

STATE OF LOUISIANA

City of Shreveport
Yor-Wic Construction Company
Shreveport, Louisiana

February 18, 2004



LEGISLATIVE AUDITOR

DIRECTOR OF FRAUD AND ABUSE AUDIT

Daryl G. Purpera, CPA, CFE

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February 18, 2004

HONORABLE KEITH HIGHTOWER, MAYOR
CITY OF SHREVEPORT
Shreveport, Louisiana

We performed an examination of the City of Shreveport's August 2002 contract with Yor-Wic Construction Company, Inc. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

Our audit consisted primarily of inquiries and the review of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the City of Shreveport's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

This report presents our finding and recommendations as well as your response. Copies of this report have been delivered to those authorities as required by state law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin".

Grover C. Austin, CPA
First Assistant Legislative Auditor

SDP:EKL:DGP:dl

[YOR-WIC04]

Executive Summary

City of Shreveport Yor-Wic Construction Company

Finding *(See page 5.)*

The City of Shreveport (City) contracted with Yor-Wic Construction Company (Yor-Wic) for the removal of a utility bridge. Though Yor-Wic represented to the City that the removal was complete, Yor-Wic removed only a portion of the bridge leaving utility bridge columns below the waterline. The City paid Yor-Wic \$45,300 without first verifying that the work had been completed. Thereafter, the Louisiana Department of Transportation and Development (DOTD) paid a contractor \$104,357 to remove that portion of the bridge columns that prevented its access to the adjacent highway bridge. Part of the bridge columns still remain in the bayou below the waterline.

Recommendations *(See page 9.)*

The City should improve its procedures for the expenditure of public funds relative to contract work by:

- Requiring that inspectors be present for any work that will not be easily identifiable after it is completed and record this work through photographs or other means for future reference
- Requiring that inspectors keep a daily diary of project events and retaining a copy as part of the project records
- Not making payments to contractors until the City has assurance that the work has been performed according to contract specifications
- Seeking advice of legal counsel regarding restitution from Yor-Wic

Management's Response *(See Attachment I.)*

The City will assure that its inspectors are present to observe all contract related activity provided the City is given notice as required (for weekend work, etc.) in our contract documents.

Inspectors will keep daily logs on all contracts.

In this case it was obvious the work had been done. The inspector noted that when he left the site Friday, January 10, 2003, several bridge piles were still visible. The contractor (Yor-Wic) gave no indication they were going to work over the weekend. When the inspector returned Monday, January 13, 2003, ALL bridge piles had been removed. The City will ensure that on future projects it will keep an accounting of contract work by coordinating anticipated weekend work with City contractors.

The City Attorney's office has prepared a letter to Yor-Wic demanding payment of \$104,357.37 as reimbursement of funds paid to DOTD for debris removal. The letter also demands that the debris, which remains submerged at the site, be removed.

Background and Methodology

The City of Shreveport (City) was incorporated pursuant to Act No. 67, which was enacted by the Louisiana Legislature on March 20, 1839. In May of 1978, the present City charter was adopted which established a mayor-council form of government. The City provides a full range of municipal services as authorized by the charter. These include police and fire protection, emergency medical services, public works (streets and waste collection), public improvements, water and sewer services, parks and recreation, planning and zoning, public transportation, social, cultural and general administrative services.

During August 2002, the City contracted with Yor-Wic Construction Company, Inc., to relocate a utility bridge. Part of the contract specified the removal of the existing utility bridge. Yor-Wic represented that it completed the removal of the existing bridge and the City paid Yor-Wic accordingly.

The legislative auditor received an allegation that Yor-Wic did not actually remove the existing bridge. This examination was performed to determine the propriety of these City transactions. The procedures performed during this examination consisted of (1) interviewing employees and officials of the City; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the City; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws.

Finding

The City of Shreveport (City) contracted with Yor-Wic Construction Company (Yor-Wic) for the removal of a utility bridge. Though Yor-Wic represented to the City that the removal was complete, Yor-Wic removed only a portion of the bridge leaving utility bridge columns below the waterline. The City paid Yor-Wic \$45,300 without first verifying that the work had been completed. Thereafter, the Louisiana Department of Transportation and Development (DOTD) paid a contractor \$104,357 to remove that portion of the bridge columns that prevented its access to the adjacent highway bridge. Part of the bridge columns still remain in the bayou below the waterline.

Award of the Contract

The City advertised and requested proposals from perspective bidders. On August 23, 2002, the City awarded the contract to the low bidder, Yor-Wic Construction Company, at \$288,990. The contract was subsequently increased to \$299,915. The contract included the removal of an existing utility bridge on the Twelve Mile Bayou with a bid price of \$45,300. Three other bidders submitted bids for this portion of the project ranging from \$75,000 to \$110,000.

