mansion
Project

The Honorable Robert H. Bettisworth
Alaska State House
Pouch V
Juneau, Alaska 99811

Dear Representative Bettisworth:

This is in response to the Special Report on the Governor's Mansion Project, December 29, 1983. Our response addresses only those areas involving DOT&PF actions.

Historical Background

- We believe this fairly represents the background on this project as we understand it.

Findings and Auditor's Comments

- A. The sources of funds for this project are accurately described. But, we very much disagree that the appropriation "transfers" were "originally intended for other purposes".

Chapter 82 SLA 81 appropriated \$5,200,000 to DOT&PF for energy, safety and architectural barrier changes.

Attached to the budget documentation for this appropriation was a list of projects totaling over \$20,000,000. The budget documents state: "This list exceeds the funding available and will necessarily have to be reduced to identify the highest priority projects ... In addition, the following specific projects are (emphasis added) to be funded from the total amount available ...

Southeast Electrical Systems Maintenance	69.3
Valdez Time Clock Heat System	17.6
Southeast Life Safety Improvements	220.0
Governor's Mansion Sprinkler System	185.0 "

The budget documents also direct that the limited funds should be used to perform a comprehensive upgrade program for all aspects of high priority facilities in order to minimize project administration costs by reducing the number of small projects; reduce contractor mobilization costs; and resolve design interrelationships among different upgrade requirements.

The four projects listed (H79361 Interior Buildings Retrofit, H79362 Interior Shops Energy Retrofit, H79363 Fairbanks Peger Road Energy Retrofit & H79364 Fairbanks Electrical Retrofit) were the result of an internal allocation of funds within this appropriation. As implied, they were not specifically included in the original budget documents by either name or cost.

Since the Governor's Mansion project is one of the four projects specifically mentioned in the budget documents, and because the funds were clearly used for the purposes intended, the department was clearly within its authority. In fact, to have limited this project to only the fire sprinkler system after it was determined that other life safety and energy code problems existed would have clearly violated legislatively approved directions to comprehensively upgrade high priority facilities.

The funds appropriated to the Department of Administration were likewise reduced from the original request. Therefore, they, too, were required to exercise statutory discretion to choose projects consistent with legislative purposes.

- B. We disagree that the intent of statutes and regulation was not followed when awarding various contracts for the project. We agree that certain established procedures were not followed, but note that several procedures could not be applied to this unique project.

1. Vernon Akin & Associates:

According to AS 36.98.030 a sole source contract is permitted if a waiver is granted. This waiver was signed by the Commissioner according to statutory requirements. The audit report suggests that the waiver did not contain sufficient written evidence to justify the waiver. However, no criteria exist for such a waiver. The waiver was therefore based on our understanding of the statutory requirements. Vernon Akins & Associates had just concluded a subcontract with another contractor on the mansion and he was by far the most knowledgeable engineer in Alaska with many years of prior experience on the mansion. There was no question among the staff familiar with this project that this firm could clearly perform the required tasks more satisfactorily than any other firm because of their prior work on the mansion. This is the

"test" required by statute and, hence, the reason the waiver was requested and approved.

2. The audit report fails entirely to note that Jerry Wood was selected according to procedures for contracts not exceeding \$25,000, so that AS 36.98 did not apply. During one of the many investigations on this project it was pointed out that the rental cost of a vehicle should be included in the "total amount of the contract." We disagree, but immediately issued instructions to ensure that the "total amount of the contract" including car rental would not exceed \$25,000 to avoid any potential for inadvertently stepping over the line on AS 36.98. This was possible because the fixed fee amount of the contract was only \$21,100. This confirmed our stated intent not to exceed \$25,000 and clearly assured that AS 36.98 did not apply. Please note the enclosed Attorney General's Opinion confirming the propriety of our action on this point. A review of the preliminary cost estimates for this contract, including contingencies, show the cost was always anticipated to be well below \$25,000. This is confirmed by the fixed fee amount in the contract of \$21,100. Accordingly, we take strong exception to the audit statement that the "contract clearly violates the spirit and intent of the law". We very carefully followed the spirit and intent of applicable law and suggest the audit comment is inappropriate.
- a). As a matter of fact the business and financial relationship between Jerry Wood and Fred Seeger was severed over two years before this contract was signed. This is more than 1 1/2 years beyond which the Attorney General's office proposed last year in analogous legislation as constituting a conflict of interest violation. Also, Fred Seeger was organizationally in no way responsible for this work, nor did he have any authority over it.

We agree that anytime there is a "perception" or "appearance" of impropriety there is cause for concern. But if we based all our decisions on certain people's "perception" of a problem, one can readily imagine government coming to a virtual standstill.

It is regretable that a copy of the gentlemen's business card from their previous relationship received such wide circulation, but it hardly seems appropriate or responsible to use that as a basis for suggesting the contract may not be appropriate or that a conflict of interest existed.

- b). It is irrelevant that Mr. Wood was placed on the register improperly. Because the original contract amount was not over \$25,000, a register was not required; hence, it was not used for selection.

January 25, 1984

- c). Applicable law requires a contractor to have a business license before he begins work in the State. This was done.
- d). There are no statutory or procedural requirements on where a contractor states the location of his business. Mr. Wood stated his business mailing address as 1815 114th S.E., Everett, Washington 98205. He inadvertently stated the location of his business as our office, since he was working out of our office and the Governor's Mansion during the entire time he was on the project. It was an error to list our office as his business location, but his business mailing address was correctly noted.
- e). This item is essentially correct. The project was "substantially complete" on December 2, 1983. But we fail to see the significance of this statement. If it is intended to suggest there was no need for Jerry Wood on this project we would take strong exception.

Late in the project development we determined a cost-reimbursable contract would be much more cost effective than the normal lump sum approach about which our staff is most familiar. Mr. Wood first came to the project as an advisor at our request and at his own expense (we paid travel and per diem only) because of our increasing concerns about the project. As a result it was evident that he had strong project management capabilities for fast-track cost-reimbursable contracts and, importantly, that we could learn from him how to better administer these type contracts. Another advantage was he could serve as a buffer for our staff and share their capabilities with new management in the Department who perceived in-house staff may not be able to efficiently administer projects.

Therefore, Jerry Wood was hired to supplement our own staff's capabilities and to give this project the best attention possible. He left the job near the end as soon as his functions could be assumed by staff with minor impact on the job.

- 3. We agree that Policy & Procedure 70-7001 was not followed. Each of the responsible individuals has been notified officially that it is unacceptable to ignore or take lightly substantive requirements in procedures.

In partial mitigation, we have reviewed the process used and are satisfied that statutory requirements for obtaining informal bids were met and that a documented process was used to ensure competition. Although the process was documented, the required waiver to support the lack of formal advertising was not obtained.

- 4. Same as 3. above.

5. For project control on a cost-reimbursable contract, we believe it is essential for the contractor's management to be immediately available to expedite the acquisition of materials and promptly respond to problems on the job. Several highly qualified contractors are headquartered locally to ensure good competition. In order to provide the level of on-site management necessary, key contractor management personnel not in Juneau would need to relocate during the project at a decided extra cost compared with local contractors. This was confirmed on the bids opened for the decorative contract. Since this was a cost-reimbursable contract, as opposed to the more conventional "lump sum" approach normally used by the State, contractor innovation and other project cost saving techniques were not compromised. In other words, only the time and materials mark ups for overhead and profit are competitive in a cost-reimbursable contract.

The Department's Policy & Procedure on advertising is not applicable to the competitive contractor selection system used for this fast-track, cost-reimbursable contract.

In retrospect, regardless of the mitigating factors, we agree that statewide advertising of the project would have precluded the audit comment. We have requested our Standards & Technical Services Division to develop procedures for these types of contracts.

Meanwhile, we have instructed all personnel to advertise statewide should we encounter this type of project in the future.

We would like to underline that the statutory requirements to advertise this project were in fact met.

The undated contract is immaterial since work could not start until the Notice to Proceed was issued. Also, the payment and performance bonds were signed, dated and attached as part of the contract giving evidence of the effective date. A completion date is not appropriate because that responsibility rests with the State in a cost-reimbursable contract.

The bonus was offered to induce the contractor to accelerate his work schedule. This was particularly important in this cost-reimbursable contract to ensure successful completion of the job.

6. While the advertising period for this project was less than specified in P & P 70-7001 it also should be noted that this P & P is designed primarily for lump sum contracts. It is not appropriate for the cost-reimbursable contracts used for this project. A contractor can prepare a prequalification package and time and materials bid in markedly less time than for a typical lump sum project. The adequacy of preparation time is evidenced by the number of bidders (five, which is average for this size job) and by the absence of any complaints from contractors.

You are correct to note the lack of established procedures for prequalification of contractors. The department has never before been involved in major renovation of historic buildings, so it was never anticipated that such procedures would ever be needed. Given this fact we developed a process to ensure a top quality professional and long lasting renovation. Rather than starting from scratch, however, we used our existing professional services procedures, to the extent applicable, to ensure a workable and fair process. We can now see ways to improve the process for future jobs of this nature. But, regardless of short comings which may appear in hindsight, no contractors were prevented or restricted from participating and we were never in a position of being committed to award the work to an unqualified contractor. Our experience on this project will be most helpful in developing a procedure for these types of historic/renovation projects in the future. We have requested our Standards & Technical Services Division to develop such procedures.

- C. We feel the audit comments on the scope changes accurately describe the situation as we understand it.
- D. See B.2. for response to these items.
- E. No funds were transferred between appropriations on this project. Hence, it is factually incorrect to cite AS 37.07.080(e) when referring to which appropriation expenditures were charged.

We consider our FY 84 Operating Budget to be a proper appropriation to charge certain Design & Construction personnel costs working on the Governor's Mansion particularly when so much of this time was consumed in responding to the extraordinary number of inquiries and investigations on this project. However, to respond to your concern we have directed that these personnel costs in question be charged to the Governor's Mansion project to the extent funding allows.

We strongly disagree with the suggestion to transfer Maintenance & Operations costs to the project. These costs were incurred at the very end of the job. As you know our Maintenance & Operations staff has had a continuing responsibility for up keep on the Governor's Mansion for as long as anyone can recall. The Maintenance & Operations work was closely in line with this responsibility.

- F. No comment. Not applicable to DOT&PF involvement.
- G. No comment.
- H. No comment. Not applicable to DOT&PF involvement.

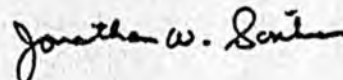
January 25, 1984

Appendix A:

The original Jerry Wood contract was for a fixed fee of \$21,100 to perform the work anticipated. Up to an additional \$3,900 at the rate of \$300/day was entirely at the discretion of the State. The car rental was later charged against this \$3,900 to ensure the total original contract amount did not exceed \$25,000. The Appendix should be changed to indicate these facts.

We trust this response is satisfactory.

Sincerely,



Jonathan W. Scribner
Deputy Commissioner

JWS/sh

Enclosure

cc: H. Glen Glenzer, Jr.
Acting Commissioner

MEMORANDUM

State of Alaska

cc Don Dieckmeyer

TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities

DATE:

January 10, 1984

FILE NO:

TELEPHONE NO:

465-3603

SUBJECT

Interpretation of
AS 36.98

FROM: Norman C. Gorsuch
Attorney General

By:

Jack McGee
Assistant Attorney General
Transportation Section-Juneau

The question you raised in your memo of January 3, 1984 can be re-phrased as follows:

Must the value of a rental car be included in determining whether the \$25,000 limit for professional services contracts set out in AS 36.98 is satisfied?

AS 36.98.010 authorizes the state to enter into professional service contracts without going through the competitive bidding process when "the total amount of the contract does not exceed \$25,000." The use of the word "total" here indicates that the value of all remuneration received by a contractor must be included when one is calculating the "total amount" of the contract. It follows, therefore, that the value of a rental car must be included in determining whether the \$25,000 limit of AS 36.98.010 is reached.

It is my understanding that in Mr. Wood's contract relating to the Governor's Mansion, it was originally contemplated that the value of a leased car would not be included in determining total value of the contract. After the issue was raised, however, DOT/PF personnel were specifically directed to insure that Mr. Wood's contract did not exceed the sum of \$25,000 including the value of vehicle rental. See appendix #1. This instruction, it seems to me, served to correct the original misunderstanding. As a result, there was no violation of AS 36.98.010.

JM:ebc

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

1. I. LeBoff, P. E.
Planning Chief
Planning Design & Construction
DTP/PF

DATE August 9, 1983

FILE NO

TELEPHONE NO

Charles S. Matlock
Acting Director
1. I. LeBoff Design & Construction
DTP/PF

SUBJECT
Consultant Contract
Governor's Mansion
Project No. H-79164

Please take the appropriate action to insure that the Consultant Contract for Gary Ford does not exceed the contract amount of \$25,000.00, including extended services and vehicle rental.

CSH:JTH:na

STATE OF ALASKA

AUDIT DIVISION
POUCH 'W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

January 26, 1984

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Department of Transportation and Public Facilities, and the Office of the Governor responses to our preliminary report on the Governor's Mansion Renovation Project. Our comments on the submitted responses are listed below:

Department of Transportation and Public Facilities

Findings and Auditor's Comments

- B.2. We reiterate our statement in the report "in our opinion, the original contract amount exceeded \$25,000, and therefore should have been advertised in accordance with AS 36.98". In addition, the amount paid on this contract and its amendment totaled \$34,814.
- E. Costs related to the Governor's Mansion Renovation should all be charged to the project and recorded in the accounting records accordingly. If sufficient funds are not available, it is not appropriate to record these costs in overhead or operating accounts. Rather, to cover these overexpenditures, the Department should request additional funds through either a revised program or a supplemental appropriation.

In addition, the Maintenance and Operations costs incurred at the end of the job were due to the mansion renovation and not general maintenance. As such, these appropriately should be charged to the project.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

MEMORANDUM

State of Alaska

TO: Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

DATE: January 26, 1984

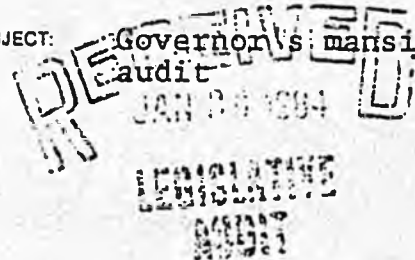
FILE NO: 366-353-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Governor's mansion
audit

James L. Baldwin
By: James L. Baldwin
Assistant Attorney General
Governmental Affairs-Juneau



In connection with your audit of the renovation of the governor's mansion, you have asked for our advice and interpretation of various statutes. In answering your questions, we have first set out your question, followed by our response.

1. In light of ... [AS 41.98.170 and AS 41.35.040], what should the Department of Natural Resources (DNR) involvement have been with respect to the Governor's Mansion renovation project (the Governor's Mansion is on the National Register of Historic Places)? Should DNR have been the State Agency that budgeted for the mansion renovation? If DNR should have been more involved in the project such as receiving the appropriation and planning for the renovation what are the remedies that could/should occur?

We believe that the provisions of AS 41.35 do not apply to the governor's mansion renovation project. The mansion has never been designated a historic site as provided in AS 41.35.-030. The mansion remains the official residence of the governor and has been consistently managed by the Department of Transportation and Public Facilities (DOTPF) as an operating facility of the state. In any case, the placement of the mansion on the National Register of Historic Places does not constitute a designation under AS 41.35.030. The Department of Natural Resources (DNR) is not responsible for administering the financing of the renovation of the mansion. That responsibility rests with DOTPF.

2. If the original amount of a contract is \$25,000, and is later amended up to a total of \$35,000 (as is the case with the Jerry Wood, P.E. contract with DOTPF), should this contract be required to comply with AS 36.98 provisions? Or is it exempt because the original contract was \$25,000?

AS 36.98 applies only to professional service contracts which exceed \$25,000. AS 36.98.010. The consequences of exceeding this amount through amendment of the original contract are

...ed in AS 36.98 or the implementing regulations. A provision of the state administrative manual in effect before enactment of AS 36.98 provided that "If an amendment to a contract has the effect of placing the agreement, as amended, in a category of those requiring [Department of] Administrative approval, such approval must be obtained." Administrative Manual, § 8114 (rev. Nov. 1980). Under that rule, the amendment to the Wood contract should have been justified as a source procurement in the same manner as provided in AS 36.98.010(1). The operative effect of the state administrative manual is in doubt after the enactment of AS 36.98. Deputy Commissioner Scribner correctly noted this deficiency in his letter of September 28, 1983, in which he set out his determinations regarding the amendment. It is relevant to note that under 17 AAC 07.070 only the commissioner of transportation and public utilities can waive the public solicitation requirements imposed by AS 36.98. However, Scribner alone approved the amendments. We believe that DOTPF and DOA must amend 17 AAC 07 and 2 AAC 15 to provide for the approval and processing of amendments which increase the total contract price so that the \$25,000 threshold is exceeded. Under existing law and departmental practices, DOTPF acted reasonably when it amended the Wood contract.

A regulation which prescribes procedures for the amendment of professional services contracts is necessary to avoid evasion of the purposes of AS 36.98. Without some limitation of the power to amend, the \$25,000 threshold imposed by AS 36.98.010 is meaningless. Until these limitations are adopted by regulation, we believe that amendments which, if added to the original contract amount, cause the contract amount to exceed \$25,000, the amendment must be justified in the same manner as an original contract covered by all of the provisions of AS 36.98.

The treatment of the expense attributable to the contractor's rental car is determined by the intent of the parties to the contract. If the rental is considered to be compensation for services performed, the value of the rent must be considered part of the contract amount. However, if the vehicle is considered to be a tool provided by the contracting agency with the specific intent to reduce the cost of performance, the rental cost should not be considered a part of the contract amount. DOTPF accounted for the rental car as if it were compensation for the contractor.

3. DOTPF advertised one of its [construction] contracts only three days (over a five day period) and restricted respondents to firms located in the City and Borough of Juneau. Was this a violation of the Statute? If

this violated the statutes and/or DOTPF P & P's, what are the remedies?

The advertising requirement for DOTPF construction contracts (financed entirely by state appropriation) are imposed by AS 37.05.230(2). AS 35.15.040(b). That subsection provides:

(2) if the amount of the contractual services, purchase, or sale is estimated to exceed \$5,000, sealed bids shall be solicited, when practicable, by publication in a newspaper calculated to reach prospective bidders and by posting notices in public places within the area where the work is to be performed or material furnished and in addition the department may also designate a trade journal for publication; the department shall also solicit bids by sending notices by mail to all active prospective bidders known to it and all bids shall be sealed when received, and shall be opened in public at the hour stated in the notice; the department may limit the solicitation of bids or negotiate directly if it finds that it is in the best interests of the state;

AS 37.05.230(2)(emphasis added). The statute does not set out with specificity the manner in which publication of a request for bids is made. These details are apparently covered by "policies" set out in an internal DOTPF publication. We believe it is not appropriate to provide for contract procedures which apply to the public in policy manuals. This topic should be set out in administrative regulations. The adoption of regulations to prescribe agency conduct is required if the subject matter covered "affects the public or is used by the agency in dealing with the public." AS 44.62.640(2). DOTPF must review the departmental policy and procedures manual to determine if any subjects covered there must be adopted as administrative regulations under the procedures specified in AS 44.62.180 - 44.62.290.

Generally, the failure to comply with competitive bid provisions established by law makes the resulting public contract void. However, for the contracts questioned by this audit, the minimum requirements prescribed by law (AS 37.05.230(2)) were complied with. Internal policies were waived by implication. Generally, the failure to follow internal policies and procedures does not void a contract. We believe that no violation of the competitive bid laws occurred.

4. The Office of the Governor has a contract with Phyllice Bradner dba Snow Goose Productions Is this a legal contract since it does not contain the amount of the contract on the first page?

Should the stated amount of the contract include the amount of furniture purchases and mark-up (total encumbered for this contract is \$267,000 including services and purchases)? Could the Governor be held personally liable if the contract is deemed invalid?

Since there appears to be no control on the amount she can purchase and bill the State for, would the State (and/or the Governor) be liable for all purchases she makes for the mansion?

Is the scope of Services (Article II, Appendix B:) such that it is non-standard and should have been reviewed by the Department of Law?

What remedies are available if this contract or parts of it are deemed invalid?

It appears that the Office of the Governor used a standard form contract which did not contain provisions for setting out the contract amount on page 1. However, the updated professional services contract forms with all of the features required by AS 36.98 were not provided to agencies until after June 1, 1983. Pending adoption of the updated contract forms, DOA informally required the hand insertion of the contract amount on page 1. This informal policy was followed for the Snow Goose contract. Consideration of this issue does not stop with the requirement that the amount be stated, but what amount should be attributed to this contract. The Office of the Governor considers the contract amount to be \$45,000. You have asked if the contract amount should include the approximately \$267,000 worth of antique furnishings purchased by the contractor. We believe the contract amount for the professional services contract should have been an amount in excess of \$45,000. The services of this contractor were obtained to assist the state in purchasing antiques. However, the contractor not only served as a consultant but, she was also compensated as if she were a supplier of the antiques. The contractor was permitted to mark-up the cost of an item for "handling" and was reimbursed for freight. The contract provided not only for the procurement of professional services, but also for the purchase of goods. The cost of these charges should have been included in the contract amount of the professional services contract. Under the contract, as written, the

contractor received a set percentage of the purchase price for handling. This form of compensation should be avoided because the contractor has no incentive to seek bargains for the state. Alternatively, the purchase of the antiques could have been treated as a separate contract with Snow Goose. It is a close question whether the services necessary to locate, purchase and provide for the delivery of antiques comes within the definition of the term "professional services" set out in AS 36.98.080(2). It is probable that a noncompetitive supply contract could have been awarded to purchase antiques because of their unique, one of a kind nature. Presumably, for these items, a certification can be made that no competition exists. See AS 37.05.230(1)(i).

