



The City of Lago Vista

To provide and maintain a healthy, safe, vibrant community, ensuring quality of life.

**AGENDA
CITY COUNCIL
SPECIAL CALLED MEETING
THURSDAY, APRIL 30, 2015, 3:30 PM**

NOTICE IS HEREBY GIVEN that the Lago Vista City Council will hold a Special Called Meeting on Thursday April 30, 2015, at 3:30 p.m. in the City Council Chambers at City Hall, 5803 Thunderbird, Lago Vista, Texas, as prescribed by V.T.C.A., Government Code Section §551.041, to consider the following agenda items. Items do not have to be taken in the same order as shown in the meeting notice.

CALL TO ORDER, CALL OF ROLL

ACTION ITEMS (action and/or a vote may be taken on the following agenda items):

1. City Council to receive a presentation and consider accepting the Construction Audit performed by ACC Consulting, Inc. for the Water and Wastewater Improvements constructed by the City of Lago Vista as part of the Lago Vista Independent School System New High School project.

EXECUTIVE SESSION

2. Convene into executive session pursuant to Sections 551.071, 551.072 and/or 551.074 Texas Government Code, and/or Section 1.05, Texas Disciplinary Rules of Professional Conduct, regarding;

Consultation with attorney regarding claims or possible claims arising in Cause No. D-1-GN-13-002224, James Otwell v. City of Lago Vista, filed in the 98th Judicial District in Travis County, Texas;

ACTION ITEMS (action and/or a vote may be taken on the following agenda items):

3. Reconvene from executive session into open session to take action as deemed appropriate in the City Council's discretion regarding;

Claims or possible claims arising in Cause No. D-1-GN-13-002224, James Otwell v. City of Lago Vista, filed in the 98th Judicial District in Travis County, Texas.

ADJOURNMENT

IT IS HEREBY CERTIFIED that the above Notice was posted on the Bulletin Board located at all times in City Hall in said City at _____ on the ___ day of _____, 2015.

Sandra Barton, City Secretary

THIS MEETING SHALL BE CONDUCTED PURSUANT TO THE TEXAS GOVERNMENT CODE SECTION 551.001 ET SEQ. AT ANY TIME DURING THE MEETING THE COUNCIL RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION ON ANY OF THE ABOVE POSTED AGENDA ITEMS IN ACCORDANCE WITH THE SECTIONS 551.071, 551.072, 551.073, 551.074, 551.075 OR 551.076.

THE CITY OF LAGO VISTA IS COMMITTED TO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT. REASONABLE MODIFICATIONS AND EQUAL ACCESS TO COMMUNICATIONS WILL BE PROVIDED UPON REQUEST.

ACTION ITEMS (action and/or a vote may be taken on the following agenda items):

1. City Council to receive a presentation and consider accepting the Construction Audit performed by ACC Consulting, Inc. for the Water and Wastewater Improvements constructed by the City of Lago Vista as part of the Lago Vista Independent School System New High School project.



AGENDA ITEM

City of Lago Vista

To: Council Meeting:

From:

Subject:

Request: Legal Document: Legal Review:

EXECUTIVE SUMMARY:

Over the last few months, Council has been aware that LVISD asserted its' contractual right to audit the City's records as a means to close out the water and wastewater improvements that the City of Lago Vista constructed for LVISD in support of the new High School project. The City constructed these improvements in partnership with LVISD because the estimates provided by contractors significantly exceeded the amount of funds set aside for on-site water and wastewater improvements. As part of the initial discussion and agreement, the City would construct the needed improvements utilizing in-house capabilities.

The new High School was issued a temporary Certificate of Occupancy (C of O) in July, 2014. This allowed the LVISD to bring the High School on line for the 2014/2015 school year. Since that time, all parties have been working to close out the project and issue the permanent C of O. City Staff is currently reviewing final as-builts for the project. There are other items on the final check-list such as finalizing landscaping and completion of the retention pond.

From a Staff perspective, I welcomed the audit. There had been three meetings of City and LVISD Staff to begin to agree on close-out costs but these meetings were not productive and it was clear to me that it would be difficult to come to any final costs that everyone could agree on. I attribute much of this to the parties not staying in touch and the City not giving monthly reports to the LVISD Board. As a result, it appears to me the there was a lot of misinformation, lack of information and

insufficient communication throughout the project construction.

As Council is aware, the ACC Consulting, Inc. audit has been on-going since late 2014. To get a better handle on actual project costs and bring in a third party, the City contracted with Walker Partners Engineering. Their task was to take the joint agreement, determine project costs and how to close-out under these various terms of the agreement and if any of the pre-paid dollars for the water and wastewater improvements needed to be given back to LVISD.