The contract stated “Removal of utility bridge” and the contractor was provided with plans describing the specifications for the removal. These plans required that the bridge pilings be removed below the riverbed. In addition, City employees met with Yor-Wic and reviewed the plans and specifications and agreed upon the acceptable method of removal. According to Mr. Van Steed, city project manager, the oral agreement was that the bridge pilings were to be cut at the riverbed and removed from the bayou.

The Work

Yor-Wic began the removal of the utility bridge on Monday, January 6, 2003. The original plan was to cut the bridge support columns at ground level, below the waterline, and remove them with cranes. However, the saw necessary to cut the columns was never brought to the site. Yor-Wic was able to remove two of the columns on the bayou’s bank with the cranes. Mr. David Wicker, president of Yor-Wic, stated that he was not able to get the cranes close enough to the utility bridge to get enough leverage to remove the other columns.

Yor-Wic sub-contracted Joyce Steel Erection, Inc., to provide the cranes. According to Mr. Robbie Woods, representative of Joyce Steel Erection, his cranes could only remove two of the columns because of the weight limit. The 240-ton crane had a maximum weight limitation of 12,000 pounds, but the columns weighed 38,000 pounds. Mr. Woods stated that he spoke with city engineers and was told that the columns weighed more than what Mr. Wicker had represented to him.

On Wednesday, January 8, 2003, Yor-Wic, using a rented bulldozer and cable, began pulling the remaining columns over into and out of the bayou. According to Mr. Alan DeArman, city inspector, a cable broke as the attempt was made to pull over one of the columns. Mr. DeArman stated that Mr. Stanley Fielder of Yor-Wic told him that they were finished and the Yor-Wic workers left. Yor-Wic returned the rented bulldozer the same day, January 9, 2003.

On July 30, 2003, Mr. DeArman stated that he did not have time to keep a diary detailing the events of the removal of the bridge. However, on December 17, 2003, the City provided the legislative auditor with a memo from Mr. DeArman to Mr. Ron Norwood, city engineer, dated July 7, 2003, which Mr. DeArman stated was prepared from his diary. That memo indicates that Yor-Wic worked on the removal of the bridge on January 10, 2003. Mr. DeArman states that between July 7 and July 30, 2003, his diary was lost.

According to Mr. DeArman's memo, when he returned to the site on Monday, January 13, 2003, no columns were visible above the waterline and all of Yor-Wic's equipment was gone. Mr. DeArman stated that he called Mr. Fielder and was told that Yor-Wic workers had gone to the site over the weekend and completed the work. According to Mr. DeArman, contractors should notify inspectors in advance of weekend work so that an inspector may be present.

Mr. Wicker stated that all of the columns were removed. Two of the columns were delivered to Blount Brothers and the other columns were buried into the bank of a canal that runs next to the Yor-Wic office.

City's Payment

Though Mr. DeArman was not able to confirm that the utility bridge had been properly removed, the City paid Yor-Wic the \$45,300 in two payments dated January 31, 2003, and March 7, 2003. Mr. DeArman stated that he recommended to Mr. Van Steed that divers be hired at Yor-Wic's expense to confirm that all of the bridge columns had been removed.

Mr. Steed approved the two payments without hiring divers or otherwise confirming that the work had been completed. Mr. Steed stated that he trusted Yor-Wic and did not want to unnecessarily delay its payment. Yor-Wic submitted invoices, but the City did not pay from these invoices. The City paid Yor-Wic from its own estimate of the work completed.

DOTD Work

On June 23, 2003, Mr. Greg Wall, project manager for DOTD, informed the City that pieces of the utility bridge were in the bayou and would have to be removed so that DOTD contractors could proceed with their work on the nearby highway bridge. Mr. Wall showed Mr. Wicker and City representatives video and sonar readings indicating pieces of the bridge on the bayou's bottom. Subsequently, Specialized Response Solutions (SRS), a DOTD contractor, removed 18 to 20 pieces of the bridge at a pass-through cost to the City of \$104,357.