We believe the contract did not contain terms which varied the provision of the standard form contract. AS 36.98.-045. However, because of the delegation provisions, the contract should have been reviewed by the Department of Law before award. This review would have been desirable but not mandated by law. DOA should have obtained this review before awarding the contract to Snow Goose. Snow Goose was delegated by contract the power to act as a state purchasing officer with little control over the exercise of the contractor's discretion. While we believe this contract is valid, in the future a state agency can avoid criticism for a similar delegation if it makes a delegation only to the extent necessary to obtain a sufficient number of price quotes. The agency should then review the quotes with the assistance of the professional and make the purchase.

5. Was it a conflict of interest for a DOTPF official to be involved in the decision to make the Wood contract?

We issued an opinion on this subject in which we concluded that there was not a conflict of interest resulting from this contract. 1983 Inf. Op. Att'y Gen. (Nov 16; 366-124-84). A copy of that opinion is attached.

JLB/pjg

Enc.

MEMORANDUM

State of Alaska

TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities

FROM: Norman C. Gorsuch
Attorney General

By: Diane T. Colvin
Assistant Attorney General
Department of Law

DATE: November 16, 1983

FILE NO: 366-124-84

TELEPHONE NO: 465-3600

SUBJECT: Review of department's project management contract for conflict of interest

You asked us to review the contract award made to Jerry D. Wood by the Department of Transportation and Public Facilities. Mr. Wood was hired in conjunction with renovation of the Governor's mansion to provide project management services. On August 4 the Ombudsman issued an opinion in response to a complaint received on the project services contract. One of the Ombudsman's findings was that the contract involved a conflict of interest, because of Mr. Wood's business relationship with Fred Seeger, Deputy Commissioner, Department of Transportation and Public Facilities. You have asked us to review the conflict of interest issue.

According to your response of August 9 to the Ombudsman, Mr. Seeger suggested Jerry Wood for the management services project initially. After that recommendation was made, you claim that Mr. Seeger had no further involvement in the award of the contract to Mr. Wood. You have also informed us that although Mr. Seeger and Mr. Wood did have a prior business relationship, that relationship was severed at least two years ago.

As you may know, the applicable standard for conflict of interest is the common law. This is a strict standard, prohibiting not only actual conflicts of interest but also requiring avoidance of even the appearance of impropriety. See 1982 Op. Att'y Gen. No. 15 (Dec. 3).

Based on the facts you provided, we find no conflict of interest in the award of the Wood contract because Mr. Seeger did not and could not benefit as a private person from the contract. The issue arose because of the previous business relation between the two individuals. However, if as you state, the relationship was severed two years ago, the potential for conflict is tenuous. Even under the common law, the amount of time involved here between the business association and the award of the contract diminishes the possibility of a conflict.

INTERNAL AUDIT
DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
GOVERNOR'S MANSION

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Jon Scribner
Deputy Commissioner
Southeastern Region
Department of Transportation
& Public Facilities

DATE November 2, 1983

FILE NO:

TELEPHONE NO. 465-3900

FROM: Fred J. Seeger 
Deputy Commissioner
Standards & Statewide Programs
Department of Transportation
& Public Facilities

SUBJECT: Special Audit 83-S-10
Governor's Mansion

Attached for your information and response is a special audit conducted on the Governor's mansion project. Please address comment on the specific contracts addressed and also on the other comments and recommendations listed within report.

Please respond within seven working days as this is a high priority.

Attachment

cc: Daniel A. Casey, Commissioner
Department of Transportation & Public Facilities

RWJ:smm

CONFIDENTIAL

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities

TO: Fred J. Seeger
Deputy Commissioner
Standards & Statewide Programs
Department of Transportation
& Public Facilities

DATE: November 7, 1983

FILE NO: 010-1390

TELEPHONE NO: 465-2080

FROM: Robert W. Janes, CPA *RWJ*
Chief, Internal Review
Department of Transportation
& Public Facilities

SUBJECT: Special Request 83-S-10
Review of Contracts
Governor's Mansion

Per our conversation and your request on October 28, 1983, I have reviewed the project files both in the Buildings Section in Douglas and the contract files in the Contracts Section at the Glacier Avenue building. I wish to express my appreciation to the staffs of both offices for their assistance in this review. They were very straight forward and made themselves available with necessary documents on short notice. The scope of the review was to examine how contracts were awarded on the Governor's mansion and was limited to three contracts. Rationale for their selection is at Appendix A. The main effort in the review concentrated on three contracts as listed below:

<u>Firm</u>	<u>Contract Amount</u>
Harbor Plumbing and Heating Plumbing, Heating, Electrical Renovation (Construction Contract)	\$1,075,000
Coogan Construction Company Capital Construction Company (Joint Venture) Architectural Renovation (Construction Contract)	\$ 670,000
Vern Akin & Associates Mechanical/Electrical Design (Professional Services Contract)	\$ 60,000

The statutes and policies that apply to the award of these contracts are as follows and copies are attached for your information and reference at Appendix B.

Title 35.15.010 - Public Works - Construction Procedures
35.15.030 - Public Works - Construction Procedures
35.25.020 - Public Works - General Provisions
35.27 - Art Works in Public Buildings
36.98 - Professional Service Contracts
37.05.230 - Public Finance - Bids
Regional Policy and Procedure Memorandum on Advertising from
Scribner to Directors dated 9/23/82
Policy & Procedure (P&P) 10-0013 Legal Advertisements -
Invitation to Bid

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I will address each contract individually and make other comments but because of the limited amount of time we have spent on this review the areas addressed should be considered preliminary, as other information may become available with further research. The following areas on the mansion contracts may concern those outside the Department and expose the Department to criticism.

Harbor Plumbing Contract

The contract was advertised in the Empire three times. One firm responded. A time and materials contract was let to the one responding firm, Harbor Plumbing.

Because of the size of the contract and the need to solicit interest from the widest possible area, the department is exposed to the allegation that the contract should have been advertised in more than the Empire and in newspapers of statewide solicitation not restricted to City & Borough of Juneau. This would insure the State would have received bids from all interested firms. The Department may limit solicitation of bids or negotiate directly as per AS 37.05.230 "Competitive Bids", but it must find that this is in the best interests of the State. I did not find where this was sufficiently documented to restrict advertising and bids from only Juneau firms. The newspaper ad stated that work could total \$500,000, but the current contract is for \$1,075,000. Other firms might have been interested if it was known that the contract would be over a million dollars. Other information, as required in Policy & Procedures 10-0013, Advertisement for Bids, is not included in the ad. Principle items of work and project details are only briefly addressed in the ad. There is no reference to project completion dates or notice for certification on hire of minority subcontractors as listed in the P&P format at Appendix C. There is also a question as to whether the contract was for management and coordination or for plumbing, heating and electrical work. The ad states "to provide management and coordination to provide work to renovate the Governor's Mansion plumbing, heating and electrical systems" Appendix C. The standard for advertising professional service contracts, which generally are much smaller dollar contracts, found in AS 36.98.030(a) requires advertising in at least one newspaper of general statewide circulation and one of local circulation which raises the question as to whether the contract was adequately advertised.

Coogan/Capital Construction Joint Venture

A project for Governor's Mansion Architectural Renovations was advertised. Five firms responded with questionnaires and bids. Three firms were prequalified and the lowest bid of these three firms was accepted. The two other bids were rejected. This procedure was spelled out in letter to concerned firms.

Because of the importance placed on the solicitation for bids on contracts of this nature in the statutes, the intent is to obtain the largest number of responses to insure the State receives the best possible price and there is open competition. There is also a question as to whether the advertisement contained all items required in Policy and Procedures

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Appendix C as the advertisement used for this contract did not mention project completion dates, principle items of work, or certification on minority subcontractors.

Prequalification is available to the Department under an Attorney General's opinion note to AS 35.15.050 but a "system" must be established. In this instance a method was established for only this contract. The Department has no system of prequalifying contractors for construction contracts that applies to all jobs or even time and materials jobs. In this case a method similar to that of professional services contracts was used which had the effect of restricting competition as two bids were not opened.

Vern Akin Contract - Mechanical and Electrical Design

This is a professional services contract for which normal selection procedures were waived by the Commissioner. The waiver contains justification that the Governor has expressed concern as to time required and, to expedite work, a waiver was requested. The mansion has not had any major renovation for many years so using the time constraints as a justification for a waiver appears inappropriate. Also, in the AS 36.98.030, an exemption to advertising for proposals for professional services may be made if the agency demonstrates sole source or there is a determination of public necessity. The definition of public necessity in AS 36.98.080(3) is that "an urgent public need that could not have been anticipated... or... emergency situations where work is necessary to protect life or property. Since neither of these criteria appear to be met, a waiver may have been inappropriate.

Other Comments

1. Review of the contract files suggest that because of the time constraints placed on this project, and the lack of a well-defined scope of work cost overruns were incurred. Two of the contracts contained a total of \$35,000 in bonuses for performance by a specific date. The performance dates were not met but, because there was no fault of the contractor, the State will be forced to pay the bonuses anyway. Also, the current cost breakdown for the Harbor Plumbing contract contains \$150,000 for extended work hours due to time constraints (necessity for overtime). Perhaps the Department personnel should have determined the magnitude of the problem earlier on in the project so that potential cost overruns would have been known by top management.
2. Some documents available in files in Douglas were not contained in master files in the Contracts Section. All pertinent documents on selection, advertising, award and amendments should be in the master file as required by Department P&P 10-0012.
3. There may be potential problems with union contracts as the Department may have been able to have some of the work performed by State Local 71 employees.

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4. Also, we could find no contract as required by AS 35.27.20 for artwork up to 1% of construction cost. (See Appendix E for procedures and statute.)
5. In early May, when the Governor's mansion refurbishing project was first conceived, the Southeastern Region Buildings Division defined some readily-apparent improvements. They were for roof repair, attic insulation, and cleaning and refurbishing exterior stonework and the south-side deck. Local contractors were called, invited to a walk-through on or about 5/5/83, and quotations solicited for cost-plus work. On 5/9/83 a contract was signed with the August Corporation for the roof and attic work and on 5/23/83 another was signed with Rhine Stone and Plastering Company. This course of events did not follow the procedures defined in "Advertising Procedures for State-funded projects under \$100,000", issued by Jon Scribner to Regional Design Directors on 9/23/82 where advertising was to be made even for informal solicitation, Appendix B.
6. In a bid by Harbor Plumbing dated 5/24/83, also for cost-plus, the two contractors noted in 5. above were cited as proposed subcontractors. Harbor's bid was accepted. As a result, for trades contracted for and already on-the-job the State paid Harbor's additional markup (Journeyman Carpenter per hour for the August contract is \$35.20/hour and \$42.06 in the Harbor contract as an example, Appendix D). Five percent markup was also added to subcontractor bills as allowable prime contractor markup. Because of this the state may have been charged excessive profit and overhead and it is conceivable that the State may have paid twice for the same work.
7. Several Equal Employment Opportunity (EEO) forms are required to be part of the contract and also to be submitted during the term of the contract (see Appendix F). Some of the contracts examined in the Contracts Section master file did not contain all documents and some were not completely filled. Examples would be form 25A330A (State EEO Goals and Timetable) missing from Coogan/Capital contract file and incomplete forms 25A321 (Female and Minority Business Contact Reports) for both Coogan/Capital and Harbor Plumbing contracts. Also, I was unable to determine if form CC-257 U.S. Department of Labor, on monthly employment utilization has been submitted as required.

Recommendations

1. An Attorney General's opinion should be solicited to clarify intent of the statutes concerning advertisements, bid requirements, and contractor prequalification on Public Works Construction contracts.
2. Departmental procedures should be evaluated and clarified to cover this type of situation and insure that all requirements are documented. Standardized forms should be developed to document such items as informal solicitations with follow-up in writing, telephone conversations with contractors, and administrative procedures for construction contracts. Also, a uniform procedure for handling time and materials contracts should be set up.

CONFIDENTIAL

3. All documents which support a contract should be filed in one location, preferably the Contracts Section master files in Juneau, so that all information is available in one place. At any rate, a standardized system should be established where all supporting documents are filed in one location.

CONFIDENTIAL

APPENDIX A

Harbor Plumbing and Heating \$1,075,000

Selected because bids should have been obtained as contract is over \$100,000 as specified in AS 35.15.030 incentive bonus \$20,000 additional.

Coogan/Capital Construction Joint Venture \$670,000

Selected because bids should have been obtained as contract is over \$100,000 as specified in AS 35.15.030 incentive bonus \$15,000 additional.

August Corporation \$90,000

Not examined because contract is under \$100,000.

Rhine Stone and Plastering \$6,000

Not examined because contract is under \$100,000.

reported as 6,000 contract was for 14,000 cost

Vern Akin and Associates \$60,000

Examined because it is a professional services contract originally over \$25,000 and subject to AS 36.98.

was 25,000

Linn Forrest Architects \$35,000

Originally not over \$25,000 and was not examined.

was 18,000 now 35,000 cost

Jerry D. Wood \$35,000

Originally exactly \$25,000 and has had an Ombudsmen examination and was not examined.

was 25,000

Larry Breeding \$10,200

Not examined as contract is under \$25,000.

Douglas Trucking \$10,000

Not examined because of total dollars.

subject to supply reg. cost

Note: Dollar figures came from copy of memorandum from Don Dieckmeyer, Director of Southeastern Region Design and Construction to Mitchell Abood, Representative, Alaska State Legislature.

October 24, 1983

RE: Governor's Mansion
Renovations
Project No. E-79164

Mitchell Abood, Representative
Alaska Legislative Council
Pouch V
Juneau, Alaska 99811

Dear Mr. Abood:

The following is a list of both Construction and Professional Services Contractors and contract amounts for the Governor's Mansion Renovation project:

1. Rhine Stone and Plastering - \$6,000.00. (Portico Deck Resurfacing)
2. August Corporation - \$90,000.00. (Roof Repair, Attic Insulation, Phase I Work Preparation)
3. Harbor Plumbing & Heating - \$1,075,000.00. (Plumbing, Heating, Electrical, Sprinklers, Fire Alarms, Intrusion Detection, Phone System, etc.)
4. Coogan/Capitol Construction, J.V. - \$670,000.00. (Painting, Patching, Millwork, Tile Work, Carpeting, etc.)
5. Vernon Ahin and Associates - \$60,000.00. (Mechanical and Electrical Design)
6. Linn Forrest Architects, A.I.A. - \$35,000.00. (Previous Contract \$10,097.99, Existing Contract \$18,000.00 for Renovation Design Work, \$6,000.00 for Amendment for Addition Design Services)
7. Jerry D. Wood - \$35,000.00. (Construction Management, Professional Service)
8. Larry Breeding - \$10,200.00. (Preliminary Sprinkler Design Work)

Other associated costs for the project are as follows:

1. Douglas Trucking - \$10,000.00. (Storage of Mansion Furnishings, estimate)

Mitchell Abood, Page 2
Governor's Mansion

2. State Administration Cost - \$75,000.00. (Inspection, Design Manager, Advertising, etc.)

3. Incentive Bonus - \$35,000.00. (\$20,000.00 Bonus for Harbor Plumbing and Heating, \$15,000.00 Bonus for Coogan/Capitol Construction)

TOTAL \$2,101,200.00 *payment under*

TOTAL Available as per attached
Project Development Authorization \$2,144,000.00

Balance for Unknown Costs \$ 42,800.00

Copies of all Contracts and Project Development Authorizations are included for your review.

This information is submitted pursuant to a request this date by Ms. E. Bales of your staff.

Please contact me if I can provide clarification and/or further information.

Sincerely,

[Signature]
Don Dieckmeyer

Director

S. E. Region Design & Construction

DOT&PF

DD:TM:ma

Attachment

MEMORANDUM

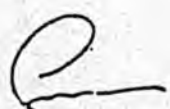
State of Alaska Department of Transportation & Public Facilities

The File

DATE September 13, 1983

FILE NO. 220E

TELEPHONE NO. 364-4314

Tom Metlicka 
Design Manager
Buildings Design & Construction
DOT/PF

SUBJECT: Governor's Mansion
Renovations
Project No. 11-79164

It has been determined that the existing budget for Phase I of the Governor's Mansion Renovations cannot be met. The following describes the events involved in this situation and identifies the increased costs relative to the original budget.

The Phase I, mechanical and electrical, work was estimated and then designed by Vernon Akin and Associates. This is a well developed organization that has an excellent reputation for providing work that is accurate and of high quality. We have worked with Vernon on a number of problems concerning this project and as a result have developed a high personal confidence regarding his work. Vernon's estimates for this work was approximately \$600,000.00 and that value was used by the us as the budget amount for this portion of the renovation.

During the week of July 20, 1983, we requested an estimate from the Phase I contractor, Harbor Plumbing and Heating, for the cost of their work. This was required to confirm the original estimate and to force their attention toward coordination of their work. On July 29, 1983, They provided an estimate of \$592,132.00. This compared well with the \$600,000.00 budget and thus further developed our confidence in this phase of the renovation.

Beginning with the billing on August 13, 1983, the billings began to rise in value significantly. We noticed the increase but still felt confident. On August 27, 1983, we received a current billing total of nearly \$600,000.00 (the total budget). We requested a new estimate of the total cost and on September 1, 1983, Harbor provided an estimate of \$966,000.00. They indicated that \$200,000.00 of the \$366,000.00 difference was due to our incorrect interpretation of their July 29, 1983 estimate. They contend that their first estimate was \$592,132.00 plus the \$200,000.00 that they had billed the State to that date. Therefore, their July 29, 1983 estimate was actually \$792,132.00 total. This was not our understanding of the situation.

We discussed this new estimate with Vernon Akin. By comparing the latest Harbor estimate with Vernon's original estimate we found that there were two discrepancies regarding the electrical work. The original estimate for the general electrical work was \$75,000.00. Vernon stated that the normal ratio for mechanical to electrical costs for work of this nature is approximately 2 to 1. He had not reviewed his estimate for this ratio and now agrees that the value for this work should have been at least \$150,000.00. Also, the scope of the original electrical did not include the cost of the telephone, television and fire alarm systems. This work was added to the scope of the

project by us after Vernon's estimate and no addition was made to budget. We estimate the cost of this additional work to be \$85,000.00.

The following itemizes the elements involved in the increases costs and lists an estimate of their additional cost.

<u>ITEM</u>	<u>ADDITIONAL COST</u>
1. The original estimated cost of the electrical work was not correct.	\$ 75,000
2. The original electrical scope did not include the television, telephone and fire alarm systems.	\$ 85,000
3. The original estimate did not include the costs for extended work hours.	\$150,000
4. Standard contingency (10%)	<u>\$ 90,000</u>
TOTAL	\$400,000

These items accurately define the budget discrepancy. We have spent as much time as possible with the workman on this project and are convinced, by personnel observation, that their productivity has met or exceeded industry standards.

TM:JH:ma

cc: Jonathan W. Scribner
Charles S. Matlock
W. I. DeHoff
Jerry Wood

constructed or renovated by the state unless a certificate that the facility complies with adopted facility procurement has been issued. (§ 1 ch 216 SLA 1975)

Sec. 35.10.200. Definitions. In AS 35.10.160 — 35.10.200,

(1) "life cycle costs" means analytic techniques which provide data to describe the first cost of procurement of public facilities and the maintenance cost, operation cost and occupancy cost of the facilities;

(2) "policies" includes but is not limited to budget accounting and cost planning techniques, facility design techniques, and contractual techniques for the procurement of labor, materials and contractual services;

(3) Repealed by § 35 ch 168 SLA 1978. (§ 1 ch 216 SLA 1975; am § 35 ch 168 SLA 1978)

Effect of amendment. — The 1978 amendment deleted paragraph (3), which read "public facilities" does not include highways or vessels of the marine highway system."

Chapter 15. Construction Procedures.

Section

- 10. Construction by department
- 20. Request for public bids
- 30. Advertisement, bids, contracts, and informal bids
- 40. Procedures for the award of contracts
- 50. Award of contracts
- 60. [Obsolete]

Section

- 80. Local control of state public works projects
- 90. Use of appropriated funds
- 100. Responsibility of department
- 110. Title to site and completion of project
- 120. Definitions

Sec. 35.15.010. Construction by department. (a) Except as provided in AS 44.33.300, it shall be the general policy of the department to require the construction of all public works under bid contract. However, when the estimated cost of a construction project is less than \$100,000, or when it appears to be in the best interests of the state, the department may perform the work, notwithstanding any other provisions of law. A complete record shall be kept by the commissioner or his designee of all transactions entered into under this section including names of employees involved in the transactions.

(b) Construction or professional services in connection with the construction of a public work performed by the department under (a) of this section which have an estimated cost exceeding \$5,000 may not be performed by the department unless the commissioner determines, in writing, that the cost to the state will be less than that incurred as a result of a formally advertised or negotiated contract. The determination of the commissioner shall be supported by findings of fact which shall set out enough facts and circumstances to clearly justify the determination. The determinations and findings shall be maintained as a permanent record of the department.