As it turned out, having the City's process going on helped the ACC Consulting, Inc. audit process as well. There were knowledgeable parties on both sides discussing the projects in the context of the agreement. As Council is aware, the total dollars to be turned back to LVISD were only slightly different with Walker Partner Engineering reflecting \$46,743 while ACC Consulting, Inc. showed \$48,532.

Both ACC Consulting, Inc. and Gary Graham, Walker Partners Engineering will be at the meeting to present their findings.

Impact if Approved:

If Council approves the ACC Consulting, Inc. audit, Staff will process a refund to LVISD in the amount of \$48,532. Funds are available from the original funds received from LVISD for construction of these projects.

Impact if Denied:

If Council does not approve the ACC Consulting, Inc. audit, a refund to LVISD will not be processed. These projects will remain open on our books.

Is Funding Required? Yes No If Yes, Is it Budgeted? Yes No N/A

Indicate Funding Source:

Original funds provided by LVISD for construction of the water / wastewater projects for the new High School.

Suggested Motion/Recommendation/Action

Motion to:

Motion to:

Motion to:

Known As:

Motion to Approve the ACC Consulting, Inc. audit including payment to LVISD of \$48,532 and direct Staff to close-out the projects.

ACC CONSULTING, INC.

REAL ESTATE & CONSTRUCTION AUDIT

April 10, 2015

Mr. Darren Webb, Superintendent
Lago Vista Independent School District (LVISD)
8039 Bar-K Ranch Road
Lago Vista, TX 78645

Subject: Construction Audit of Water and Wastewater System Improvements

Dear Sir:

The purpose of this report is to finalize the project titled "Interlocal Agreement regarding construction of Water and Wastewater System Improvements" performed by the City of Lago Vista (City). The contract for \$1,858,319 was executed on October 25, 2012 as illustrated below:

<u>Contract</u>	<u>Amount</u>
LVISD Contribution	1,574,919
City Contribution	<u>283,400</u>
Total Contract Participation & Funding	<u>1,858,319</u> (A)

The scope of our audit as agreed upon with LVISD has been to include Subcontracts, Material, Equipment, Labor and Self Performed work. Our audit consisted of examining all actual costs. Based on ACC Consulting, Inc.'s audit work, it should be noted that the City was very cooperative and maintained excellent accounting records to support charges to their ledgers for this project. However, there was a significant control weakness whereby the City did not consider how to track labor and fuel charges which was a material component of this work. As a result, these charges were not recorded to this project's ledgers. Thus, the City engaged Walker Partners Engineers to review the City Public Works Department's attempt to estimate the total cost of this project by computing field measurements combined with fixed costs to supplement this control weakness as illustrated below:

<u>Description</u>	<u>Amount</u>
Actual Fixed Ledger Costs	1,697,107
Estimated Labor & Fuel Costs	<u>207,955</u>
Total Field Measurements & Fixed Costs	<u>1,905,062</u> (B)

During our audit entrance conference, Walker Partners Engineers shared the work they performed and stated that per their computations the project appeared to have a deficit of \$46,743 (A) – (B) per the above noted illustrations. Walker Partners Engineers subsequently issued a report dated March 10, 2015 outlining their review.

While we were pleased with the City's accounting records, we did identify \$68,240 of non-reimbursable costs which primarily consisted of equipment purchases kept by the City Public Works Department who charged and

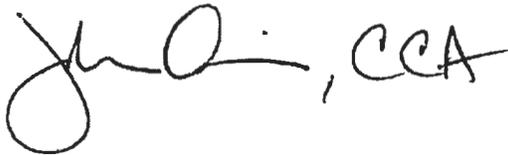
allocated these costs to this project. Furthermore, the City's accounting department informed us during the audit about an additional LVISD funding amount totaling \$27,035 that should be added to LVISD's participation. Therefore, based on our audit work, we determined that the City has successfully completed this project with a surplus of \$48,532 (C) as illustrated below:

<u>Description</u>	<u>Amount</u>	
Actual Fixed Ledger Costs	1,697,107	
Estimated Labor & Fuel Costs	<u>207,955</u>	
Total Field Measurements & Fixed Costs	1,905,062	(B)
Total Contract Participation & Funding	<u>1,858,319</u>	(A)
Project Deficit per Walker Partners Engineers	(46,743)	(A) - (B)
LVISD additional Funding	27,035	
ACC Consulting, Inc.'s - Audit Findings	<u>68,240</u>	
Adjusted Project Surplus due to LVISD	<u>48,532</u>	(C)

Per our examination of section 4.3 of the agreement it states that "LVISD and City will share equally any and all Water and Wastewater System Improvements Costs that exceed the contribution of LVISD and City set out in this subparagraph." However, section 8.5 of the same agreement also states that "If the Water and Wastewater System Improvements should require less than budgeted, LVISD shall be immediately refunded the corresponding amount by the City." Thus, we concluded that since this project had an operating surplus, section 8.5 of the agreement applies and LVISD is due \$48,532 (C) from the City.