Bridge Pieces

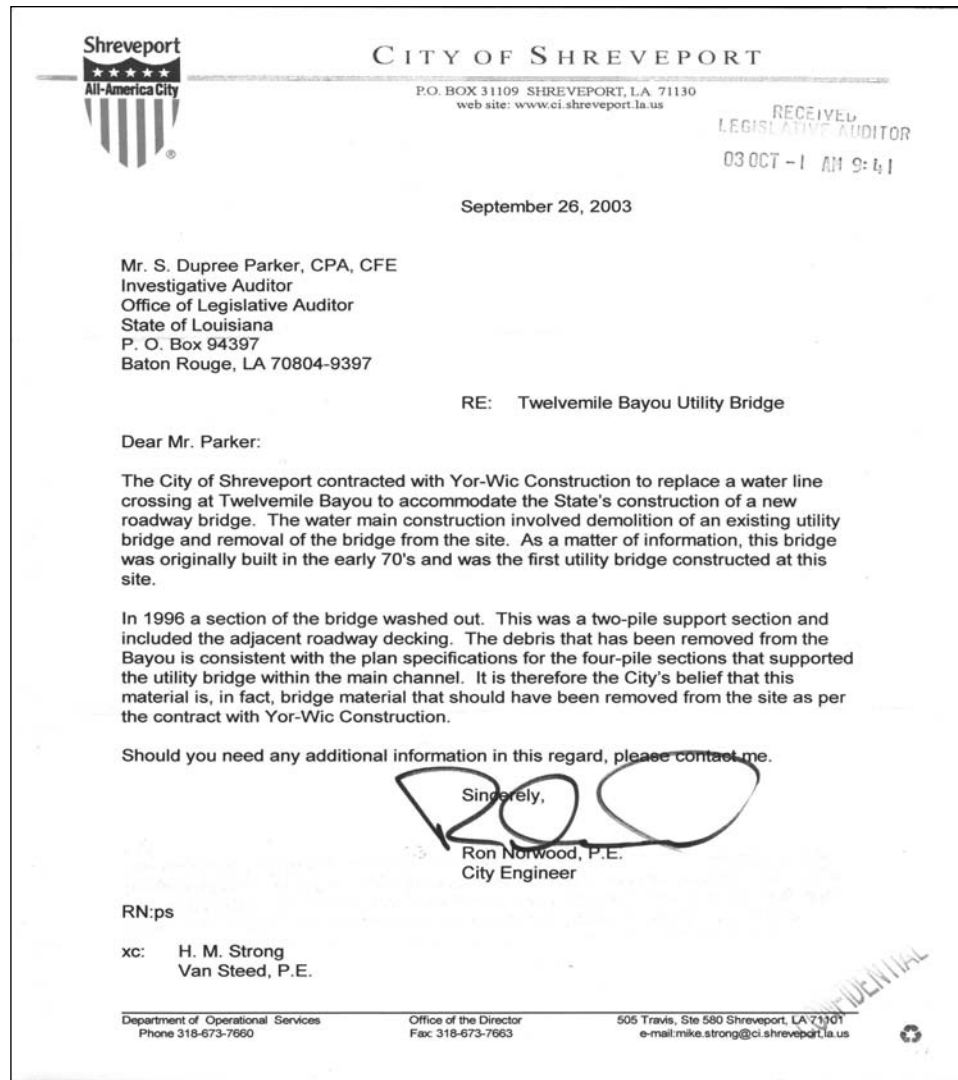
On July 30, 2003, Mr. Wicker stated that he did not hire divers to go into the bayou, because he knew everything Yor-Wic broke off was removed. He also stated that the video showed concrete in the water made with rebar, while the bridge that he removed was made with post-tensioned wire. Mr. Wicker provided auditors with statements from two City employees stating that the bridge pieces removed from Twelve Mile Bayou came from a previous bridge washout in the early 1990s.



Above photographs were supplied by DOTD and show pieces of bridge at Twelve Mile Bayou removed by Specialized Response Solutions.

Mr. Steed stated that the utility bridge contained both rebar and post-tensioned wire. Mr. Steed further stated that none of the bridge at Twelve Mile Bayou fell into the water in the early 1990s washout, but people often confuse that event with the bridge washout at Market Street (also over Twelve Mile Bayou) that also occurred in the early 1990s.

Also, in a letter dated September 26, 2003, Mr. Norwood wrote:



On October 10, 2003, Mr. Wicker stated that his contract called for the removal of the bridge columns only from the bayou's bed up. He also stated that he saw photos of columns that were a grayish bluish color. According to Mr. Wicker, the discoloration of the columns proves that SRS dug up the columns beneath the bayou's bed.

Mr. Ron Hale, operations director for SRS, stated that SRS did not dig any columns from beneath the bayou bed, but rather cleared the bayou bottom of columns lying on the bottom that interfered with the underwater access to the highway bridge. Mr. Hale also stated that sonar and video tapes confirm what was performed.

Conclusion

The City improperly paid Yor-Wic \$45,300 for the removal of a utility bridge that was not fully removed. In addition, the City incurred an additional cost of \$104,357 from DOTD and pieces of the bridge still remain in the bayou. The City has demanded reimbursement of \$104,357 from Yor-Wic for the clearing of the bayou bottom.