(c) In this section, "professional services" means architectural, engineering, or land surveying services. (§ 1 art III title IV ch 152 SLA 1957; am § 5 ch 277 SLA 1976; am § 1 ch 143 SLA 1977; am § 4 ch 104 SLA 1978)

Cross reference. — For provisions requiring consistency with local government plans and ordinances before commencing construction of a public project, see AS 35.30.010 et seq.

Effect of amendments. — The 1976 amendment, in present subsection (a), added "Except as provided in AS 44.33.300" to the beginning of the first sentence.

The 1977 amendment, in present

subsection (a), substituted "\$100,000" for "\$20,000" in the second sentence and added the third sentence.

The 1978 amendment added subsections (b) and (c).

Am. Jur. 2d and C.J.S. references. — 64 and 65 Am. Jur. 2d, Public Works and Contracts, §§ 105, 119, 211, 229.

72 C.J.S. Supplement, Public Contracts, § 1 et seq.

Sec. 35.15.020. Request for public bids. The department may request bids and award contracts for construction work. The department may require the contractor to furnish equipment, labor, materials, and supplies for the project, or it may elect to furnish the materials and supplies. If the department elects to provide materials and supplies for a project, it shall make the election at the time it adopts the construction program. The department shall request bids for the total of the materials and supplies for a project according to the class, type, and nature of the materials and supplies, and may award a contract upon the basis it considers efficient and economical, whether upon the basis of delivery to the construction project directly or to a central storehouse or storehouses maintained by the department. Those materials and supplies so purchased by the department may be delivered to the project site without expense to the contractor, or it may sell them to the contractor at cost and make the materials and supplies a part of the construction cost. (§ 3 art III title IV ch 152 SLA 1957)

ALR references. — Right of public authorities to reject all bids for public work or contract, 31 ALR2d 469.

Revocation, prior to execution of formal

written contract, of vote or decision of public body awarding contract to bidder, 3 ALR3d 864.

Sec. 35.15.030. Advertisement, bids, contracts, and informal bids. When the estimated cost of any construction under this chapter exceeds \$100,000, the department shall, except as provided in AS 35.15.010 and in AS 44.33.300, proceed to advertise, request bids, and award the contract in the manner provided in §§ 40 and 50 of this chapter. When any proposed construction contract is for a sum less than \$100,000, it is discretionary with the department whether the contract is advertised and awarded in accordance with AS 35.15.040 and 35.15.050. In all events the department shall request informal bids from as many contractors as can be requested conveniently. A complete

record shall be kept by the commissioner or his designee of all transactions entered into under this section including names of employees involved in the transactions. (§ 4 art III title IV ch 152 SLA 1957; am § 31 ch 71 SLA 1972; am § 6 ch 277 SLA 1976; am § 2 ch 143 SLA 1977)

Effect of amendments. — The 1976 amendment inserted "and in AS 44.33.300" in the first sentence.

The 1977 amendment substituted "under this chapter exceeds \$100,000" for "exceeds \$20,000" in the first sentence, substituted "\$100,000" for "\$20,000" in the second sentence, and added the fourth sentence.

Legislative history report. — For report on ch. 71, SLA 1972 (HCSSB 363

am H), see 1972 House Journal, p. 899.

Am. Jur. 2d, ALR and C.J.S. references. — 64 Am. Jur. 2d, Public Works and Contracts, §§ 30-59.

Determination of amount involved in contract within statutory provision requiring public contracts involving sums exceeding specified amount to be let to lowest bidder, 53 ALR2d 498.

72 C.J.S. Supplement, Public Contracts, §§ 7-14, 17.

Sec. 35.15.040. Procedures for the award of contracts. (a) If federal funds are used, the award of the contract shall comply with federal law and the rules and regulations promulgated under it and with state law to the extent it is consistent with federal law.

(b) In all other cases, the award of the contract shall comply with this title, and AS 37.05, and the rules and regulations promulgated under them and which are consistent with this title. (§ 5 art III title IV ch 152 SLA 1957)

ALR references. — Validity of governmental requirement of oath of allegiance or loyalty, 16 ALR2d 302.

Construction and operation of "equal

opportunities clause" requiring pledge against racial discrimination in hiring under construction contract, 44 ALR3d 1263.

Sec. 35.15.050. Award of contracts. The department shall award the contract to the lowest responsible bidder, or it may reject all bids. If no satisfactory bid is received, the department may readvertise the project. The department shall make the award in compliance with applicable federal law and the regulations promulgated under it, with this title, and in compliance with AS 37.05, and the rules and regulations promulgated under it, where they are not in conflict with this title and federal law. (§ 6 art III title IV ch 152 SLA 1957)

The purpose of this section and the Fiscal Procedures Act (AS 37.05) is not only to protect the state and the public purse from uneconomic contracts let because of failure to request competitive bids and because of possible favoritism, but also to insure that contractors are insured a certain amount of "fair play" in dealing with the state government and in competing with one another for state contracts. 1959 Op. Atty. Gen., No. 27.

The department has authority to require contractors to set up a system of prequalification of contractors as a prerequisite for bidding on state construction projects. 1959 Op. Atty. Gen., No. 27.

And under such system to require contractors to furnish periodic and financial statement. — 1959 Op. Atty. Gen., No. 27.

recording district. Upon vacating, title reverts to the persons, heirs, successors, or assigns in whom it was vested at the time of the taking. The department may transfer land considered no longer necessary for public works purposes to the Department of Natural Resources for disposal. The proceeds of disposal by the Department of Natural Resources shall be credited to the funds from which the purchase was originally made. (§ 4 art IV title IV ch 152 SLA 1957)

Chapter 25. General Provisions.

Section

10. Purpose and intent

20. Definitions

Sec. 35.25.010. Purpose and intent. The purpose of AS 35.05, 35.10, 35.15, and 35.20 is to establish a public works department capable of carrying out a public works planning and construction program which will provide public buildings necessary to efficient government, and boat harbors, jetties, dikes and breakwaters necessary to the economy of Alaska communities, all of which is to the advantage and benefit of the general welfare of the public. (§ 2 art I title I ch 152 SLA 1957; am § 32 ch 71 SLA 1972)

Sec. 35.25.020. Definitions. In this title, unless the context otherwise requires,

(1) "construction" or any derivative of the term "construction" means construction, reconstruction, alteration, improvement or major repair;

(2) "department" means the Department of Transportation and Public Facilities;

(3) "excess lands" means lands acquired for the state in excess of land required for a public work, when the remaining portion of a parcel or land acquired is left in a shape or condition as to be of little or no value to its owner, or to give rise to claims or litigation concerning severance or other damage;

(4) "maintenance" means the preservation of each type of facility as nearly as possible in its original condition as constructed, or as improved;

(5) "public building" means a building owned or controlled and held by the state for government or public use;

(6) "public works" means all fixed works constructed or maintained by the Department of Transportation and Public Facilities or any of its divisions, and includes but is not limited to work on a public building, boat harbor, jetty, dike, breakwater, or airport. (§ 3 art I title I ch 152 SLA 1957; am §§ 1, 2 ch 122 SLA 1960; am § 1 ch 96 SLA 1962; am Executive Order No. 39, § 11 (1977))

(1) review the register of professional services contractors maintained by the commissioner under AS 36.98.020; and

(2) provide a request for proposals for the proposed professional services contract to each prospective contractor who, after review of the register of professional services contractors under (1) of this subsection, the agency finds is qualified for consideration for the contract.

(c) A request for proposals must be extended to a sufficient number of prospective providers of the required services to assure that public interest in competition is adequately served. Proposals from at least six persons or firms with the required expertise shall be solicited for contracts equal to or greater than \$100,000. Proposals from at least three persons or firms with the required expertise shall be solicited for contracts of less than \$100,000 if the expertise required is available. If the expertise required is not available to enable an agency to solicit the number of proposals otherwise required under this subsection, the agency shall solicit proposals:

(1) from each person or firm listed on the professional services contractors register maintained under AS 36.98.020 who appears to possess the required expertise;

(2) from each person or firm responding to the public notice given under (a) of this section who appears to possess the required expertise.

(d) The provisions of this section do not apply if

(1) the contracting agency demonstrates that there is a single source of the expertise or knowledge required or that one person or firm can clearly perform the required tasks more satisfactorily because of the person's or firm's prior work; however, this exemption applies only if the head of the state agency has submitted a written request to the commissioner that details the reasons for the exemption and the commissioner or deputy commissioner has authorized in writing the state agency to enter contract negotiations with the single source;

(2) the commissioner makes a written determination that public necessity will not permit delay incident to the procedures otherwise required by this chapter; or

(3) the service is to be provided by another state agency, a federal agency, or a political subdivision of the state.

(e) A request for proposals must contain a description of the work to be performed under the contract and the terms under which the work is to be performed. A request for proposals must contain that information necessary for a prospective contractor to submit a response or contain references to any information that cannot reasonably be included with the request. The request for proposals must provide a description of the factors that will be considered by the state agency when it evaluates the proposals received.

(f) Nothing in this section limits the authority of an agency to use additional means that it may consider appropriate to notify prospective

(2) "professional services" means professional, technical, or consultant's services that are predominantly intellectual in character and that

(A) include analysis, evaluation, prediction, planning, or recommendation; and

(B) result in the production of a report or the completion of a task;

(3) "public necessity" means an urgent public need that could not have been anticipated or foreseen; the term also includes emergency situations when work is necessary to protect life or property;

(4) "request for proposals" means a written solicitation for contract proposals by prospective contractors that sets out the nature of the services to be performed or product to be secured with sufficient information for a qualified prospective contractor to prepare a contract proposal for consideration and evaluation by the state agency;

(5) "state agency" means a department, institution, board, commission, division, authority, or other administrative unit of the executive branch of state government, and the University of Alaska. (§ 5 ch 144 SLA 1982)

Sec. 37.05.220. Purchasing agent. The Department of Administration is the purchasing agent for the state. The department shall

(1) purchase, rent, or otherwise provide for the furnishing of supplies, materials, equipment, or contractual services for all state agencies;

(2) have power to authorize an agency to purchase directly certain specified supplies, materials, equipment, or contractual services under conditions and procedures prescribed in § 230 of this chapter;

(3) prescribe the manner in which supplies, materials, and equipment shall be purchased, delivered, stored, and distributed;

(4) prescribe the time, manner, authentication, and form of making requisitions for supplies, materials, equipment, and contractual services;

(5) fix standards of quality and quantity and develop standard specifications after consultation with the several state agencies, and approve or determine final specifications;

(6) have power to transfer to or between agencies or to sell or trade in supplies, materials, and equipment of agencies which are surplus, obsolete, or unused; and the department shall make proper adjustments in the accounts of the agencies concerned;

(7) prescribe the manner of inspecting deliveries of supplies, materials, and equipment and of making tests of samples submitted with bids and samples of deliveries to determine compliance with specifications;

(8) prescribe standard forms for bids and contracts for construction, purchases of supplies, and other purposes, which bids and contracts may contain provisions which the department considers necessary; but all contracts for construction shall require the filing of an acceptable performance bond and a penalty provision for failure to perform the contract according to its terms;

(9) provide for other matters which may be necessary to carry out the provisions of this chapter and the rules and regulations adopted under it. (§ 1 art IV ch 82 SLA 1955; am §§ 6, 7 ch 186 SLA 1957; am § 1 ch 55 SLA 1960)

Am. Jur. and C.J.S. references. — 42
Am. Jur., Public Funds, § 1 et seq.
81 C.J.S. States §§ 168 to 176.

Sec. 37.05.230. Competitive bids. In the manner provided in this chapter and rules and regulations established under it

(1) a contract for construction and repairs, or a purchase of and contract for supplies, materials, equipment, and contractual services must be based on competitive bids; an award shall be made to the lowest responsible bidder after advertising for bids, except that (A) Repealed by § 2 ch 92 SLA 1967; (B) a bid shall be awarded to an Alaska bidder if his bid is not more than five per cent higher than the lowest nonresident bidder's; and (C) competitive bids need not be required (.

for contractual services where no competition exists; (ii) for sales involving fair trade items; (iii) when, in the judgment of the purchasing agent, food, clothing, or medical supplies, or materials for use in laboratory and experimental studies may be purchased otherwise to the best advantage of the state; (iv) where rates are fixed by law or ordinance; (v) for items traded in on like items; or (vi) for professional services;

(2) if the amount of the contractual services, purchase, or sale is estimated to exceed \$2,500 sealed bids shall be solicited, when practicable, by publication in a newspaper calculated to reach prospective bidders and by posting notices in public places within the area where the work is to be performed or material furnished and in addition the department may also designate a trade journal for publication; the department shall also solicit bids by sending notices by mail to all active prospective bidders known to it and all bids shall be sealed when received, and shall be opened in public at the hour stated in the notice; the department may negotiate directly if it finds that it is in the best interests of the state;

(3) a contractual service, purchase or sale where the known requirements are estimated to be less than \$2,500 may be made either upon competitive bids in accordance with (2) of this section or in the open market, in the discretion of the department; but, so far as practicable, shall be based on at least three competitive bids and recorded as provided in § 240 of this chapter; small purchases of less than \$300 in the discretion of the department may be made on the open market, and may be by cash payment from petty cash accounts set aside for that purpose; the department shall determine the amount of the petty cash accounts needed by each state agency, and inspect the petty cash accounts at least once each year to determine that the total plus amounts of receipts for unreplenished disbursements is equal to the fixed sum of cash set aside; shortages in petty cash accounts are a personal liability of the responsible head of the agency to whom the account is set aside; the department shall make all necessary rules and regulations governing use and replenishment of petty cash funds;

(4) the provisions of this section relative to competitive bids do not apply to contracts for the operation of transportation systems for students to and from the schools within the state, as are authorized under AS 14.10.070; and these contracts may be awarded by bid or negotiation and, at the discretion of the Board of Education, may be awarded for periods of three years or less;

(5) an "Alaska bidder," for the purpose of bid awards under (1) (B) of this section, is a person who

(A) holds a current Alaska business license,

(B) submits a bid for goods or services under the name as appearing on his current Alaska business license,

(C) has maintained a place of business within the state for a period of six months immediately preceding the date of his bid.

(6) the competitive bid requirements of this section do not apply to air taxi services used by state employees when no formal contract is executed; the department affected shall pay the air taxi operator the tariff rates as published by him with the Air Transportation Commission for the type of aircraft required; the tariffs need not be uniform throughout the state and may reflect the diverse conditions of various areas of the state; the air taxi service used in each case shall be selected by the state employee who is to fly in the aircraft, or if more than one state employee is flying in the aircraft by the employee in charge; in all cases the air taxi operator shall have complied with AS 02.05.010 — 02.05.260 and other prequalifying regulations established by the department.

(7) the provisions of this section relative to an "Alaska bidder" do not apply to contracts estimated to exceed \$5,000, of either the Department of Transportation and Public Facilities, which are authorized under AS 35.15, or the Department of Highways, which are authorized under AS 19.10.

(8) the provisions of this section relative to competitive bids do not apply to the purchase of products or services manufactured or provided by a sheltered workshop. (§ 3 art IV ch 82 SLA 1955; am §§ 8 — 10, 23 ch 186 SLA 1957; am § 1 ch 77 SLA 1959; am § 1 ch 158 SLA 1962; am § 1 ch 82 SLA 1964; am §§ 1, 2 ch 92 SLA 1967; am § 1 ch 61 SLA 1970; am § 1 ch 92 SLA 1975; am §§ 1, 2 ch 194 SLA 1975)

Cross reference. — As to preference of producers or dealers in Alaska in making purchases or awarding contracts for supplies, see AS 36.20.010.

Effect of amendments. — The first 1975 amendment added paragraph (8).

The second 1975 amendment substituted "\$2,500" for "\$1,000" near the beginning of paragraphs (2) and (3) and substituted "\$300" for "\$100" near the middle of paragraph (3).

Editor's note. — AS 14.10.070, referred to in paragraph (4), was repealed by § 59, ch. 98, SLA 1966.

Pursuant to Executive Order No. 39 (1977), the reference to the Department of Transportation and Public Facilities has been substituted for a reference to the Department of Public Works in paragraph (7).

Legislative committee reports. — For report on 1962 amendment, see 1962 House Journal, pages 591, 592. For report on ch. 194, SLA 1975 (SB 279 am), see 1975 House Journal, p. 1541.

The purpose of this chapter was not only to protect the state and the public purse

from uneconomic contracts let because of failure to request competitive bids and because of possible favoritism, but was also to insure that contractors would be insured a certain amount of "fair play" in dealing with the state government and in competing with one another for state contracts. 1959 Op. Att'y Gen., No. 27.

Preparation of regulations as prerequisite for bidding. — For an opinion of the attorney general as to the preparation of regulations to be submitted to the secretary of state pertaining to the prequalification of contractors as a prerequisite for bidding on construction projects, see 1959 Op. Att'y Gen., No. 27.

And filing thereof. — For an opinion of the attorney general as to filing regulations pertaining to the prequalification of contractors as a prerequisite for bidding on construction projects, see 1959 Op. Att'y Gen., No. 27.

Publication of regulations concerning bidding and letting of contracts. — See same catchline in note to AS 37.05.020.

Bids required for exclusive lease or franchise. — The state cannot grant an

MEMORANDUM

State of Alaska
Department of Transportation & Public FacilitiesRegional Design & Construction
Directors

DATE September 23, 1982

FILE NO

TELEPHONE NO 465-3905

Jon Scribner, Acting
Deputy Commissioner
Design & Construction
DOT/PFSUBJECT Advertising Procedures
for State Funded Projects
under \$100,000.

As discussed at the September 15, 1982 Director's Meeting, there is a need for an abbreviated advertising procedure in certain instances on smaller State funded projects. The need for an informal bid process was also discussed.

The procedures outlined below have been developed to address these needs and are effective immediately. They will be incorporated into P & P 70-7001 as soon as possible.

A. Reduced advertising requirements for State-funded projects under \$100,000.

1. Normal procedures will be adhered to except that in an emergency or if the public interest can be clearly shown in writing, the following will be used with prior approval of the Deputy Commissioner:

- a. Inform Claims & Bids and jointly set bid opening date.
- b. Advertise in local paper. *Point - notes that informal bids are not a requirement - but not a fact that is.*
- c. Call potential contractors as appropriate. *per Henry Ram 9/24/82*
- d. Bid opening by Deputy Commissioner, unless prior authorization from Deputy Commissioner.
- e. Claims & Bids to inform Region immediately of bid results.
- f. Region to assure funding availability and concur in ITA.
- g. Claims & Bids to immediately send ITA via phone, telegram and/or telecopy and follow-up with formal letter.

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES POLICY AND PROCEDURES		P & P No. 70-7001	Page 1 OF 4
EFFECTIVE DATE January 14, 1983			
SUBJECT Final P. S. & E. & Advertising Procedures		Supersedes P & P No. 70-7001	Dated May 14 1982
DIVISION Standards & Technical Services		SECTION Specifications	CHAPTER TITLE Policy

PURPOSE: To establish a procedure for preparing final plans and specifications and advertising projects.

POLICY: It is the policy of the Department to prepare and advertise for bidding all construction plans and specifications in a uniform manner consistent with Federal and State Statutes and regulations.

DISTRIBUTION: All Manual holders and all Regional Directors and Section Supervisors in the Design and Construction unit. This Policy and Procedure applies only to the Design and Construction unit.

PROCEDURES:

A. Requirements for final P.S. & E. approval.

No project shall be approved for final P.S. & E. or receive authority to advertise until:

1. All rights-of-way, construction easements, material sources, railroad agreements and royalty agreements are acquired or executed;
2. all utility agreements and reimbursable service agreements are executed, except 100% state funded projects may be advertised prior to the execution of utility agreements if a firm estimate of the utility relocation costs is available;
3. all required Federal (Bureau of Land Management, Forest Service, Fish and Wildlife Service, Park Service) permits, approval and/or agreements are executed. (Corps of Engineers and Coast Guard permits should also be obtained prior to advertising, however, when their approval is imminent, a project may proceed provided these approvals are obtained prior to award);
4. all required State of Alaska (Department of Fish and Game, Department of Environmental Conservation, Department of Natural Resources, Division of Parks and/or Division of Forest, Land and Water Management, and Department of Public Safety, Division of Fire Prevention) permits, approvals and/or agreements are executed; and
5. written certification that all approvals and clearances have been obtained and all rights-of-way certified. (See Attachment A for suggested format.)

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES POLICY AND PROCEDURES		P & P No. 70-7001	Page 2 OF 4
		Effective Date Jan. 14, 1983	
SUBJECT Final P. S. & E. & Advertising Procedures		Supersedes P & P No. 70-7001	Dated May 14, 1982
		APPROVED <i>Lon B. Lued</i>	
CIVISION Standards & Technical Services	SECTION Specifications	CHAPTER TITLE Policy	

B. Final P. S. & E. Assemblies

Final P. S. & E. Assemblies shall consist of:

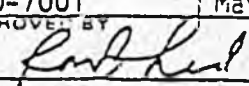
1. Final Plans, signed and sealed (Except design/build projects);
2. Contract document assembly;
3. Final estimate, complete with any required back-up (Final engineering estimates on Federal-aid highway projects shall be coded in accordance with instructions shown in FHWA Order 4500.2, Attachment B);
4. Documentation as to the disposition of any written comments or recommendations made by reviewers;
5. A statement as to the status or disposition of all required permits, clearances and agreements; and
6. A letter requesting advertising approval (See Attachment A).