We have audited all available costs for this project as well as reconciled such to the City's cost detail ledgers and summaries provided to us. This concludes the report for this project. If you have any questions or comments, please do not hesitate to contact me at 210/379-5317.

Kind Regards,
John Arias, Certified Construction Auditor
ACC Consulting, Inc.- President/Owner



cc: Henri Gearing, LVISD Assistant Superintendent

Interlocal Agreement for New Lago Vista High School Utility Construction



City Council Meeting

April 30, 2015



Interlocal Agreement for New Lago Vista High School Utility Construction

- 2011 - Utilities to Site of New High School Completely Inadequate
- City and LVISD worked together to identify utilities required for New High School Site
 - New 16" Water Line
 - New "Grinder" Lift Station & 4" Force Main
 - New 8" Force Main
 - New Elevated Water Tank
 - Insufficient Capacity in Existing "Golf Ball" EST
 - The High School Required a Stand Alone Standpipe Water Tank or a Joint Use EST.
 - The Joint Use EST Option was selected by LVISD as being their best alternative

Interlocal Agreement for New Lago Vista High School Utility Construction

- 2012 - Agreement between the City and LVISD was negotiated and executed November 1st.
- Agreement specifies:
 - The utilities to be constructed
 - The contributions from the City and LVISD for construction of the improvements
 - Methods to handle:
 - Costs exceeding combined contributions
 - Rebates to LVISD for capacity in the EST and 8" Force Main used in the future
- Agreement Calls for Estimated Costs for Water and Wastewater System Improvements which is, "Utility Estimates for the New LVISD High School", dated August 11, 2102

Interlocal Agreement for New Lago Vista High School Utility Construction

- Specified Contributions
 - \$1,574,919 from LVISD
 - \$283,400 from the City for utility construction
 - \$324,919 from the City to LVISD for use of school facilities as parks for the City
- Project deficits are to be split 50-50 between the City and LVISD
- Project Savings to be refunded to LVISD

LVISD Budget Calculation

➤ August 11, 2012 Utility Estimate	\$ 2,113,915
➤ Less LVISD Contribution	(\$1,574,919)
➤ Less City Contribution	(\$ 283,400)
➤ Project Budget Deficit	\$ 255,596
➤ LVISD 50% of Budget Deficit	<u>\$ 127,798</u>
➤ Budget Total for LVISD	\$ 1,702,717

Interlocal Agreement for New Lago Vista High School Utility Construction

Project Budget

➤ 4" Force Main 1063'	\$ 18,450
➤ 8" Force Main 7,750'	\$ 339,189
➤ 400,000 Gal EST	\$1,050,000
➤ 16" WL 4,460'	\$ 481,276
➤ Allegiance BPS	<u>\$ 225,000</u>
➤ Total	\$2,113,915

Project Cost

➤ 4" Force Main 995'	\$ 16,125
➤ 8" Force Main 8,165'	\$ 356,198
➤ 400,000 Gal EST	\$1,129,130
➤ 12" WL 4,855'	\$ 347,892
➤ Allegiance BPS	\$ 39,251
➤ Rerouting of 16" WL	<u>\$ 16,466</u>
➤ Total	\$1,905,062
➤ Funding	<u>\$1,858,319</u>
➤ Project Deficit	\$ (46,743)
➤ Equip Cost Not Recog.	\$ 68,240*
➤ LVISD Excess Funding	<u>\$ 27,035*</u>
➤ Due LVISD	\$ 48,532

*ACC Audit

Interlocal Agreement for New Lago Vista High School Utility Construction

➤ Project Budget	\$2,113,915
➤ LVISD Share of Original Budget	\$1,702,717
➤ LVISD Contribution to Project	\$1,574,919
➤ Refund to LVISD	(\$ 21,497)*
➤ LVISD Cost	\$1,553,422
➤ Savings to LVISD (Compared to Budget)	\$ 149,295

*21,497 Refund + \$27,035 Return of Excess = \$48,532 Due LVISD

EXECUTIVE SESSION

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