C. Advertising

1. The minimum advertising period for projects shall be twenty-one (21) days except as noted in paragraph F and G. Major projects should be advertised for longer periods, commensurate with the size and complexity of the project.
2. Projects shall be advertised in three consecutive weekday issues in newspapers in Anchorage, Fairbanks and Juneau, local papers where available, the Tundra Times and the All Alaska Weekly. Large projects should also be advertised in the northwest regional construction trade papers.
3. Advertising shall comply with the format example in P & P 10-0013, May 23, 1979.
4. Prior to advertising, regions shall coordinate with the Chief of Claims and Bidding to jointly set the bid opening to prevent the overloading of any particular bid opening.

D. Addenda

1. If modifications are required to those bidding documents which must be submitted at bid opening (proposal, bid schedule and form 25A326), the modified bidding documents shall be mailed out as replacement documents.

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES POLICY AND PROCEDURES		P & P No. 70-7001	Page 3 OF 4
SUBJECT Final P. S. & E. & Advertising Procedures		Effective Date 1/14/83	
		Supersedes P & P No. 70-7001	Dated May 14, 1982
		APPROVED BY 	
DIVISION Standards & Technical Services	SECTION Specifications	CHAPTER TITLE Policy	

2. Addenda and notices which require mailing shall be mailed a minimum of thirteen (13) days prior to the scheduled bid opening date.
3. Telegraphic addenda shall be sent a minimum of forty-eight (48) hours prior to the scheduled hour of bid openings.
4. Attachments to addenda shall be identified by addendum number and attachment number in the top right hand corner of each page.

E. Informal Bids (Optional at the discretion of the Regional D & C Director, for State-funded projects with an estimated cost of less than \$20,000).

1. Region calls as many potential bidders as convenient including appropriate MBE firms, and invites them to submit a bid.
2. Bids are opened by the Regional Director of D & C or his designee.
3. Region issues the bid tabs, letter of intent (copies sent to Claims & Bidding).
4. Region issues letter of award signed by the Regional Director of D & C and conforms contract. The original is sent to Claims and Bidding who will forward it to Contracts Administration in the Support Service Division, along with a list of all employees involved in the transaction as required by AS 35.15.030.
5. No bonding will be required.

F. Written exceptions to the provisions of this procedure may be granted by the approving authority.

1. For the purposes of this document "approving authority" is that authority delegated by P & P 10-0017 for "Authority to Advertise."
2. Exceptions to the requirements of Section A-1, A-2, A-3, A-4 and C-1 require the prior approval of the Federal Highway Administration for Federal-aid highway projects.
3. If an emergency exists or if a public interest finding can clearly be shown in writing, the reduced advertising requirements listed in paragraph G may be followed with prior approval of the Deputy Commissioner for Design & Construction. These reduced requirements apply only to State funded projects estimated to cost less than \$100,000.

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES POLICY AND PROCEDURES		P & P No.	Page
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SUBJECT Final P. S. & E. & Advertising Procedures		Effective Date	
		1/14/83	
		Supersedes P & P No.	Dated
		70-7001	May 14, 1982
		APPROVED <i>[Signature]</i>	
DIVISION Standards & Technical Services	SECTION Specifications	CHAPTER TITLE Policy	

G. Reduced advertising requirements for State-funded projects under \$100,000 (as allowed by Section F-3).

1. Region informs Claims & Bidding and jointly sets bid opening date. Advertising period to be commensurate with urgency of project.
2. Region advertises in local paper.
3. Region calls as many potential bidders as convenient including appropriate MBE firms, and invites them to submit a bid.
4. Bids opened by Deputy Commissioner of D & C, unless delegated to another official.
5. Claims and Bidding informs Region immediately of bid results.
6. Region assures funding availability and concurs in Intent to Award.
7. Claims and Bidding immediately sends Intent to Award via phone, telegram and/or telecopy and follows up with formal letter.
8. Contractor forwards completed forms directly to Claims & Bidding (via courier, if necessary). Forms available to the contractor from Regions.
9. Claims & Bidding assures documents are in order, immediately has Deputy Commissioner execute contract and advises Region and contractor by phone or other appropriate means.
10. Region conforms the contract and sends the original to Claims and Bidding, who will forward it to Contracts Administration in the Support Services Division. A list of all employees involved in the transaction must accompany the original, as required by AS 35.10.030.

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES POLICY AND PROCEDURES		P & P No. 10-0013	Page 1 OF 2
		Effective Date May 23, 1979	
SUBJECT LEGAL ADVERTISEMENTS - INVITATION TO BID		Supersedes P & P No. DFW 1003-15	Dated 7-20-72
		APPROVED BY <i>Robert H. Hines</i>	
DIVISION Commissioner	SECTION Commissioner's Office	CHAPTER TITLE Policy	

Purpose:

To prescribe a format for uniform publications of advertisements to bid.

Policy:

It shall be the policy of this department to use a standard signature format in requesting invitations to bid on projects.

Distribution:

To all Policy and Procedures Manual holders.

INTERNAL REVIEW OCT. 31 1983

Procedure:

Preparation of an Invitation to Bid shall be prepared on Form 02-901 and conform to the sample provided on page 2. In referring to the sample the items that are underlined will change from job to job, but the other items should be uniform throughout the department and provide for a standard signature for all divisions.

ADVERTISING ORDER

NOTICE TO PUBLISHER

INVOICE MUST BE IN TRIPPLICATE SHOWING ADVERTISING ORDER NO., CERTIFIED AFFIDAVIT OF PUBLICATION (PART 2 OF THIS FORM) WITH ATTACHED COPY OF ADVERTISE-
MENT MUST BE SUBMITTED WITH INVOICE.

5. DEPARTMENT

DEPT. NO.

A.O. NO.

A0-

25

470164

JUNEAU EMPIRE
235 Second Street
Juneau, Alaska 99801

VENDOR NO.

DATE OF A.O.

June 27, 1923

DATES ADVERTISEMENT REQUIRED:

6/27, 28 and 29, or next
three consecutive week days.

LEGAL CLASSIFIED A

THE MATERIAL BETWEEN THE DOUBLE LINES MUST BE PRINTED IN ITS ENTIRETY ON THE DATES SHOWN.

Department of Transportation
SE Region, Technical Services
P.O. Box 1467
Juneau, Alaska 99802

BILLING ADDRESS:

DOT/PF
Accounts Payable
P.O. Box 3-1000
Juneau, Alaska 99802

ADVERTISEMENT

STATE OF ALASKA

SEE ATTACHMENT

Same sent to the following:

Anchorage Daily News
Daily Journal of Commerce (Portla
Daily Journal of Commerce (Seattl
Daily Sitka Sentinel
Fairbanks Daily News-Miner
Ketchikan Daily News

*proof of advertising
on projects
note one week advert.
time 7 consecutive
bills*

TO BE COMPLETED BY ORDERING DEPARTMENT

DEPT.	DIV. & SEC.	FUNCTION	SUB FUNCTION	OBJECT RECEIPT	WHY. FUNCT.	PROJECT LEDGER	PER CENT OR ITEM NO.
24	01	3	020	325	435	879104	

PAGE NO. OF

5

REQUISITIONED BY

DIVISIONAL APPROVAL

DATE ENTERED

CERTIFY THAT THE UN-
RED BALANCE IN THE
APP. IATION CITED HEREON IS
SUFFICIENT TO COVER THIS PUR-
CHASE AND THAT THIS PURCHASE
IS AUTHORIZED HERCUNDER.

CERTIFYING OFFICER
VOUCHER NUMBER

CONTRACTOR SELECTION

The State of Alaska, Department of Transportation and Public Facilities is soliciting "Expression of Interest Questionnaires" from interested General Contractors for architectural renovation work located in the Governor's Mansion in Juneau, Alaska.

Work will consist of fine cabinet work, custom tile work, hard wood floor reconstruction and refinishing, painting, papering and trim work, etc. The Governor's Mansion is listed on the State Historical Record and the Contractor will be required to work under strict restrictions.

Expression of Interest Questionnaires can be obtained from:

Tom Metlicka, Design Manager (Chairman)

State of Alaska

Department of Transportation and Public Facilities

Building Section

P. O. Box 1467

Juneau, Alaska 99802 or phone (907) 364-4314

AND WILL BE AVAILABLE JUNE 28, 1983

Completed "Expression of Interest Questionnaires" must be returned to Tom Metlicka at the above address by 2:00 p.m., July 8, 1983, to be used by committee for rating.

It is anticipated that the top ranking contractor will be invited to submit a bid for a time and materials contract with the State of Alaska to perform the work.

The highest emphasis will be placed on the proposed contractors previous experience in renovation work and ability to work under very tight job completion restraints.

60-

Public Notice

STATE OF ALASKA

The State of Alaska, Department of Transportation and Public Facilities is soliciting interest in Mechanical/Plumbing Contractors, located in Juneau, to provide maintenance and reconstruction to provide work to renovate the Governor's Museum plumbing, heating and electrical systems.

Interested Contractors will be required to fill out a Pre-qualification Questionnaire prior to bidding. The Pre-qualification Questionnaire's will be evaluated and rated by a committee with the top three (3) competing in actual bidding.

Pre-qualification Questionnaires and Project Outline Specifications can be obtained from: Department of Transportation & Public Facilities, J.E. Reagon, Building Services P.O. Box 1447, Juneau, Alaska 99801. Alaska: Tom M. Riddle, Phone: 584-3111.

The deadline for Pre-qualification Questionnaires to be returned to the above address will be 1:00 P.M. May 23, 1982.

This project is limited to firms located in the City & Borough of Juneau.

Estimate's estimate is within \$250,000.00.

Estimated cost: \$250,000.00.

Public May 31, 1982

5042

Appendix D

ALTERATIONS. The following changes were made in this contract before it was signed by the parties hereto:

Time + Materials + Profit

1. Journeyman Carpenter	\$35.20 m/h
2. Roofer	35.35 m/h
3. General Labor	34.47 m/h
4. Materials	+ 5%
5. Profit	@ 15%
6. \$90,000 maximum	
7. Payment by submission of Invoice	
8. Project will commence immediately upon Purchase Order or Notice to Proceed.	

In witness whereof, the parties hereto have executed this contract as of the date entered on the first page hereof.

STATE OF ALASKA

CONTRACTOR

By Charles E. Mattson August Corporation

(Name of Contractor)

Director, SE Region

(Official title)

Design & Construction

By S. B. Swanson

(Signature)

Owner & President

(Title)

INSTRUCTIONS

1. This form shall be used, as required by State regulations, for contracts for the construction, alteration, or repair of public buildings or works.
2. The full name and business address of the Contractor must be inserted in the space provided on the face of the form. The Contractor shall sign in the space provided above with his usual signature and typewrite or print name under all signatures to the contract and bonds.
3. An officer of a corporation, a member of a partnership, or an agent signing for the Contractor shall place his signature and title after the word "By" under the name of the Contractor. A contract executed by an attorney or agent on behalf of the Contractor shall be accompanied by two authenticated copies of his power of

HARBOR PLUMBING & HEATING

P. O. BOX 2117 - 10 1/2 MILE GLACIER HWY. - JUNEAU, AK 99803 - (907) 789-7222

May 24, 1983

Alaska Dept. of Transportation & Public Facilities

RE: Governor's Mansion Remodel

Project # H-79164

Following are the proposed wages and charge out times that will be applicable to any work performed by the various trades involved in the proposed project.

Plumbers; Supt. \$58.50 per hr.

Journeyman \$50.00 hr

Foreman \$54.50 per hr

Apprentice-\$35.00 hr.

Sheetmetal : Foreman-\$58.54 hr.

Journeyman-\$53.21 hr

Electrician; Foreman-\$54.00 hr

Journeyman-\$50.00 hr

Apprentice-\$40.00 hr

Sprinkler: Foreman-\$60.00 hr.

Journeyman-\$58.25 hr.

Painter;-\$43.93 hr

Laborer;-\$39.64 hr.

Linoleum Installer;-\$41.98 hr.

Insulators:Foreman-\$68.64 hr.

Journeyman-\$64.81 hr.

Control Fitter-\$56.91 hr.

Plasterer: Foreman-\$55.00 hr.

Journeyman-\$53.00 hr.

Hod Carrier-\$50.00 hr

Carpenter:Foreman-\$46.23 hr.

Journeyman-\$42.06 hr

Installer-\$41.98 hr.

Roofer;-\$41.57 hr.

Any and all wage increases incurred during the duration of the job will be added to the quoted prices. All overtime will be billed according to established contracts.

Harbor Plumbing & Heating will add 5% to all subcontractor bills as an allowable contractor mark up.

Effect of amendment. — The 1977 "Department of Public Works" in amendment substituted "Department of Transportation and Public Facilities" for paragraphs (2) and (6).

Chapter 27. Art Works in Public Buildings and Facilities.

Section

10. Purpose

20. Art requirements for public buildings and facilities

30. Definitions

Sec. 35.27.010. Purpose. The state recognizes its responsibility to foster culture and the arts and the necessity for the viable development of its artists and craftsmen. The legislature declares it to be a state policy that a portion of appropriations for capital expenditures be set aside for the acquisition of works of art to be used for state buildings and other public facilities. (1 ch 54 SLA 1975)

Legislative history report. — For (Finance)), see 1975 Senate Journal, p. report on ch. 54, SLA 1975 (CSHB 133 939.

Sec. 35.27.020. Art requirements for public buildings and facilities.

(a) A building or facility constructed after June 30, 1975, or remodeled or renovated after June 30, 1975, shall include works of art, including but not limited to sculptures, paintings, murals or objects relating to Native art.

(b) The department, before preparing plans and specifications for buildings and facilities, shall consult with the Alaska State Council on the Arts regarding the desirability of inclusion of works of art.

(c) At least one percent or, in the case of a rural school facility, at least one-half of one percent of the construction cost of a building or facility approved for construction by the legislature after September 1, 1977, will be reserved for the following purposes: the design, construction, mounting and administration of works of art in a school, office building, court building, vessel of the marine highway system, or other building or facility which is subject to substantial public use.

(d) A building or facility with an estimated construction cost of less than \$250,000 is exempt from the requirements of this chapter unless inclusion of works of art in the design and construction of the building or facility is specifically authorized by the department.

(e) The artist who executes these works of art shall be selected by the architect for the department with the approval of the department, after consultation with the Alaska State Council on the Arts and the principal user of the public buildings or facilities.

(f) The artist who executes these works of art in the public schools shall be selected by the superintendent of a school district in which a public school is to be built with the approval of the school board. Should the department find in the best interest of the state that the selection of the artist who executes these works of art by the superintendent may result in a cost overrun to the state or delay of construction, the department shall make the selection of the artist in consultation with the superintendent.

(g) The architect, superintendent, department, and the Alaska State Council on the Arts shall encourage the use of state cultural resources in these art works and the selection of Alaska resident artists for the commission of these art works. (§ 1 ch 54 SLA 1975; am §§ 1, 2 ch 96 SLA 1977; am §§ 1 — 4 ch 176 SLA 1980)

Cross reference. — For the responsibilities of the Alaska State Council on the Arts in the management of the Art in Public Places Fund, see AS 44.27.060.

Effect of amendments. — The 1977 amendment substituted "or, in the case of a rural school facility, at least one-half of one percent of the construction cost" for "of the overall construction cost" in subsection (c) and added subsections (f) and (g).

The - 1980 amendment rewrote

subsections (a) and (d), substituted "buildings" for "public works" in subsection (b), and in subsection (c), substituted "September 1, 1977" for "the enactment date of this chapter," "a school, office building, court building, vessel of the marine highway system, or other" for "the public," deleted "public" preceding "facility" near the end of the subsection, and added "which is subject to substantial public use" at the end of the subsection.

Sec. 35.27.030. Definitions. In this chapter

(1) "department" means the Department of Transportation and Public Facilities;

(2) "building" or "facility" means a permanent improvement constructed by the department; the term

(A) includes, but is not limited to,

(i) schools, office buildings, and court buildings;

(ii) other buildings which the commissioner determines are designed for substantial public use;

(iii) boats and vessels of the marine highway system;

(iv) transportation facilities which accommodate traveling passengers;

(B) excludes other transportation facilities

(3) "construction cost" is that cost expended for the actual construction of the facility, exclusive of the costs of land acquisition, site investigation, design services, administrative costs, equipment purchases and any other costs not specifically incurred within the construction contract or contracts awarded for the construction of the facility.

(4) "commissioner" means the commissioner of transportation and public facilities. (§ 1 ch 54 SLA 1975; am §§ 3, 4 ch 96 SLA 1977; am Executive Order No. 39, § 11 (1977); am §§ 5, 6 ch 176 SLA 1980)

SECTION 13 - ARTWORK FOR PUBLIC BUILDINGS AND FACILITIES

NOTE: The following section is based on DOT/PF Policy and Procedure #28-8002 entitled "Procurement of Artwork for Public Buildings and Facilities". Copies of this Policy and Procedure are available upon request.

13.0 PURPOSE

13.0.1 To promulgate standard departmental procedures for the selection of Artists and Artwork for public buildings and facilities.

13.2 POLICY

13.2.1 To select Artists and Artwork for public buildings and facilities in an objective manner resulting in the acquisition of Artwork consistent with A.S. 35.27, and 44.27.

13.3 DISTRIBUTION

13.3.1 All holders of the Policy and Procedures Manual and the Alaska State Council on the Arts (ASCA).

13.4 DEFINITIONS

13.4.1 Artwork - All original forms of visual art objects created by an Artist which may include paintings, drawings, ceramics, fiberwork, sculpture, graphics (not signage), murals, photographs, metalwork, mixed media work, limited edition original prints (not reproductions) and Native crafts objects.

13.4.2 Artist - A practitioner in the visual arts, generally recognized by critics and peers. A project Architect or member of the Architect's firm will not be considered an eligible artist.

13.4.3 Agreement - A legal document that prescribes legal, regulatory and administrative provisions affecting the rights and obligations of the parties and the work or services (eg Artwork) to be provided.

13.4.4 Architect - The project designer engaged by DOT/PF.

13.4.5 Project Manager - DOT/PF representative and Artist's primary point of contact with DOT/PF.

13.4.6 Client Agency - The Department, Division, School District, Municipality, etc., that generated the project for which funds are designated for Artwork.

13.4.7 Construction Cost - The cost of building or facility construction approved by the State legislature, exclusive of the cost of land acquisition, site investigation, design services, administration, equipment and any other costs not specifically incurred within

the construction contract. Participatory construction funding by a Federal Agency or by the Division of Risk Management is not included in such cost as used within this procedure.

13.4.8 Public Buildings and Facilities - Schools, office buildings, court buildings, and other facilities designed for substantial public use and vessels of the State ferry system.

13.5 DIAGRAM OF PROCEDURE

13.5.1 Page 6 contains a summary diagram of this procedure. Each activity is identified by two numbers (eg 19-20) which are referenced in the procedural discussion herein.

13.6 PROCEDURE

13.6.1 (Activity 1-2) Following each legislative session, DOT/PF (Planning and Programming) provides ASCA with an informal summary of capital projects which identifies proposed buildings and facilities for which Artwork may be required.

13.6.2 (Activity 2-3) DOT/PF (Design and Construction Regions) assigns a Project Manager for each building and facility, who will concurrently initiate this procedure for procurement of Artwork and the selection procedure (P & P 28-8000) for architectural services.

13.6.3 (Activity 3-4) Project Manager and the designated Client's representative for the project decide if a percentage (amount) for public Artwork is required in accordance with A35.17.020 and 44.27.060. The amount for public Artwork shall be at least one percent of the construction cost.

A. If a project consists of new construction or remodel/renovation of existing building or facility, the amount for public Artwork is required. However, remodel/renovation does not include maintenance, repair, code upgrade, heating renovation, etc.

B. If the estimated construction cost is \$250,000 or less or if the building or facility is not for substantial public use, the amount for public Artwork shall be deposited in the Art in Public Places Fund after final acceptance of the facility (paragraph 6.14).

C. If the estimated construction cost is greater than \$250,000, the amount for public Artwork shall be expended only for the actual costs of design (which may include engineering for the Artwork itself, exclusive of the architectural engineering design of the facility or site where the Artwork will be displayed), production and mounting of Artwork and direct administrative costs of Artists. Administrative costs of DOT/PF, ASCA and the Architect related to Artwork, costs related to a dedication or "unveiling" of Artwork, and

the Client Agency's maintenance and recurring operational utility costs shall not be charged to the amount for public Artwork.

- 13.6.4 (Activity 4-5) Project Manager establishes in writing an Artwork Selection Committee consisting of the Project Manager (Chairperson) and a designated Individual from ASCA, the Client and the Architect. If the amount for public Artwork exceeds \$50,000 for a building or facility, the Commissioner may appoint one additional member and the five designated persons may elect to add one community representative to the Committee. Project Manager must notify the Commissioner if Artwork will exceed \$50,000 to determine if such additional committee members will be designated. These individuals may receive assistance from facility users, community representatives, public art panel members or the ASCA Visual Arts Council; however, the Artwork Selection Committee shall consist only of the designated (4-6) individuals.
- 13.6.5 (Activity 5-6) Architect (or Committee if an Architect is not engaged) develops Artwork criteria (architectural and engineering constraints) during schematic and design development phases, in coordination with the Committee, and includes provisions in the Construction Documents to integrate selected Artwork.
- A. The Architect's agreement with DOT/PT may require the above services only or it may include additional provisions for the Architect to manage Artwork procurement by directly entering into contracts with Artists approved by the Committee; the latter is preferred.
 - B. The Architect's compensation should be a negotiated fixed fee or fixed hourly rates for the Architect's direct labor plus any allowable reimbursable expenses plus the Architect's direct cost of any approved subcontracts with Artists. If an amount equal to 110% of the amount for public Artwork plus an estimated amount for associated reimbursable expenses is established in the Architect's Agreement, an Amendment to the Architect's Agreement (reference paragraph 6.10) may not be necessary after Artwork is selected.
- 13.6.6 (Activity 10-11) Option for purchase of existing Artwork. Committee may, without or after soliciting and evaluation Artists' proposals, select existing Artwork for the project. In such cases, the Project Manager shall arrange for procurement, delivery and installation. Purchase shall not be made prior to award of a construction contract for the facility.
- 13.6.7 (Activity 6-7) If existing Artwork is not selected, Project Manager prepares an advertisement for Artist's proposals incorporating the Architect's criteria and the desires of the Committee. ASCA distributes the advertisement, receives all Artist's proposals, eliminates inappropriate submittals to the Selection Committee. Each advertisement must include the following:

- A. Instructions for submittal (format, content, time, date, place) and an explanation of the selection process to be used (eg Design Construction - paragraph 6.8A)
- B. Identification of the project, generally desired form of Artwork, architectural and engineering constraints, anticipated engineering support (eg structural analysis of a sculpture) which the Artist may be required to obtain and insurance coverages which will be required.
- C. Any information and/or assistance to be furnished by others and by whom.
- D. Maximum amount of funding for Artwork with a statement that actual price to be paid the Artist(s) shall be negotiated.
- E. Information for obtaining a copy of the Agreement to be used.

13.6.8 (Activities 8-13 & 9-12) Following review and evaluation of Artist's proposals, the Committee may select existing Artworks (paragraph 6.6), select Artist(s) or elect to conduct a Design Competition among several designated Artists based on their conceptual design submitted with proposals.

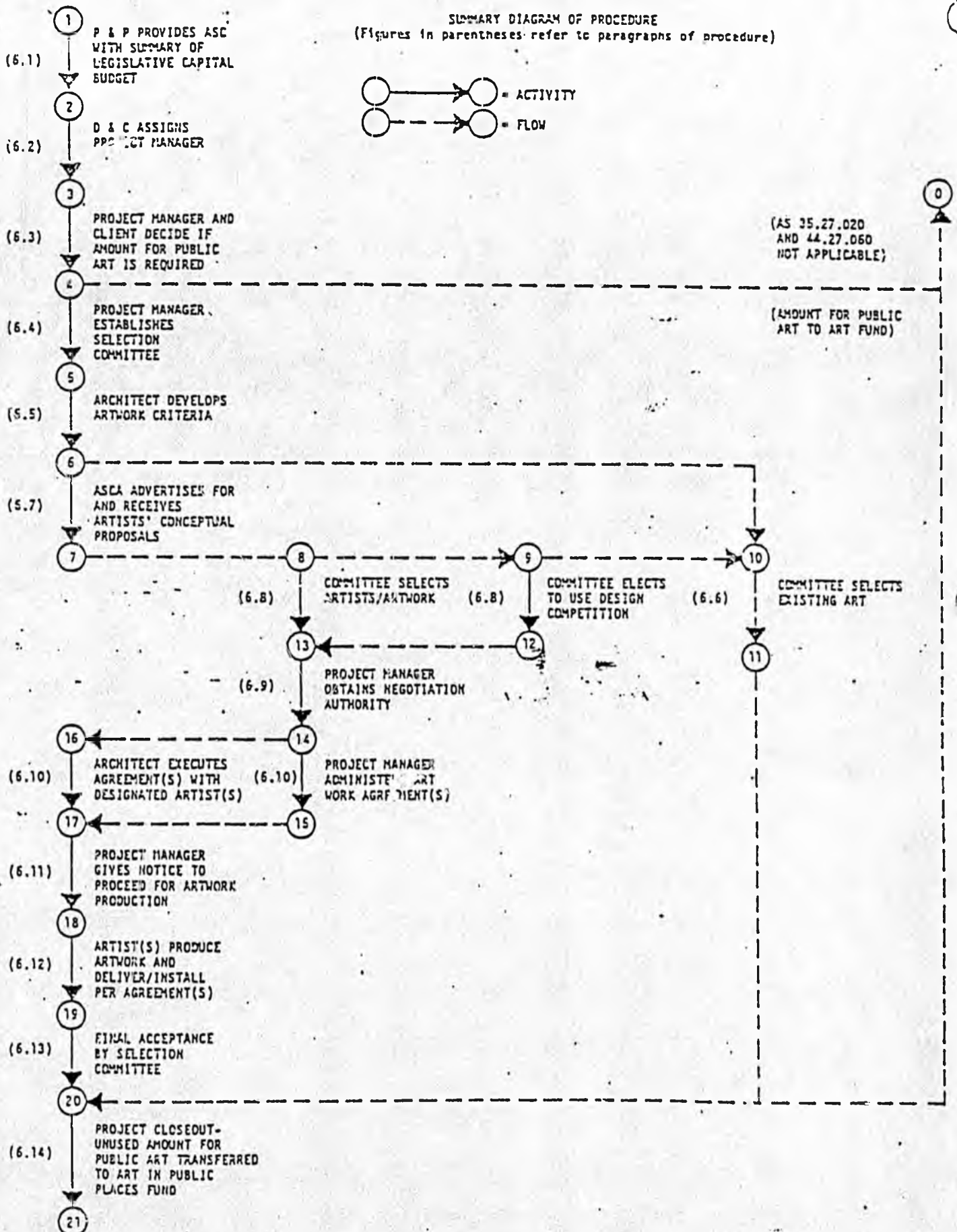
- A. If a Design Competitions if to be held, the Architect or the Project Manger shall contract with each designated Artist in accordance with paragraph 6.10 and shall include a provision addressing the Design Competition and stating that the Agreement given a Notice to Proceed for production of the Artwork contingent upon the results of the Design Competition. The Selection Committee shall establish requirements and procedures for the Design Competition.
- B. Alaska resident Artists shall be selected where they are available and qualified, in accordance with AS.35.020(g) and 36.10.010.

13.6.9 (Activity 13-14) Project Manager shall obtain Negotiation Authority for the selected Artist(s) in accordance with Delegation of Authority P & P 10-0017. Approval for Negotiations (AFN), DOT/PF Form 25A251, shall be used.

13.6.10 (Activities 14-15 & 16-17) If existing Artwork is not selected, the Architect or Project Manager shall contract with designated Artist(s). Architect-Artist Agreements must contain provisions required by the Selection Committee and must contain provisions required by the Selection Committee and must be approved by the Project Manager prior to execution. DOT/PF - Artist Agreements must be executed using DOT/PF standard forms consisting of the Basic Agreement (Form 25A261), Appendix A - General Conditions for Artwork (Form 24A263), Appendix B - Statement of Services for Artwork (Form 25A264), Appendix C - Basis of Compensation for Artwork (Form 25A265) and Appendix D - Catalogue Worksheet (Form 25A266).

- 13.6.11 (Activity 17-18) Project Manager shall withhold Notice to Proceed to the Architect of the Artist(s) for Artwork production until a construction contract for the building or facility is awarded and shall attempt to insure that Artwork design is completed and approved by the Committee prior to bidding for the construction contract.
- 13.6.12 (Activity 18-19) Following receipt of Notice to Proceed, Artist(s) will produce, deliver and install Artwork in accordance with Agreement(s). The Architect or Project Manager shall coordinate delivery/installation with construction progress of the building or facility.
- 13.6.13 (Activity 19-20) Committee or its designated representative shall view the completed Artwork(s) installed within the building or facility and provide written approval and acceptance to the Project Manager. The Artist(s) may then receive final payment contingent upon receipt by the Project Manager of the documentation required for the public Artwork program in accordance with the Artwork Agreement(s). Client Agency owns Artwork after installation and final acceptance of the building or facility.
- 13.6.14 (Activity 20-21) Upon final acceptance of the building or facility, the unused amount for public Artwork shall be placed in the Art in Public Places Fund (amount not to exceed one percent of the sum of the original construction contract plus construction contingency, unless construction change orders changed the original program of the major activities for which the building or facility was constructed in which case the amount shall equal one percent of the construction contract plus the applicable change orders.)
- 13.7 IMPLEMENTATION
- 13.7.1 Regional Directors are responsible for coordinating with ASCA and establishing any supplementary procedures necessary to augment this Department procedure as applicable to each region's functions.

SUMMARY DIAGRAM OF PROCEDURE
(Figures in parentheses refer to paragraphs of procedure)



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

STATE EEO GOALS AND TIMETABLES

The following goals and timetables for minority and female utilization shall be included in all State and State-assisted construction contracts and subcontracts in excess of \$10,000.

A. ALASKA GOALS AND TIMETABLES FOR WOMEN*

<u>Timetable</u>	<u>Goals in percent**</u>
From April 1, 1980 until further notice	6.9%

B. ALASKA GOALS AND TIMETABLES FOR MINORITY UTILIZATION

<u>Timetable</u>	<u>Economic Area (EA)***</u>	<u>Goals in percent**</u>
Until further notice	Anchorage SMSA Area	8.7%
	Statewide, except Anchorage SMSA Area	15.1%

* The goals and timetables for women listed above apply to Alaska as well as nationwide.

** The Director, from time to time, shall issue goals and timetables for minority and female utilization which shall be based on appropriate work force, demographic or other relevant data and which shall cover construction projects, or construction contracts performed in specific geographic areas. The goals shall be applicable to each construction trade in a covered contractor's or subcontractor's total work force.

*** Refer to the Standard Metropolitan Statistical Areas (SMSA) and Economic Areas (EA), Office of Management and Budget, 1975.

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOT/PF)
FEMALE AND MINORITY BUSINESS ENTERPRISE (F/MBE) CONTACT REPORT

Successful contractor/consultant shall complete a copy of this form to document FBE and/or MBE contact(s) for each subcontract. Use additional sheets as necessary. See definitions at the bottom of page 2.

PROJECT #: _____ PROJECT NAME: _____

FUNDING SOURCE (if any federal funds involved, consider as federal):

- 1. ☐ State funded (only minority businesses recognized by a directory listing are valid contacts).
- 2. ☐ Federally funded (only certified minority or female firms as listed in the current DOT/PF Directory of Certified Female and Minority Business Enterprise Firms are valid).

LIST ITEMS INCLUDED IN THIS SUBCONTRACT:

Bid Item Number (if applicable)	Description of Work	Price quoted by Successful Sub (construction only)
_____	_____	_____
_____	_____	_____
_____	_____	_____

IDENTIFY THE SUCCESSFUL SUBCONTRACTOR:

_____ Name of Firm

_____ Address

_____ MBE ☐ FBE ☐ non F/MBE ☐
Status

CONTACTS. Indicate all efforts made to comply with requirements (contact categories are listed in descending order of preference).

1. PERSONAL CONTACTS. Include all valid MBE or FBE firms with whom you had "in person" or phone contacts:

_____ Name of Firm _____ Address _____ Phone No. _____

_____ Person Contacted, Title _____ Date of Contact _____ Phone ☐ Office Visit ☐
Type of Contact

This firm is a: MBE ☐ FBE ☐ FMBE ☐ Directory Source _____

Results of Contact:

- 1. Firm selected ☐
- 2. Bid/Proposal received: (a) Not low bid ☐ (b) Unacceptable ☐; List items bid on below.
- 3. Firm not interested in submitting bid/proposal ☐ (explain below)

Name of Firm	Address	Phone No.
Person Contacted, Title	Date of Contact	Phone ☐ Office Visit ☐ Type of Contact

This firm is a: MBE ☐ FBE ☐ FMBE ☐ Directory Source _____

Results of Contact:

1. Firm selected ☐
2. Bid/Proposal received: (a) Not low bid ☐ (b) Unacceptable ☐; List items bid on below.
3. Firm not interested in submitting bid/proposal ☐ (explain below)

2. DIRECT MAIL CONTACT.

☐ Attach a copy of certified letter and a list of all firms to whom it was mailed. This list shall include the name and address of firms as well as type and content of response.

3. ADVERTISEMENT. (Advertisement is only acceptable if no firms can be found through directories or MBE assistance centers.)

☐ F/MBE interest was solicited by advertisement. The advertisement and responses to it are attached

4. COMMENTS:

I CERTIFY THAT ALL F/MBE CONTACT DOCUMENTATION AND ALL SOLICITATION RESULTS ARE AVAILABLE FOR INSPECTION UPON REQUEST.

Signature of Authorized Company Representative

Date

Phone Number

Company Name

Address

I HAVE REVIEWED THIS FORM AND FIND THE INFORMATION SUBMITTED TO BE APPROPRIATE.

DOT/PF Reviewer

Date

This report is required by Executive Order 11246, Sec. 203. Failure to report can result in contracts being cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts of federally assisted construction contracts.

2. EMPLOYER'S I.D. NO.

MINORITY:

FROM:

FEMALE:

TO:

NAME AND LOCATION OF CONTRACTOR

FEDERAL
FUNDING
AGENCY

5. CONSTRUCTION TRADE	Classifications	6. WORK HOURS OF EMPLOYMENT (Federal & Non-Federal)								9. TOTAL NUMBER OF EMPLOYEES	10. TOTAL NUMBER OF MINORITY EMPLOYEES
		6a. TOTAL ALL EMPLOYEES BY TRADE	6b. BLACK (Not of Hispanic Origin)	6c. HISPANIC	6d. ASIAN OR PACIFIC ISLANDERS	6e. AMERICAN INDIAN OR ALASKAN NATIVE	7. MINORITY PERCENTAGE	8. FEMALE PERCENTAGE			
		M F	M F	M F	M F	M F			M F	M F	
	Journey worker										
	APPRENTICE										
	TRAINEE										
	SUB-TOTAL										
	Journey worker										
	APPRENTICE										
	TRAINEE										
	SUB-TOTAL										
	Journey worker										
	APPRENTICE										
	TRAINEE										
	SUB-TOTAL										
	Journey worker										
	APPRENTICE										
	TRAINEE										
	SUB-TOTAL										
	Journey worker										
	APPRENTICE										
	TRAINEE										
	SUB-TOTAL										
TOTAL JOURNEY WORKERS											
TOTAL APPRENTICES											
TOTAL TRAINEES											
GRAND TOTAL											

11. COMPANY OFFICIAL'S SIGNATURE AND TITLE.

12. TELEPHONE NUMBER (Include area code)

13. DATE SIGNED

PAGE

OF

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Robert W. Janes, CPA
Chief, Internal Review
Department of Transportation
& Public Facilities

DATE: November 22, 1983

FILE NO:

TELEPHONE NO: 364-4360

FROM: Jonathan W. Scribner *215 11/16/83*
Deputy Commissioner
Southeast Region

SUBJECT: Audit Report
83-S-10

I concur with a number of the procedural points which were raised in the Department's internal audit review of the renovation work of the Governor's Mansion. I also concur that a department-wide review of DOT&PF's contracting procedures should be undertaken in conjunction with the Department of Law to clarify our regulations and to remove any inconsistencies which may exist.

In any review of the contraction work performed at the Governor's mansion, I think that it is important to keep in mind that the Department's basic objective was to ensure that a professional and long-lasting renovation of this unique historic structure was accomplished. The Governor's mansion was constructed in 1912. It was in a run-down condition with substandard heating and electrical systems. There were no fire and life safety systems. These deficiencies had been repeatedly pointed out by the State Fire Marshal. Numerous attempts by the Department to schedule extensive renovation work on the facility had been denied since previous occupants did not wish to undergo the large scale disruption that the obviously-needed construction work would create for their family life.

Your audit was performed: my staff and I have completed our review, and my response follows:

Audit Comment #1 - Pg. 2 (Harbor Plumbing Contract)

"...the contract should have been advertised in more than the Empire an' in newspapers of statewide solicitation not restricted to City and Borough of Juneau."

Response

For project control of a cost reimbursable contract, I believe it is essential that the contractor's management be immediately available to expedite the acquisition of materials and promptly respond to problems on the job. Several highly qualified contractors are headquartered locally to ensure good competition. In order to provide the level of on-site management necessary, key contractor management personnel not in Juneau would need to relocate during the project at a decided extra cost compared with local contractors. Since this was a cost reimbursable contract, as opposed to the more conventional "lump sum" approach normally used by the State, contractor innovation and other project cost saving techniques were not compromised.

The Department's Policy & Procedure on advertising is not applicable to the competitive contractor selection system used for this fast-track, cost reimbursable contract.

In retrospect, regardless of the mitigating factors, I agree that statewide advertising of the project would have precluded the audit comment. Further consideration needs to be given to developing procedures for these types of contracts.

Meanwhile, I have instructed all personnel to advertise statewide should we encounter this type of project in the future.

I would like to underline that the statutory requirements to advertise this project were in fact met.

Audit Comment #2 - Pg. 2 (Harbor Plumbing Contract)

"The newspaper advertisement stated that work would total \$500,000, but the current contract is for \$1,075,000."

Response

It is true that the estimate in the advertisement was \$500,000. We were unaware until well into the project that the costs for this contract would exceed this estimate. We did not give adequate weight to the high probability of additional expenses which can occur in the renovation of an old structure.

Audit Comment #3 Pg. 2 (Harbor Plumbing Contract)

"Other information, as required in Policy and Procedure 10-0013, Advertisement for Bids, is not included in the ad."

Response

Policy & Procedure 10-0013 does not apply to this advertisement. The advertisement for this project solicited contractor interest and stated how prospective bidders would be prequalified. It also stated how sealed bids would be accepted from the prequalified contractors. Policy & Procedure 10-0013 pertains to the solicitation of bids only, which was not the case in this system.

Audit Comment #4 Pg. 2 (Harbor Plumbing Contract)

"There is also a question as to whether the contract was for management and coordination or for plumbing, heating and electrical work."

Response

This question arises somewhat out of context. The advertisement clearly states that the Department "... is soliciting interest for Mechanical/

Plumbing Contractors ..." (emphasis added).. It would appear clear we were not soliciting interest from non contractors or consultants, for example. Further, no consultants or non contractors responded to the advertisement and no contractors raised any questions to alert us to a possible problem.

Nevertheless, I agree that the wording could have been more clear. The addition of one word would have avoided the question, i.e. :

"... to provide management and coordination and to provide work to renovate the Governor's Mansion plumbing, heating and electrical systems."

Audit Comment #5 Pg. 2 (Coogan/Capitol Contract)

"There is also a question as to whether the advertisement contained all the items required in Policy and Procedures."

Response

Policy & Procedure 10-0013 does not apply to this advertisement. The advertisement for this project solicited contractor interest and stated how prospective bidders would be prequalified. It also stated how sealed bids would be accepted from the prequalified contractors. Policy & Procedure 10-0013 pertains to the solicitation of bids only, which was not the case in this system.

Audit Comment #6 Pg. 3 (Coogan/Capitol Contract) -

"The Department has no system of prequalifying contractors for construction contracts...". "...a method similar to that of professional services contracts was used which had the effect of restricting competition..."

Response

The renovation of a historic building makes it difficult to develop the project scope by ordinary means.

In the absence of a specific procedure which would minimize the substantial risk to the State inherent in this special project and still preserve the statutory requirements for competition and bidding, an alternate system was developed. It was a prequalification system specifically authorized under AS 35.15.050; and which further determined the responsibility of bidders in accordance with AS 37.05.240(a).

Given the lack of time to develop an entirely new system, we used applicable portions of the system used to select professional services. In addition, this system was modified to ensure the statutory requirements for competition were met.

Finally, it was discussed with the Attorney General's Office to ensure that it met appropriate requirements for competition.

Audit Comment #7 Pg. 3 (Vernon Akin Contract)

"...using the time constraints as a justification for a waiver appears inappropriate."

Response

A waiver of selection requirements was based on the following factors:

- The building was constructed in 1912. It was in a run down condition with inadequate heating and electrical systems. There were no fire and life safety systems and it had drawn the attention of the State Fire Marshall on several occasions.
- Repeated attempts by the Department to schedule extensive renovation work to the facility had been diverted because the previous occupants did not want their families and lives disrupted by the obviously needed construction work.
- The present Governor was willing to have the Mansion renovated to correct the deficiencies. It was essential that the work be done in time for the traditional open houses and other public events beginning late fall. The only way to have achieved this schedule was to begin design immediately.
- Vern Akin and Associates had a prior working knowledge of the Mansion. He had also been a subconsultant to "Snow Goose Productions" who had performed an architectural, mechanical and electrical survey on the mansion one month prior to the request for waiver. Mr. Akin was the only engineer in the State that could start design work immediately without resurveying the entire building. By the time the magnitude of the work was fully realized there was only marginally enough time to complete the work within the scheduled time frame.

Audit Comment #8 Pg. 3 (Other Comments)

"...lack of a well defined scope..." "...bonuses for performance by a specific date."

Response

In my opinion it was impossible to define the scope because of the need first to perform exploratory work within the structure of the building itself. No amount of planning or design would have resulted in a defined scope. Bonuses were offered to induce the contractor to accelerate his work schedule.

Audit Comment #9 Pg. 3 (Other Comments)

"...\$150,000 for extended work hours..." "...personnel should have determined the magnitude of the problem earlier..."

Response

I agree the magnitude of the extended work hours problem probably should have been identified earlier. However, as noted in Tom Metlicka's September 13, 1983 memorandum, the oversight was due to an error in estimating the cost of the work which carried through from the beginning of the project. As soon as the error was known I took corrective action to ensure funds were available to complete the job.

Audit Comment #10 Pg. 3, (2) (Other Comments)

"Some documents available in the files in Douglas were not contained in master files in the Contracts Section. All pertinent documents on selection, advertising, award, and amendments should be in the master file as required by the Department P & P 10-0012."

Response-

Documents missing from the Contracts Administration Section files were available in the project files. We have coordinated with the Contracts Section and they now have all documents required. In addition, I have reminded appropriate staff of the requirements of P & P 10-0012, and requested them to adhere to it strictly in order to avoid similar questions in the future.

Audit Comment #11 Pg. 3 (3) (Other Comments)

"...Potential problems with union contracts...Department may have been able to have some of the work performed by State Local 71 employees."

Response

Department employees were not used for the larger contracts because the value of the work exceeded \$100,000 and therefore would have conflicted with AS 35.15.010 & AS 35.15.030. These statutes clearly require this type of work to be contracted unless there is an emergency or it is found to be in the best interest of the State. Neither special condition could be met for these contracts.

Audit Comment #12 Pg. 4 (4) (Other Comments)

"...we could find no contract as required by AS 35.27.20 for artwork..."

Response

According to P & P 28-8002 on Procurement of Artwork for Public Buildings and Facilities the artwork requirement does not apply for maintenance, repair, code upgrade, heating renovation, etc. It also does not apply unless the building is for "substantial public use".

Hence, only those portions of the historical renovation and interior decorating construction work apply which don't fall under the exclusions noted above.

Assuming the portions of the Governor's Mansion which might be judged to have "substantial public use" are the ballroom, library, conservatory, dining room, entry way and second floor mezzanine the required artwork contracts should not need to exceed about \$4000.

Coordination with the Arts Council has been ongoing to establish artwork requirements. This effort is being coordinated with completion of the work on this project.

Audit Comment #13 Pg. 4 (5) Other Comments)

"This course of events did not follow the procedures defined in Advertising Procedures for state-funded projects under \$100,000."

Response

I concur that applicable advertising procedures were not followed for this contract. Hence, I intend to officially notify each of the individuals responsible so there can be no misunderstanding that it is unacceptable to ignore or take lightly substantive requirements in procedures.

In partial mitigation, I have reviewed the process used and am personally satisfied that statutory requirements for obtaining informal bids were met and that a documented process was used to ensure competition. Although the process was documented, the required waiver to support the lack of formal advertising appears to be missing.

Audit Comment #14 - (Other Comments)

"In a bid from Harbor Plumbing..., the two contractors noted in 5 above were cited as proposed subcontractors. Harbor's bid was accepted."
"...the State may have been charged excessive profit and overhead and it is conceivable that the State may have paid twice for the same work."

Response

In the case of the August Corporation Contract, the work for insulation and roof repairs was clearly separate from the work under the Harbor

Contract and it was substantially complete by the time the Harbor Contract was awarded.

The Rhine Contract was for work on the outside porch and also was clearly discrete from the work under the Harbor Contract.

In addition, our concurrent Review section conducted an on-site review of the subject project during the construction status and is our Review Engineer's opinion that although this type of contract was very difficult to administer on the project level, both the project Inspector and Project Manager did a more than adequate job to ensure no double payments were made under the contracts.

Audit Comment #15A Pg. 4, (7) (Other Comments)

"Some of the contracts examined in the Contracts Section master file did not contain all (EEO) documents and some were not completely filled out."

Response

A review of the original signed copy of the contracts covered by this report showed that all required EEO forms were included. It appears that all documents which are to be transmitted to the Contract Administration Section were not sent. Copies of these documents have been transmitted to the Contracts Administration Section and their files should now be up to date. Also I acknowledge that some of the forms were not completely filled out. Our contracts personnel have been instructed to ensure all forms are properly completed on future contracts.

Audit Comment #15B Pg. 4 (7) (Other Comments)

"I was unable to determine if form CC-257, U.S. Department of Labor, on monthly employment utilization has been submitted as required."

Response

Partway through the project, it was discovered that these reports were not being completed. The project files are now up-to-date with completed reports and copies have been sent to the Contracts Administration Section.

Audit Comment #16 Pg. 4 (1) (Recommendations)

"An Attorney General's opinion should be solicited to clarify intent of statutes concerning advertisements, bid requirements and contractor pre-qualification..."

Response

A request for an opinion from the Attorney General's Office will be prepared and sent shortly.

Audit Comment #17 Pg. 4 (2) (Recommendations)

"Departmental procedures should be evaluated and clarified to cover this type of situation and insure that all requirements are documented. Standardized forms should be developed to document such items as informal solicitations with follow-up in writing, telephone conversations with contractors, and administrative procedures for construction contracts. Also, a uniform procedure for handling time and materials contracts should be set up."

Response

We will request Standards and Technical Services Division to review existing Policy and Procedures and documentation requirements for time critical and cost reimbursable contracts and develop appropriate revisions.

Audit Comment #18 Pg. 5 (3) (Recommendations)

"All documents which support a contract should be filed in one location, preferably the Contracts Section near master files in Juneau, so that all information is available in one place. At any rate, a standardized system should be established where all supporting document are filed in one location."

Response

Existing Policy and Procedure clearly requires all documents to be in the Contracts Section master files in Juneau. Discrepancies noted in the Audit Report and action taken have been addressed in the responses above.

LEGISLATIVE AUDIT REPORT

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES AND THE
OFFICE OF THE GOVERNOR
GOVERNOR'S MANSION RENOVATION PROJECT

December 29, 1983

Commissioner (Acting),
Department of Transportation
and Public Facilities

H. Glenzer, Jr.

Deputy Commissioners,
Department of Transportation
and Public Facilities:

Standards and Statewide
Programs (Acting)
Southeast Region
Central Region
Northern Region (Acting)

Daniel Malick
Jon Scribner
David Haugen
William McMullen

Office of the Governor

Governor
Lieutenant Governor

Bill Sheffield
Stephen McAlpine

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

January 3, 1984

Members of the
Legislative Budget and Audit Committee:

In accordance with a Legislative Budget and Audit Committee special request and Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES, AND THE
OFFICE OF THE GOVERNOR, GOVERNOR'S MANSION
RENOVATION PROJECT

December 29, 1983



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REPORT

In accordance with a Legislative Budget and Audit Committee request and Title 24 of the Alaska Statutes, this special report has been prepared to document the activities surrounding the renovation of the Governor's mansion. The review was of the Department of Transportation and Public Facilities and the Office of the Governor and addresses specific areas of concern:

1. The sources of funding used to finance the project;
2. Contracting procedures used to hire individual contractors;
3. Cost overruns and expansion of the project beyond its original scope.

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HISTORICAL BACKGROUND

The construction of the Governor's Mansion in Juneau in 1912 was under the direction of William N. Collier, U.S. construction engineer. The structure was authorized by Congress in the Public Builders Act of 1910, which appropriated \$40,000 to cover both building and furnishing. The architecture of the building was designed by a well-known architect of the time, James Knox Taylor, and is described as a liberal interpretation of New England Colonial.

The mansion, measuring 58 x 60 feet overall, has two and a half stories with a full basement. The original \$40,000 was insufficient to furnish the entire building, but the lower floor and some of the bedrooms were furnished in 1912. The third floor was left virtually unfinished though the original detailed drawings show that half of this top floor was to serve as a territorial museum (which it never did).

The single most extensive renovation of the exterior of the house was done with Federal funds (\$14,100) in 1936. Renovations to the mansion, which had been badly run down, were started in June 1936, under contract to the J.B. Warrack Company.

The entire exterior of the building was plastered over the original clapboard finish and painted white giving the building the appearance that it has today. The short porch that covered only the entry steps was extended to cover the driveway. The peaked roofs of the dormers were flattened and the three small windows above the small entry porch were consolidated into one large window. The three windows on the third floor were consolidated into two to be in balance with the roof angle. Outside shutters were provided for all flush windows. The garage was also dug into the basement in 1936.

The most dramatic change made in the 1936 renovation was the extension of the original portico which covered the central third of the porch. The short portico was extended to cover the entire length of the house supported by six pillars rather than the original four. No major renovations to the exterior have been done since 1936.

Interior renovations done in 1936 included redesigned bathrooms with new plumbing and other minor cosmetic changes.

Minor changes took place between 1936 and 1967. A kitchenette was installed sometime during the Egan administration in the late fifties and early sixties.

The single most significant interior renovation prior to 1983 was executed in 1967-1968 by Arthur Morgan Designers of Seattle, Washington. The renovation, done under the Hickel administration, included gutting the third floor and remodeling it. The ceiling on this floor was lowered and two suites and one bedroom were constructed. A sauna was installed in the basement also. Although the lower two floors remained structurally unchanged, major cosmetic changes were made. The entire color scheme of the mansion was changed to greens and golds, wall-to-wall carpeting was installed in many rooms, and contemporary furniture was purchased.

On November 7, 1976, the mansion was placed on the National Register of Historic Places.

The 1983 renovation of the mansion is the most extensive in the history of the building. The first and second floors and the basement were renovated to restore the interior appearance to the 1912 era.

General changes included removing all of the wall-to-wall carpeting and replacing it with large oriental rugs. Hardwood floors were refinished and repaired throughout the mansion. All of the seven fireplace mantles and all the walls were stripped and repainted. Some antique furniture was purchased and bathroom fixtures were replaced by old style fixtures, (bear claw tubs, pedestal sinks, brass and porcelain handles, etc.).

Several structural changes were made during the 1983 renovation. The kitchenette on the second floor was removed to allow for the large entry hall per the original blueprints. A door was installed between the Governor's study and the master bedroom. The bathroom adjacent to the Governor's study was converted into a kitchenette with toilet facilities. Mahogany shelving from floor to ceiling was installed along all of the walls of the library on the first floor, and a new mahogany mantle was built. A new hardwood floor was placed in the entry way and the conservatory. The pantry was changed to the dishwashing area and a new refrigerator and dishwasher installed. The dishwashing area was changed to the pantry and custom cabinets installed. A hot tub (purchased by Governor Sheffield) was installed in the basement, and the mantle from the library was installed around the fireplace in the recreation room in the basement. Also, a wall was built to block off the laundry room in the basement. The 1983 renovation included installing new electrical and plumbing systems on the first and second floors as well as the basement, and a new fire detection and intrusion system.

FINDINGS AND AUDITOR'S COMMENTS

A. What were the sources of funding used to finance the Governor's Mansion Renovation project?

DOTPF transferred a total of \$1,455,000 to the Governor's mansion project from appropriations that were originally intended for other purposes. The following is a list of the source of funds used for the mansion project:

1. Ch 120, SLA 80 appropriated \$71,000 to DOTPF for the Governor's Mansion Fire Sprinkler System.
2. Ch 82, SLA 81 appropriated \$5,200,000 to DOTPF for Energy, Safety, and Architectural Barrier Changes. Of this total appropriation, \$1,385,000 was used to fund the mansion project. However, only \$235,000 was specifically intended for the mansion. The residual amount, \$1,150,000, had originally been intended to be used to correct deficiencies noted in energy audits performed on Interior Region buildings. The specific projects are:
 - a) \$596,000, project number H79364 (Fairbanks Electrical Retrofit), Fairbanks Court House and parking garage.
 - b) \$200,000, project number H79361 (Interior Buildings Retrofit), State office buildings.
 - c) \$204,000, project number H79362 (Interior Shops Energy Retrofit), maintenance shops.
 - d) \$150,000, project number H79363 (Fairbanks Peger Road Energy Retrofit), DOTPF building complex on Peger Road, Fairbanks.
3. Ch 107, SLA 83 appropriated \$500,000 to DOTPF for the Governor's Mansion. Intent per DOTPF's budget documents was for remodeling/repairs to the Governor's mansion.
4. An RSA between the Department of Administration (DOA) and DOTPF transferred \$305,000 from DOA to DOTPF for the Governor's Mansion Renovation project. The source of funds of the amount transferred was Ch 25, SLA 82, which appropriated \$7,000,000 for Building Renovation, Replacement, and Surplus. The intent per budget documents was for this appropriation to be used for providing housing to State employees, particularly in remote rural locations. The following projects were eliminated as a result of the RSA:

- a. Deer Mountain Hatchery (\$100,000)
- b. Livengood Septic System (\$60,000)
- c. Nelchina Septic System (\$30,000)
- d. McGrath Septic System (\$70,000)
- e. Slana Exterior (\$75,000)

DOTPF subsequently transferred \$117,000 to the Office of the Governor for the acquisition of furniture, rugs, and other decor items.

- 5. Ch 101, SLA 82 appropriated \$13,121,400 to the Office of the Governor for Executive Operations, and \$169,000 was used for the Governor's Mansion Renovation project.

In summary, DOTPF funded \$2,144,000 and the Office of the Governor funded \$286,000 for the renovation of the Governor's mansion, which totals to \$2,430,000. Of this amount, \$1,455,000 (\$1,150,000 of Ch 82, SLA 81 and \$305,000 from RSA) or 60% of the total funding was budgeted for other purposes.

B. Were individual contractors on the Governor's Mansion Renovation project hired in accordance with State contracting procedures?

The purpose of the various statutes, regulations, and P&Ps regarding competitive bidding and advertising for State contracts is probably best summarized by an Attorney General's opinion note to AS 35.15.050:

"The purpose of this section and the Fiscal Procedures Act (AS 37.05) is not only to protect the state and the public purse from uneconomic contracts let because of failure to request competitive bids and because of possible favoritism, but also to insure that contractors are insured a certain amount of 'fair play' in dealing with the state government and in competing with one another for state contracts."

When the competition has been limited through sole source contracts, restricted advertising, etc., this sense of "fair play" is missing. It also opens up the State to possible litigation and gives the appearance of favoritism.

Department of Transportation and Public Facilities (DOTPF)

DOTPF did not follow established procedures or the intent of statutes and regulations when awarding

several contracts for construction and professional services on the Governor's Mansion Renovation project:

1. Vernon Akin & Associates was awarded a sole source contract for engineering design and construction services in the amount of \$60,000. This project was not advertised as required by AS 36.98, or DOTPF P&P 28-8000. AS 36.98.030 does allow DOTPF to contract on a sole source basis if they can demonstrate that there is a single person or firm that can clearly perform the required tasks more satisfactorily because of the person's or firm's prior work. Although DOTPF stated that this was the basis for the sole source contract, it was not clearly demonstrated by any written evidence in the files.
2. Jerry D. Wood, P.E., was awarded a sole source contract of \$25,000 to provide on-site management for the Governor's Mansion Renovation project. In addition, the contract provided Mr. Wood with a car during the duration of his contract. The contract was later amended up to a total of \$35,000, which included the car rental in the contract price.

In our opinion, the original contract amount exceeded \$25,000 and therefore should have been advertised in accordance with AS 36.98. There were over 100 firms on DOTPF's prequalification register for these types of services. DOTPF's not allowing these and other contractors the opportunity to compete for this contract clearly violates the spirit and intent of the law. Several other items noted were:

- a) Mr. Wood had been a business associate with Fred Seeger in a corporation known as SeeWood (this is discussed further in "D" of this section of the report). Fred Seeger was Deputy Commissioner of DOTPF until he resigned in early December, 1983.
- b) Mr. Wood was added to the DOTPF professional services contractor register without all of the proper forms being submitted and reviewed.
- c) Mr. Wood obtained a business license the same day his contract was signed, July 7, 1983.
- d) Mr. Wood's business address was DOTPF's Southeast Regional office.

- e) Three out of the four construction contracts for this project had been awarded and work started (with one contract completed) by the time Mr. Wood's contract began. His contract terminated October 18, 1983. Both before his contract began and after it was terminated, the project was managed by DOTPF employees (project was not complete until mid-December).
3. The August Corporation was awarded a contract of \$90,000 for roof repair and attic insulation. DOTPF did not advertise this contract as required by DOTPF P&P 70-7001. In addition, AS 35.15.030 requires that at a minimum, informal bids shall be requested from as many contractors as can be requested conveniently. Five local firms were contacted, with two responding.
 4. The Rhine Stone and Plastering Company was awarded a contract of \$14,000 for concrete and masonry services. This contract was not advertised. However, two local firms were contacted for informal bids.
 5. Harbor Plumbing & Heating was awarded a contract of \$600,000 (subsequently amended to \$1,000,000 with costs to date of \$1,081,000 and estimated to exceed \$1,130,000) for plumbing, heating, and electrical renovation. This contract was not advertised as required by DOTPF P&P 70-7001. P&P 70-7001 states "projects shall be advertised in three consecutive weekday issues in newspapers in Anchorage, Fairbanks and Juneau, local papers where available, the Tundra Times and the All Alaska Weekly. Large projects should also be advertised in the northwest regional construction trade papers." However, DOTPF only advertised in the Juneau Empire, limiting the response to only those firms located in the City and Borough of Juneau, and provided a cost estimate indicating the project would cost only \$250,000 to \$500,000.

In addition, this contract was not dated, did not contain a project completion date, but did provide a bonus of \$25,000 if the contractor completed the project on time.
 6. Coogan Construction Company and Capitol Construction Company, a Joint Venture, was awarded a \$300,000 contract (subsequently amended to \$400,000 with costs to date of \$676,000 and estimated to exceed \$735,000) for architectural renovation work. This project was not advertised in accordance with P&P 70-7001 which requires a

minimum advertising period of 21 days. DOTPF did not submit advertising orders to newspapers, etc., until June 27, 1983, but they required that completed "Expression of Interest Questionnaires" be returned to DOTPF by 2:00 PM, July 8, 1983, a period of eleven days maximum.

In addition, DOTPF prequalified the contractors and stipulated that only the top three would be allowed to bid on the project. This further restricted the competition (two bids were not opened).

The purpose of prequalification is to assure that only contractors who meet certain qualification criteria are allowed to bid on a project. However, DOTPF does not have established procedures or standards for prequalifying construction contractors. In this particular case, allowing only the top three prequalified contractors to bid could not only have resulted in excluding some qualified contractors, but it also could have resulted in DOTPF having to award the bid to an unqualified contractor if one of the top three was really not qualified to perform the contract but submitted the low bid. DOTPF, if it wishes to use prequalification, should establish procedures and standards so that all qualified and interested contractors will be allowed to bid on projects where prequalification is used.

The Office of the Governor

Title 36, Chapter 98 of the Alaska Statutes governs professional services contracts. Under these statutes and the related regulations, 02 AAC 17, the Department of Administration has established procedures for professional services contracts in the State Administrative Manual (SAM) sections 8102 through 8193. Section 8120 specifies required procurement procedures for contracts depending on their dollar value: \$5,000 or less, informal solicitation of interest; over \$5,000 up to \$25,000, formal or informal solicitation of interest; over \$25,000, formal solicitation as well as advertisement in a newspaper in general circulation in Alaska. Section 8120 also states that all costs for the life of the contract including any anticipated successive phases or follow-up work are to be included in determining the dollar value of the contract.

However, the Office of the Governor awarded three sole source contracts (stated face value \$64,000) worth over

\$280,000 to Phyllice Bradner, dba Snow Goose Productions, that were not advertised nor were informal or formal proposals solicited:

1. A \$5,000 contract was awarded February 7, 1983 for Ms. Bradner to act as coordinator for the Restoration Advisory Committee on the Governor's Mansion Renovation project. This contract had not been advertised. Also, informal proposals had not been solicited as required by the SAM, Section 8120.
2. A \$14,000 contract was awarded March 24, 1983 for Ms. Bradner to provide a cost estimate study of the Governor's Mansion Renovation project and to continue as the coordinator for the Restoration Advisory Committee. This contract was awarded without securing competitive proposals because the Office of the Governor requested and the Department of Administration granted the authority to negotiate this contract on a sole source basis. However, we question the reason used to justify the sole source (to facilitate continuity in the project and to maintain consistency of style), especially since the initial contract was awarded without advertising or soliciting proposals from several firms. We believe a request for a sole source contract because of wanting to continue a relationship should come under much closer scrutiny.
3. A \$45,000 contract was awarded May 19, 1983, for Ms. Bradner to act as project coordinator for the Governor's Mansion Rehabilitation project. Her services included the selecting and purchasing of all decor items (furniture, antiques, draperies, etc.), selling these items to the Office of the Governor (plus a handling charge for wholesale items), and overseeing the placement and arrangement of these items in the mansion. Again, as in the previous contract, the authority to negotiate a sole source contract was requested from and granted by the Department of Administration, eliminating the competitive process.

In addition, the contract did not restrict the amount of the items the contractor could purchase. As a result, the Office of the Governor could have been liable for all items purchased even though the amount may have exceeded that intended for purchases (\$222,000 was encumbered for decor items). We believe because of the nonstandard nature of the scope of services and degree of latitude being allowed the contractor that this

contract should have been reviewed by the Department of Law.

C. Why was the original scope of the project expanded and what changes resulted from the scope expansion?

The original scope of the Governor's Mansion Renovation project was defined by the Governor's House Restoration Advisory Committee which was formed to oversee the project. The initial concern expressed by DOTPF to the Restoration Advisory Committee was for maintenance of the mansion which highlighted the need for a fire suppression (sprinkler) and alarm system. Subsequently, DOTPF personnel suggested that new electrical and plumbing systems be included in the scope of work being defined by the Restoration Advisory Committee, due to major plumbing problems and electrical deficiencies, and because it would be most economical and practical to install the systems while the walls are opened up to install the sprinkler system.

In April, 1983, the Restoration Advisory Committee defined the original scope of work, Phase I, to consist of installing a new hot water heating system, new electrical wiring and distribution system, new sprinkler and smoke detection systems, and related cutting and patching. The preliminary cost estimate was \$600,000. In May, 1983, Phase II of the renovation, which was for interior finishes, cabinetry, and wainscoting, was added to the original scope of work per the wishes of the Office of the Governor. The estimated cost of the additional work was \$300,000.

Phase II scope of work was again expanded per the wishes of the Office of the Governor in July, 1983 to include tile work for the scullery, cabinetry in the pantry, cast iron radiator wood enclosures and carpeting. The scope increase was estimated at a cost of \$235,000.

In September, the scope of Phase I was expanded to include additional electrical wiring work, television distribution, telephone system, fire alarm and intrusion systems. The estimated cost of the expanded scope was \$175,000. The scope of Phase I was expanded again in September to include heat distribution in the basement area, new dishwasher and refrigerator, and installation of antique plumbing and electrical fixtures. The cost of the additional work was estimated to be \$75,000. Phase II work was also expanded in September to include additional painting, wall papering, kitchen pantry, mill work, and door hardware. The estimated cost for the scope expansion was \$75,000. The scope

was expanded in these cases because of additional work required due to unknown conditions.

The amount of \$283,000 was identified for consultant contracts, roof repairs, new telephone system, attic insulation, and furnishing storage. The total cost estimate was increased by \$401,000 due to low estimates and overtime pay to expedite project completion. The total cost estimate for the construction phase of the project was \$2,144,000, with an additional \$286,000 cost estimate for overseeing the project and for decor items, bringing the total to \$2,430,000.

- D. What was the relationship between Fred Seeger (DOTPF Deputy Commissioner until December, 1983) and the project coordinator Jerry Wood?

The following items were noted relating to this question:

1. Fred Seeger and Jerry Wood had been associates in a business known as SeeWood Corporation.
2. Mr. Wood gave to DOTPF personnel (in June, 1983) a SeeWood Corporation business card that contained both Mr. Wood's and Mr. Seeger's name on the face, indicating a current business relationship.
3. Mr. Wood was first mentioned as a potential contractor by Mr. Seeger.
4. Mr. Wood was awarded a sole source contract.
5. Mr. Wood was added to the DOTPF professional services contractor register without all of the proper forms being submitted and reviewed.
6. Mr. Wood obtained a business license the same day his contract was signed, July 7, 1983.
7. Mr. Wood's business address was DOTPF's Southeast Regional Office.
8. Three out of the four construction contracts for this project had been awarded and work started (with one contract completed) by the time Mr. Wood's contract began. His contract terminated October 18, 1983. Both before his contract began and after it was terminated, the project was managed by DOTPF employees (project was not complete until mid-December).

All of the above give the appearance of a conflict of interest. It should be noted, however, that the State

of Washington corporation records have not listed Jerry Wood as an owner or officer of SeeWood Corporation since 1981.

E. Expenditures and contract administration.

DOTPF

DOTPF transferred Governor's Mansion Renovation project expenditures of \$40,000 to an overhead account. The project expenditures transferred consisted of personal services expenditures for DOTPF employees who worked on the mansion project. In addition, November and December expenditures for DOTPF Maintenance and Operations employees working on the Governor's Mansion Renovation were not charged to the project.

Alaska Statute section 37.07.080(e) prohibits transfers between appropriations except as provided in an act making the transfers between appropriations.

Personal services expenditures related to the project should be included as a part of the total project costs and should not have been transferred to another account.

The Office of the Governor

The Office of the Governor in administering and making payments under two of the Snow Goose Productions contracts:

1. paid for expenses of the contractor that were not provided for by the contract. The contract stated that in full consideration of her services she would be paid \$40 per hour with no reference made to expenses (the second contract with her provided for expenses as well as \$40 per hour).
2. paid \$10,000 in advance of receiving the services.
3. paid a percentage handling charge for retail items, shipping, and services while the contract only allowed this handling charge on items purchased at wholesale by the contractor.
4. paid for items without invoices as required by the contract. In addition, they had not verified that the items had been received.
5. did not assure that competitive quotations were obtained where possible on items or services purchased.

The above problems resulted in some overpayments and two double payments totalling over \$3,600. While the Office of the Governor has adjusted subsequent billings for most of these overpayments (after it was brought to their attention), it indicates they need to improve their controls over contracts and contract payments.

F. Could Federal Funds have been used to finance the Governor's Mansion renovation?

Since the Governor's mansion is on the National Register of Historic Places, the question was raised whether Federal Funds were available for this project. The National Park Service of the U.S. Department of the Interior does provide project grants under its Historic Preservation Grants-in-Aid Program to states operating historic preservation programs. These grants, which are to be matched equally with State funds, can be used to help finance state surveys and plans for historic preservation, research, preservation for public benefit of National Register listed properties, and other costs necessary to accomplish the purposes of this program.

To obtain further information on this program, we contacted the Alaska Regional office of the National Park Service and were informed that in recent years, the total funding available under this program has been substantially reduced for all states. In addition, Federal funds provided to Alaska have been restricted to performing surveys and planning activities.

G. What department of the State of Alaska should be responsible for the Governor's Mansion?

There is a question of whether DOTPF or the Department of Natural Resources (DNR) should be responsible for the Governor's Mansion. In general, DOTPF is responsible for the construction (which includes major repairs) of public works, as well as the maintenance of State-owned buildings.

However, AS 41.35, Alaska Historic Preservation Act, provides that State-owned historic properties are under the control of DNR. To clarify this issue, we have requested an opinion from the Department of Law.

H. What happened to the furniture that was in the mansion before the renovation?

Part of the furniture that was in the mansion before the renovation was placed back in the mansion after the reconstruction phase. Some of these items were reupholstered and/or refinished.

Other furniture and decor items have been placed in storage, for example the Austrian Bentwood chairs that had been in the ballroom. Some of these items in storage will be auctioned at a later date.

The rest of the furniture was auctioned to the public on October 29, 1983 (the State received approximately \$7,200 for the sale of these items). However, the Department of Administration, Division of General Services and Supply (GSS), did not inform other State agencies of this excess furniture (to determine if they could use some of the items) as required by the State Property Accounting Manual. GSS had been specifically instructed by the Office of the Governor to hold all these excess items for auction to the public.

In addition, three items on the list to be auctioned (two decoupage wall plaques and a set of draperies) were never received by GSS, and are currently missing.

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APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT

SCHEDULE OF CONTRACTS AND COSTS

(Note 1)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price Method	Bid Method	Costs					Total Costs
					Materials	Labor Straight	Overtime	Other Expenses	Profit O/H	
Department of Transportation and Public Facilities										
LINN A. FORREST ARCHITECTS, A.I.A.	Fire and intrusion detection system design.	\$ 16,500	9/3/81 Fixed	Informal Solicitation 3 Firms	\$ -0-	\$ 10,098	-0-	\$ -0-	\$ -0-	\$ 10,098
(Note 1)	Architectural services for Phase II, construction services.	18,000 6,204 *	6/17/83 Fixed	Informal Solicitation 3 Firms	-0-	16,300	-0-	7,904	-0-	24,204
Total FORREST		40,704			-0-	26,398	-0-	7,904	-0-	34,302
LARRY BREEDING	Basic fire sprinkler design	12,000	9/29/81 Fixed	Informal Solicitation 3 Firms	-0-	10,200	-0-	-0-	-0-	10,200
VERNON AKIN & ASSOCIATES (Note 1)	Design services for heating and sprinkler system	60,000	4/18/83 Fixed	Sole Source	-0-	40,083	-0-	19,917	-0-	60,000
AUGUST CORPORATION	Repair and replace roof, insulate attic	90,000	5/12/83 Cost Plus	Informal Solicitation 3 Firms	22,604	46,964	1,585	490	10,747	82,390
RUINE STONE & PLASTERING (Note 1)	Resurface south deck, clean rock work and replace	14,000 (8,000)* 6,000	6/9/83 Fixed	Informal Solicitation 2 Firms	-0-	-0-	-0-	6,000	-0-	6,000
HARBOR PLUMBING & HEATING (Note 1)	Plumbing, heating and electrical	600,000 300,000 * 100,000 * 131,576 *	6/20/83 Cost Plus	Bid (1 bidder)	102,777	184,278	-0-	69,412	59,089	415,556
August Corporation	Cutting, patching carpentry, and clean-up renovation				25,454	82,470	37,502	-0-	36,424	181,850

APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS
 (Note 1)
 (Continued)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price Method	Bid Method	Costs				
					Materials	Labor Straight Overtime	Other Expenses	Profit O/I	Total Costs
Cochran Electric	Electrical, telephone cable, smoke/ intrusion system				47,010	196,004 31,640	-0-	-0-	274,654
M.L. Lawler, Inc.	Pipe insulation				7,846	21,477 14,494	-0-	1,208	45,025
Harri Plumbing	Install sprinkler system				23,986	20,137 10,127	-0-	7,034	61,284
Rhine Stone & Plastering	Plaster walls and ceilings				14,922	34,497 9,923	-0-	6,102	65,444
Associated Gravel	Pave driveway to garage				1,281	-0- 945	-0-	-0-	2,226
Reliable Sheet Metal	Sheetmetal work for ventilation system				2,558	19,173 -0-	-0-	-0-	21,731
Johnson Controls	Heating/pneumatic system design and installation				27,478	17,691 3,906	-0-	998	50,073
C. Klassen Concrete	Patch garage, basement, and bathroom floors				-0-	774 200	-0-	-0-	974
Poskin Construction	Install new water main				7,232	4,762 715	-0-	-0-	12,709
Total HARBOR PLUMBING		<u>1,131,526</u>			<u>260,544</u>	<u>581,263</u> <u>109,452</u>	<u>69,412</u>	<u>110,855</u>	<u>1,131,526</u>
JERRY INAMI, P.E.	Provide on-site project management using computerized scheduling	25,000 10,000 * <u>\$ 35,000</u>	7/7/83 Fixed (Plus Car)	Sole Source	-0-	31,030 -0-	3,784	-0-	34,814

APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS
 (Note 1)
 (Continued)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Method	Bid Method	Costs					
					Materials	Labor Straight	Overtime	Other Expenses	Profit O/H	Total Costs
COOGAN CONSTRUCTION/ CAPITOL CONSTRUCTION, Joint Venture (Note 1)	Architectural renovation work	300,000 100,000 * 335,217 *	7/19/83 Cost Plus	Prequalifi- cation Bid (5 responses, 3 bids opened)	16,842	115,333	67,354	82,274	75,499	357,302
Renoir Painting	Painting, stripping and detail work				15,848	90,069	48,191	-0-	26,799	180,907
F & C Enterprises	Alaska representative for Coastcraft, Inc.				489	967	-0-	-0-	103	1,559
Queen City, Inc. (Note 2)	Hardwood floors, tile, and carpet				68,650	23,287	13,654	-0-	9,839	115,430
JD Glass & Door	Storm windows, glass work and glazing				317	1,494	-0-	-0-	-0-	1,811
Coastcraft, Inc.	Mill work, cabinets, woodwork				78,208	-0-	-0-	-0-	-0-	78,208
Total COOGAN/CAPITOL		735,217			180,354	231,150	129,199	82,274	112,240	735,217
Total DOTPF Contracts		2,110,447			463,502	967,088	240,236	189,781	233,842	2,094,449
DOTPF Direct Expenditures										
Personal Services:										
Buildings Design and Construction (Note 3)										
					-0-	61,484	-0-	-0-	-0-	61,484
Maintenance and Operations (Note 1 & 3)										
					-0-	27,683	-0-	-0-	-0-	27,683
Other										
					-0-	-0-	-0-	17,449	-0-	17,449
Total DOTPF		2,110,447			463,502	1,056,255	240,236	207,230	233,842	2,201,065

APPENDIX A

GOVERNOR'S MANSION RENOVATION PROJECT
SCHEDULE OF CONTRACTS AND COSTS
 (Note 1)
 (Continued)

CONTRACTOR Subcontractor	Contract Description	Contract Amount Amendments *	Effective Date Price Method	Bid Method	Costs					Profit O/H	Total Costs
					Materials	Labor		Other Expenses			
						Straight	Overtime				
<u>Office of the Governor</u>											
SNOW GOOSE PRODUCTIONS	Restoration Advisory Committee Coordinator	\$ 5,000	2/8/83	Sole Source	-0-	4,160	-0-	839	-0-		4,999
SNOW GOOSE PRODUCTIONS	Provide Cost estimate study & continue as coordinator	14,000	3/24/83	Sole Source	-0-	4,360	-0-	9,625	-0-		13,985
SNOW GOOSE PRODUCTIONS	To be Renovation Project Coordinator, Interior decorator, & purchase furniture & other decor items.	45,000	5/19/83	Sole Source	-0-	-0-	-0-	45,000	-0-		45,000
	To sell to the State decor items purchased.	222,000	Cost Plus		132,273	-0-	-0-	68,750	12,132		213,155
<u>Total Office of the Governor</u>		286,000			132,273	8,520	-0-	124,214	12,132		277,139
<u>Total Governor's Mansion Renovation</u>											
		\$2,396,447			\$595,275	\$1,064,775	\$340,236	\$111,444	\$245,974		\$2,478,204

APPENDIX A
GOVERNOR'S MANSION RENOVATION PROJECT
NOTES TO SCHEDULE OF CONTRACTS AND COSTS

Note 1 - Estimated Costs

We have included estimated costs (per DOTPF and the Office of the Governor) because the final cost figures were not yet available. We have also provided adjustments to contract amounts to match anticipated costs where necessary. The breakdown of these estimates are as follows:

	<u>Contract</u>	<u>Materials</u>	<u>Labor Straight</u>	<u>Other</u>	<u>Profit O/H</u>	<u>Total</u>
<u>DOTPF</u>						
Linn A. Forrest, Architects	\$ 6,204	\$ -0-	\$ -0-	\$ 7,904	\$-0-	\$ 7,904
Vernon Akin & Associates	-0-	-0-	-0-	19,917	-0-	19,917
Rhine Stone & Plastering	(8,000)	-0-	-0-	6,000	-0-	6,000
Harbor Plumbing & Heating	131,526	-0-	-0-	50,390	-0-	50,390
Coogan/Capitol J.V	335,217	-0-	-0-	58,675	-0-	58,675
Total DOTPF Contracts	<u>464,947</u>	<u>-0-</u>	<u>-0-</u>	<u>142,886</u>	<u>-0-</u>	<u>142,886</u>
DOTPF Direct Exp.						
Pers. Svcs. M & O	-0-	-0-	7,382	-0-	-0-	7,382
Total DOTPF	<u>464,947</u>	<u>-0-</u>	<u>7,382</u>	<u>142,886</u>	<u>-0-</u>	<u>150,268</u>
<u>Office of the Governor</u>						
Snow Goose Productions	222,000	4,528	-0-	8,364	296	13,188
Total Estimates	<u>\$686,947</u>	<u>\$4,528</u>	<u>\$7,382</u>	<u>\$151,250</u>	<u>\$296</u>	<u>\$163,456</u>

Since these figures are only best estimates of anticipated costs, the final actual cost of the renovation may vary from the schedule.

Note 2 - Queen City, Inc.

The costs for this sub-contract include approximately \$8,100 for subsistence, lodging, and related expenses.

Note 3 - DOTPF Direct - Personal Services

The Buildings and Construction personal services charges include approximately \$40,000 that had been transferred to an overhead account. The Maintenance and Operations charges of \$27,683 are from an operating project account (see E.1. of the Findings and Auditor's Comments section of this report).

Note 4 - Snow Goose Productions

The \$222,000 included in the contract amount column was the amount that had been encumbered for the purchasing of decor items. However, no amount had been specified in the face value of the contract (see B of the Findings and Auditor's Comments section of this report).

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU



January 24, 1984

Mr. Gerald L. Wilkerson, C.P.A.
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, AK 99811

Dear Mr. Wilkerson:

The Office of the Governor has reviewed the audit of the Governor's Mansion renovation project, entitled "A Special Report on the Department of Transportation and Public Facilities and the Office of the Governor Governor's Mansion Renovation Project."

We have the following comments regarding the report:

Section B:

In the discussion of contracting procedures under the subsection "Office of the Governor," the auditor neglects to mention that both the statutes and related regulations regarding professional services contracting also provide procedures for sole source contracting (AS 36.98.030(d)(1) and State Administrative Manual, Section 8122). Although the auditor acknowledges that the Office of the Governor obtained approval from the Department of Administration to negotiate the sole source contracts, there is no indication that procedures were followed as required by law.

Section E:

Item two - Advance or mobilization payments are a common practice in State contracting, and are acceptable to the Department of Administration in most cases. The Department of Administration has stated that agencies have the authority to determine when such payments are necessary for mobilization costs for a contract.

Mr. Gerald L. Wilkerson

- 2 -

January 24, 1984

Item three - All questionable handling charges were deducted from payments prior to the completion of the contract. Payment was subsequently made only on those charges which the contractor was able to substantiate were wholesale charges or where she had been given a professional discount.

Item four - Payment was made by this office upon receipt from the contractor of her invoice, detailing each purchase and any applicable handling charges as required by the contract. These invoices were submitted with backup for each purchase consisting of invoices, statements, purchase orders, and/or cancelled checks.

Errors pointed out by the auditor were discovered prior to the completion of the contract. Adjustments were made prior to the completion of both the contract and the audit. No close-out audit had yet been done by this office, because the contract was still in progress, a fact the auditor fails to mention. Since adjustments were made prior to the completion of the contract, and the State, in fact, lost no money, charges of overpayments totaling over \$3,600.00 are premature.

Sincerely,



Laura J. Herman
Executive Assistant
for Administration

cc: Bill Sheffield
Governor

John Shively
Chief of Staff

Michael A. Nizich
Director, Division of
Administrative Services

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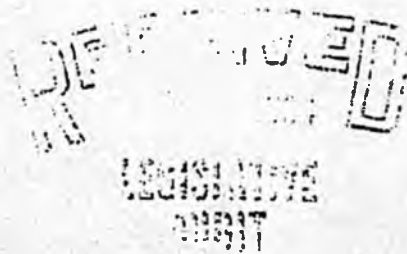
BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

SOUTHEAST REGION

P.O. BOX 1467
JUNEAU, ALASKA 99802

(907) 364-4360



January 25, 1984

Re: Governor's Mansion
Project

The Honorable Robert H. Bettisworth
Alaska State House
Pouch V
Juneau, Alaska 99811

Dear Representative Bettisworth:

This is in response to the Special Report on the Governor's Mansion Project, December 29, 1983. Our response addresses only those areas involving DOT&PF actions.

Historical Background

- We believe this fairly represents the background on this project as we understand it.

Findings and Auditor's Comments

- A. The sources of funds for this project are accurately described. But, we very much disagree that the appropriation "transfers" were "originally intended for other purposes".

Chapter 82 SLA 81 appropriated \$5,200,000 to DOT&PF for energy, safety and architectural barrier changes.

Attached to the budget documentation for this appropriation was a list of projects totaling over \$20,000,000. The budget documents state: "This list exceeds the funding available and will necessarily have to be reduced to identify the highest priority projects ... In addition, the following specific projects are (emphasis added) to be funded from the total amount available ...

Southeast Electrical Systems Maintenance	69.3
Valdez Time Clock Heat System	17.6
Southeast Life Safety Improvements	220.0
Governor's Mansion Sprinkler System	185.0 "

The budget documents also direct that the limited funds should be used to perform a comprehensive upgrade program for all aspects of high priority facilities in order to minimize project administration costs by reducing the number of small projects; reduce contractor mobilization costs; and resolve design interrelationships among different upgrade requirements.

The four projects listed (H79361 Interior Buildings Retrofit, H79362 Interior Shops Energy Retrofit, H79363 Fairbanks Peger Road Energy Retrofit & H79364 Fairbanks Electrical Retrofit) were the result of an internal allocation of funds within this appropriation. As implied, they were not specifically included in the original budget documents by either name or cost.

Since the Governor's Mansion project is one of the four projects specifically mentioned in the budget documents, and because the funds were clearly used for the purposes intended, the department was clearly within its authority. In fact, to have limited this project to only the fire sprinkler system after it was determined that other life safety and energy code problems existed would have clearly violated legislatively approved directions to comprehensively upgrade high priority facilities.

The funds appropriated to the Department of Administration were likewise reduced from the original request. Therefore, they, too, were required to exercise statutory discretion to choose projects consistent with legislative purposes.

- B. We disagree that the intent of statutes and regulation was not followed when awarding various contracts for the project. We agree that certain established procedures were not followed, but note that several procedures could not be applied to this unique project.

1. Vernon Akin & Associates:

According to AS 36.98.030 a sole source contract is permitted if a waiver is granted. This waiver was signed by the Commissioner according to statutory requirements. The audit report suggests that the waiver did not contain sufficient written evidence to justify the waiver. However, no criteria exist for such a waiver. The waiver was therefore based on our understanding of the statutory requirements. Vernon Akins & Associates had just concluded a subcontract with another contractor on the mansion and he was by far the most knowledgeable engineer in Alaska with many years of prior experience on the mansion. There was no question among the staff familiar with this project that this firm could clearly perform the required tasks more satisfactorily than any other firm because of their prior work on the mansion. This is the

January 25, 1984

"test" required by statute and, hence, the reason the waiver was requested and approved.

2. The audit report fails entirely to note that Jerry Wood was selected according to procedures for contracts not exceeding \$25,000, so that AS 36.98 did not apply. During one of the many investigations on this project it was pointed out that the rental cost of a vehicle should be included in the "total amount of the contract." We disagree, but immediately issued instructions to ensure that the "total amount of the contract" including car rental would not exceed \$25,000 to avoid any potential for inadvertently stepping over the line on AS 36.98. This was possible because the fixed fee amount of the contract was only \$21,100. This confirmed our stated intent not to exceed \$25,000 and clearly assured that AS 36.98 did not apply. Please note the enclosed Attorney General's Opinion confirming the propriety of our action on this point. A review of the preliminary cost estimates for this contract, including contingencies, show the cost was always anticipated to be well below \$25,000. This is confirmed by the fixed fee amount in the contract of \$21,100. Accordingly, we take strong exception to the audit statement that the "contract clearly violates the spirit and intent of the law". We very carefully followed the spirit and intent of applicable law and suggest the audit comment is inappropriate.

- a). As a matter of fact the business and financial relationship between Jerry Wood and Fred Seeger was severed over two years before this contract was signed. This is more than 1 1/2 years beyond which the Attorney General's office proposed last year in analogous legislation as constituting a conflict of interest violation. Also, Fred Seeger was organizationally in no way responsible for this work, nor did he have any authority over it.

We agree that anytime there is a "perception" or "appearance" of impropriety there is cause for concern. But if we based all our decisions on certain people's "perception" of a problem, one can readily imagine government coming to a virtual standstill.

It is regrettable that a copy of the gentlemen's business card from their previous relationship received such wide circulation, but it hardly seems appropriate or responsible to use that as a basis for suggesting the contract may not be appropriate or that a conflict of interest existed.

- b). It is irrelevant that Mr. Wood was placed on the register improperly. Because the original contract amount was not over \$25,000, a register was not required; hence, it was not used for selection.

January 25, 1984

- c). Applicable law requires a contractor to have a business license before he begins work in the State. This was done.
- d). There are no statutory or procedural requirements on where a contractor states the location of his business. Mr. Wood stated his business mailing address as 1815 114th S.E., Everett, Washington 98205. He inadvertently stated the location of his business as our office, since he was working out of our office and the Governor's Mansion during the entire time he was on the project. It was an error to list our office as his business location, but his business mailing address was correctly noted.
- e). This item is essentially correct. The project was "substantially complete" on December 2, 1983. But we fail to see the significance of this statement. If it is intended to suggest there was no need for Jerry Wood on this project we would take strong exception.

Late in the project development we determined a cost-reimbursable contract would be much more cost effective than the normal lump sum approach about which our staff is most familiar. Mr. Wood first came to the project as an advisor at our request and at his own expense (we paid travel and per diem only) because of our increasing concerns about the project. As a result it was evident that he had strong project management capabilities for fast-track cost-reimbursable contracts and, importantly, that we could learn from him how to better administer these type contracts. Another advantage was he could serve as a buffer for our staff and share their capabilities with new management in the Department who perceived in-house staff may not be able to efficiently administer projects.

Therefore, Jerry Wood was hired to supplement our own staff's capabilities and to give this project the best attention possible. He left the job near the end as soon as his functions could be assumed by staff with minor impact on the job.

- 3. We agree that Policy & Procedure 70-7001 was not followed. Each of the responsible individuals has been notified officially that it is unacceptable to ignore or take lightly substantive requirements in procedures.

In partial mitigation, we have reviewed the process used and are satisfied that statutory requirements for obtaining informal bids were met and that a documented process was used to ensure competition. Although the process was documented, the required waiver to support the lack of formal advertising was not obtained.

- 4. Same as 3. above.

5. For project control on a cost-reimbursable contract, we believe it is essential for the contractor's management to be immediately available to expedite the acquisition of materials and promptly respond to problems on the job. Several highly qualified contractors are headquartered locally to ensure good competition. In order to provide the level of on-site management necessary, key contractor management personnel not in Juneau would need to relocate during the project at a decided extra cost compared with local contractors. This was confirmed on the bids opened for the decorative contract. Since this was a cost-reimbursable contract, as opposed to the more conventional "lump sum" approach normally used by the State, contractor innovation and other project cost saving techniques were not compromised. In other words, only the time and materials mark ups for overhead and profit are competitive in a cost-reimbursable contract.

The Department's Policy & Procedure on advertising is not applicable to the competitive contractor selection system used for this fast-track, cost-reimbursable contract.

In retrospect, regardless of the mitigating factors, we agree that statewide advertising of the project would have precluded the audit comment. We have requested our Standards & Technical Services Division to develop procedures for these types of contracts.

Meanwhile, we have instructed all personnel to advertise statewide should we encounter this type of project in the future.

We would like to underline that the statutory requirements to advertise this project were in fact met.

The undated contract is immaterial since work could not start until the Notice to Proceed was issued. Also, the payment and performance bonds were signed, dated and attached as part of the contract giving evidence of the effective date. A completion date is not appropriate because that responsibility rests with the State in a cost-reimbursable contract.

The bonus was offered to induce the contractor to accelerate his work schedule. This was particularly important in this cost-reimbursable contract to ensure successful completion of the job.

6. While the advertising period for this project was less than specified in P & P 70-7001 it also should be noted that this P & P is designed primarily for lump sum contracts. It is not appropriate for the cost-reimbursable contracts used for this project. A contractor can prepare a prequalification package and time and materials bid in markedly less time than for a typical lump sum project. The adequacy of preparation time is evidenced by the number of bidders (five, which is average for this size job) and by the absence of any complaints from contractors.

You are correct to note the lack of established procedures for prequalification of contractors. The department has never before been involved in major renovation of historic buildings, so it was never anticipated that such procedures would ever be needed. Given this fact we developed a process to ensure a top quality professional and long lasting renovation. Rather than starting from scratch, however, we used our existing professional services procedures, to the extent applicable, to ensure a workable and fair process. We can now see ways to improve the process for future jobs of this nature. But, regardless of short comings which may appear in hindsight, no contractors were prevented or restricted from participating and we were never in a position of being committed to award the work to an unqualified contractor. Our experience on this project will be most helpful in developing a procedure for these types of historic/renovation projects in the future. We have requested our Standards & Technical Services Division to develop such procedures.

- C. We feel the audit comments on the scope changes accurately describe the situation as we understand it.
- D. See B.2. for response to these items.
- E. No funds were transferred between appropriations on this project. Hence, it is factually incorrect to cite AS 37.07.080(e) which referring to which appropriation expenditures were charged.

We consider our FY 84 Operating Budget to be a proper appropriation to charge certain Design & Construction personnel costs working on the Governor's Mansion particularly when so much of this time was consumed in responding to the extraordinary number of inquiries and investigations on this project. However, to respond to your concern we have directed that these personnel costs in question be charged to the Governor's Mansion project to the extent funding allows.

We strongly disagree with the suggestion to transfer Maintenance & Operations costs to the project. These costs were incurred at the very end of the job. As you know our Maintenance & Operations staff has had a continuing responsibility for up keep on the Governor's Mansion for as long as anyone can recall. The Maintenance & Operations work was closely in line with this responsibility.

- F. No comment. Not applicable to DOT&PF involvement.
- G. No comment.
- H. No comment. Not applicable to DOT&PF involvement.

Representative Bettisworth

-7-

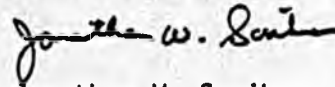
January 25, 1984

Appendix A:

The original Jerry Wood contract was for a fixed fee of \$21,100 to perform the work anticipated. Up to an additional \$3,900 at the rate of \$300/day was entirely at the discretion of the State. The car rental was later charged against this \$3,900 to ensure the total original contract amount did not exceed \$25,000. The Appendix should be changed to indicate these facts.

We trust this response is satisfactory.

Sincerely,



Jonathan W. Scribner
Deputy Commissioner

JWS/sh

Enclosure

cc: H. Glen Glenzer, Jr.
Acting Commissioner

MEMORANDUM

State of Alaska

cc Glen C. Lenz
cc Jack Cienoweth
cc Don Dieckmeyer

TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities

DATE: January 10, 1984

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Interpretation of
AS 36.98

By: Jack McGee
Assistant Attorney General
Transportation Section-Juneau

The question you raised in your memo of January 3, 1984 can be re-phrased as follows:

Must the value of a rental car be included in determining whether the \$25,000 limit for professional services contracts set out in AS 36.98 is satisfied?

AS 36.98.010 authorizes the state to enter into professional service contracts without going through the competitive bidding process when "the total amount of the contract does not exceed \$25,000." The use of the word "total" here indicates that the value of all remuneration received by a contractor must be included when one is calculating the "total amount" of the contract. It follows, therefore, that the value of a rental car must be included in determining whether the \$25,000 limit of AS 36.98.010 is reached.

It is my understanding that in Mr. Wood's contract relating to the Governor's Mansion, it was originally contemplated that the value of a leased car would not be included in determining total value of the contract. After the issue was raised, however, DOT/PF personnel were specifically directed to insure that Mr. Wood's contract did not exceed the sum of \$25,000 including the value of vehicle rental. See appendix #1. This instruction, it seems to me, served to correct the original misunderstanding. As a result, there was no violation of AS 36.98.010.

JM:ehc

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

W. L. Laffoff, P. E.
Building Chief
Building Design & Construction
BDD/PP

DATE August 9, 1983

FILE NO

TELEPHONE NO

Charles S. Matlock
Building Director
B. L. Design Design & Construction
BDD/PP

SUBJECT Consultant Contract
Governor's Mansion
Project No. H-79164

Please take the appropriate action to insure that the Consultant Contract for
being used does not exceed the contract amount of \$25,000.00, including
extended services and vehicle rental.

CSH:JUL:ma

Appendix #1

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

January 26, 1984

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Department of Transportation and Public Facilities, and the Office of the Governor responses to our preliminary report on the Governor's Mansion Renovation Project. Our comments on the submitted responses are listed below:

Department of Transportation and Public Facilities

Findings and Auditor's Comments

B.2. We reiterate our statement in the report "in our opinion, the original contract amount exceeded \$25,000, and therefore should have been advertised in accordance with AS 36.98". In addition, the amount paid on this contract and its amendment totaled \$34,814.

E. Costs related to the Governor's Mansion Renovation should all be charged to the project and recorded in the accounting records accordingly. If sufficient funds are not available, it is not appropriate to record these costs in overhead or operating accounts. Rather, to cover these overexpenditures, the Department should request additional funds through either a revised program or a supplemental appropriation.

In addition, the Maintenance and Operations costs incurred at the end of the job were due to the mansion renovation and not general maintenance. As such, these appropriately should be charged to the project.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

MEMORANDUM

State of Alaska

TO: Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

DATE: January 26, 1984

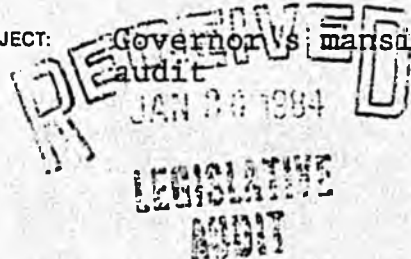
FILE NO: 366-353-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Governor's mansion
audit

James L. Baldwin
By: James L. Baldwin
Assistant Attorney General
Governmental Affairs-Juneau



In connection with your audit of the renovation of the governor's mansion, you have asked for our advice and interpretation of various statutes. In answering your questions, we have first set out your question, followed by our response.

1. In light of ... [AS 41.98.170 and AS 41.35.040], what should the Department of Natural Resources (DNR) involvement have been with respect to the Governor's Mansion renovation project (the Governor's Mansion is on the National Register of Historic Places)? Should DNR have been the State Agency that budgeted for the mansion renovation? If DNR should have been more involved in the project such as receiving the appropriation and planning for the renovation what are the remedies that could/should occur?

We believe that the provisions of AS 41.35 do not apply to the governor's mansion renovation project. The mansion has never been designated a historic site as provided in AS 41.35.-030. The mansion remains the official residence of the governor and has been consistently managed by the Department of Transportation and Public Facilities (DOTPF) as an operating facility of the state. In any case, the placement of the mansion on the National Register of Historic Places does not constitute a designation under AS 41.35.030. The Department of Natural Resources (DNR) is not responsible for administering the financing of the renovation of the mansion. That responsibility rests with DOTPF.

2. If the original amount of a contract is \$25,000, and is later amended up to a total of \$35,000 (as is the case with the Jerry Wood, P.E. contract with DOTPF), should this contract be required to comply with AS 36.98 provisions? Or is it exempt because the original contract was \$25,000?

AS 36.98 applies only to professional service contracts which exceed \$25,000. AS 36.98.010. The consequences of exceeding this amount through amendment of the original contract are

not specified in AS 36.98 or the implementing regulations. A former version of the state administrative manual in effect before the enactment of AS 36.98 provided that "If an amendment to a contract has the effect of placing the agreement, as amended, within the category of those requiring [Department of] Administration approval, such approval must be obtained." Administrative Manual, § 8114 (rev. Nov. 1980). Under that rule, the amendment to the Wood contract should have been justified as a sole source procurement in the same manner as provided in AS 36.98.030(d)(1). The operative effect of the state administrative manual is in doubt after the enactment of AS 36.98. Deputy Commissioner Scribner correctly noted this deficiency in his letter of September 28, 1983, in which he set out his determinations concerning the amendment. It is relevant to note that under 17 AAC 07.070 only the commissioner of transportation and public facilities can waive the public solicitation requirements imposed by AS 36.98. However, Scribner alone approved the amendments. We believe that DOTPF and DQA must amend 17 AAC 07 and 2 AAC 15 to provide for the approval and processing of amendments which increase the total contract price so that the \$25,000 threshold is exceeded. Under existing law and departmental practices, DOTPF acted reasonably when it amended the Wood contract.

A regulation which prescribes procedures for the amendment of professional services contracts is necessary to avoid evasion of the purposes of AS 36.98. Without some limitation of the power to amend, the \$25,000 threshold imposed by AS 36.98.010 is meaningless. Until these limitations are adopted by regulation, we believe that amendments which, if added to the original contract amount, cause the contract amount to exceed \$25,000, the amendment must be justified in the same manner as an original contract covered by all of the provisions of AS 36.98.

The treatment of the expense attributable to the contractor's rental car is determined by the intent of the parties to the contract. If the rental is considered to be compensation for services performed, the value of the rent must be considered part of the contract amount. However, if the vehicle is considered to be a tool provided by the contracting agency with the specific intent to reduce the cost of performance, the rental cost should not be considered a part of the contract amount. DOTPF accounted for the rental car as if it were compensation for the contractor.

3. DOTPF advertised one of its [construction] contracts only three days (over a five day period) and restricted respondents to firms located in the City and Borough of Juneau. Was this a violation of the Statute? If

this violated the statutes and/or DOTPF P & P's, what are the remedies?

The advertising requirement for DOTPF construction contracts (financed entirely by state appropriation) are imposed by AS 37.05.230(2). AS 35.15.040(b). That subsection provides:

(2) if the amount of the contractual services, purchase, or sale is estimated to exceed \$5,000, sealed bids shall be solicited, when practicable, by publication in a newspaper calculated to reach prospective bidders and by posting notices in public places within the area where the work is to be performed or material furnished and in addition the department may also designate a trade journal for publication; the department shall also solicit bids by sending notices by mail to all active prospective bidders known to it and all bids shall be sealed when received, and shall be opened in public at the hour stated in the notice; the department may limit the solicitation of bids or negotiate directly if it finds that it is in the best interests of the state;

AS 37.05.230(2)(emphasis added). The statute does not set out with specificity the manner in which publication of a request for bids is made. These details are apparently covered by "policies" set out in an internal DOTPF publication. We believe it is not appropriate to provide for contract procedures which apply to the public in policy manuals. This topic should be set out in administrative regulations. The adoption of regulations to prescribe agency conduct is required if the subject matter covered "affects the public or is used by the agency in dealing with the public." AS 44.62.640(2). DOTPF must review the departmental policy and procedures manual to determine if any subjects covered there must be adopted as administrative regulations under the procedures specified in AS 44.62.180 - 44.62.290.

Generally, the failure to comply with competitive bid provisions established by law makes the resulting public contract void. However, for the contracts questioned by this audit, the minimum requirements prescribed by law (AS 37.05.230(2)) were complied with. Internal policies were waived by implication. Generally, the failure to follow internal policies and procedures does not void a contract. We believe that no violation of the competitive bid laws occurred.

4. The Office of the Governor has a contract with Phyllice Bradner dba Snow Goose Productions Is this a legal contract since it does not contain the amount of the contract on the first page?

Should the stated amount of the contract include the amount of furniture purchases and mark-up (total encumbered for this contract is \$267,000 including services and purchases)? Could the Governor be held personally liable if the contract is deemed invalid?

Since there appears to be no control on the amount she can purchase and bill the State for, would the State (and/or the Governor) be liable for all purchases she makes for the mansion?

Is the scope of Services (Article II, Appendix B:) such that it is non-standard and should have been reviewed by the Department of Law?

What remedies are available if this contract or parts of it are deemed invalid?

It appears that the Office of the Governor used a standard form contract which did not contain provisions for setting out the contract amount on page 1. However, the updated professional services contract forms with all of the features required by AS 36.98 were not provided to agencies until after June 1, 1983. Pending adoption of the updated contract forms, DOA informally required the hand insertion of the contract amount on page 1. This informal policy was followed for the Snow Goose contract. Consideration of this issue does not stop with the requirement that the amount be stated, but what amount should be attributed to this contract. The Office of the Governor considers the contract amount to be \$45,000. You have asked if the contract amount should include the approximately \$267,000 worth of antique furnishings purchased by the contractor. We believe the contract amount for the professional services contract should have been an amount in excess of \$45,000. The services of this contractor were obtained to assist the state in purchasing antiques. However, the contractor not only served as a consultant but, she was also compensated as if she were a supplier of the antiques. The contractor was permitted to mark-up the cost of an item for "handling" and was reimbursed for freight. The contract provided not only for the procurement of professional services but also for the purchase of goods. The cost of these charges should have been included in the contract amount of the professional services contract. Under the contract, as written, the

contractor received a set percentage of the purchase price for handling. This form of compensation should be avoided because the contractor has no incentive to seek bargains for the state. Alternatively, the purchase of the antiques could have been treated as a separate contract with Snow Goose. It is a close question whether the services necessary to locate, purchase and provide for the delivery of antiques comes within the definition of the term "professional services" set out in AS 36.98.080(2). It is probable that a noncompetitive supply contract could have been awarded to purchase antiques because of their unique, one of a kind nature. Presumably, for these items, a certification can be made that no competition exists. See AS 37.05.230(1)(i).

We believe the contract did not contain terms which varied the provision of the standard form contract. AS 36.98.-045. However, because of the delegation provisions, the contract should have been reviewed by the Department of Law before award. This review would have been desirable but not mandated by law. DOA should have obtained this review before awarding the contract to Snow Goose. Snow Goose was delegated by contract the power to act as a state purchasing officer with little control over the exercise of the contractor's discretion. While we believe this contract is valid, in the future a state agency can avoid criticism for a similar delegation if it makes a delegation only to the extent necessary to obtain a sufficient number of price quotes. The agency should then review the quotes with the assistance of the professional and make the purchase.

5. Was it a conflict of interest for a DOTPF official to be involved in the decision to make the Wood contract?

We issued an opinion on this subject in which we concluded that there was not a conflict of interest resulting from this contract. 1983 Inf. Op. Att'y Gen. (Nov 16; 366-124-84). A copy of that opinion is attached.

JLB/pjg

Enc.

MEMORANDUM

State of Alaska

TO: Jonathan W. Scribner
Deputy Commissioner
Southeast Region
Department of Transportation
and Public Facilities

DATE: November 16, 1983

FILE NO: 366-124-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Review of department's project management contract for conflict of interest

By: Diane T. Colvin
Assistant Attorney General
Department of Law

You asked us to review the contract award made to Jerry D. Wood by the Department of Transportation and Public Facilities. Mr. Wood was hired in conjunction with renovation of the Governor's mansion to provide project management services. On August 4 the Ombudsman issued an opinion in response to a complaint received on the project services contract. One of the Ombudsman's findings was that the contract involved a conflict of interest, because of Mr. Wood's business relationship with Fred Seeger, Deputy Commissioner, Department of Transportation and Public Facilities. You have asked us to review the conflict of interest issue.

According to your response of August 9 to the Ombudsman, Mr. Seeger suggested Jerry Wood for the management services project initially. After that recommendation was made, you claim that Mr. Seeger had no further involvement in the award of the contract to Mr. Wood. You have also informed us that although Mr. Seeger and Mr. Wood did have a prior business relationship, that relationship was severed at least two years ago.

As you may know, the applicable standard for conflict of interest is the common law. This is a strict standard, prohibiting not only actual conflicts of interest but also requiring avoidance of even the appearance of impropriety. See 1982 Op. Att'y Gen. No. 15 (Dec. 3).

Based on the facts you provided, we find no conflict of interest in the award of the Wood contract because Mr. Seeger did not and could not benefit as a private person from the contract. The issue arose because of the previous business relation between the two individuals. However, if as you state, the relationship was severed two years ago, the potential for conflict is tenuous. Even under the common law, the amount of time involved here between the business association and the award of the contract diminishes the possibility of a conflict.

Jonathan W. Scribner
Deputy Commissioner
Southeast Region -- DOT-PF
366-124-84

November 16, 1983
Page 2

The conflict issue is, unfortunately, enhanced in this case because the Wood contract was awarded on a sole source basis. While there may have been justification for sole source in this particular instance, it would have been preferable, had time and circumstances allowed, to solicit proposals in order to avoid raising the issue of conflict of interest.

If you have further questions, please contact us.

DTC:eja