Recommendations

The City of Shreveport should improve its procedures for the expenditure of public funds relative to contract work by:

- Requiring that inspectors be present for any work that will not be easily identifiable after it is completed and record this work through photographs or other means for future reference
- Requiring that inspectors keep a daily diary of project events and retaining a copy as part of the project records
- Not making payments to contractors until the City has assurance that the work has been performed according to contract specifications
- Seeking advice of legal counsel regarding restitution from Yor-Wic

Attachment I

Management's Response



OFFICE OF THE MAYOR
SHREVEPORT, LOUISIANA

KEITH HIGHTOWER
MAYOR

POST OFFICE BOX 31109
SHREVEPORT, LA 71130
(318) 673-5050/(318) 673-5085 (FAX)

February 2, 2004

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
Office of Legislative Auditor
State of Louisiana
Baton Rouge, LA 70804-9397

Re: Management's Response to Draft Investigative Audit Report

Dear Mr. Austin:

With reference to your draft investigative audit report dated January 21, 2004, we herein provide the following responses to your recommendations:

RECOMMENDATION

Requiring that inspectors be present for any work that will not be easily identifiable after it is completed and record this work through photographs or other means for future reference.

RESPONSE

Please refer to Exhibit "A" for actual "timeline" during demolition of utility bridge. We will, on all future work, assure that our inspectors are present to observe all contractor-related activity provided we are given notice as required (for weekend work, etc.) in our contract documents.

RECOMMENDATION

Requiring that inspectors keep a daily diary of project events and retaining a copy as part of the project records.

RESPONSE

Our inspectors keep daily logs on all contracts. A memo taken from our inspector's "diary" is included as Exhibit "A".



Mr. Grover C. Austin CPA
February 2, 2004
Page 2

RECOMMENDATION

Not making payments to contractors until the City has assurance that the work has been performed according to contract specifications.

RESPONSE

In this case, it was obvious the work had been done. Our inspector noted that when he left the site Friday, January 10, 2003, several bridge piles were still visible. The contractor (Yor-Wic) gave no indication they were going to work over the weekend. When our inspector returned Monday, January 13, 2003, ALL bridge piles had been removed. We will ensure that on future projects we keep an accounting of contract work by coordinating anticipated weekend work with our contractors.

RECOMMENDATION

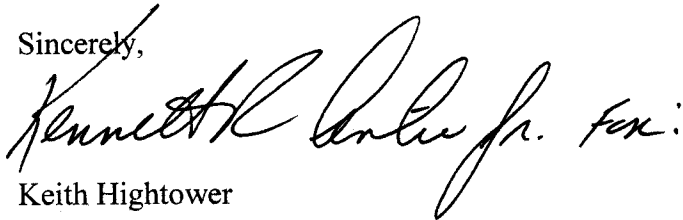
Seeking advice of legal counsel regarding restitution from Yor-Wic.

RESPONSE

Our City Attorney's office has prepared a letter to Yor-Wic (dated December 12, 2003) (Exhibit "B") demanding payment of \$104,357.37 as reimbursement of funds paid to DOTD for debris removal. The letter also demands that the debris, which remains submerged at the site, be removed.

If we can provide your office with any additional information at this time, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Keith Hightower".

Keith Hightower
Mayor

KH/vl

EXHIBIT "A"

INTER-OFFICE MEMORANDUM
City of Shreveport

Office of the City Engineer
Department of Operational Services

Phone: (318) 673-6000

Fax: (318) 673-6004

DATE: July 7, 2003

TO: Ron Norwood, P.E.
City Engineer

FROM: Alan DeArman
Construction Inspector

SUBJECT: Twelve Mile Bayou Bridge

January 6, 2003

Yor Wic began demolition of utility bridge at Twelve Mile Bayou. Contractor started on north side of bayou. This part of bridge was on dry land and not in the bayou. The contractor piled concrete that was removed on the north side of bayou.

January 7, 2003

Yor Wic finished the removal of bridge that was not in the water. The remainder of the day was spent setting up and rigging cranes. Road contractor started to remove 538 bridge. Cranes were unable to set up where Yor Wic had planned due to the work being done on the bridge.

January 8, 2003

Concrete spans were too heavy for cranes. Van Steed was called to the job site. Yor Wic wanted to change the plans completely on how the bridge was to be removed. We had a good plan, and I did not want to change it. Yor Wic wanted to hook cables to spans and pilings and pull over and then drag out of bayou. Yor Wic was told they could proceed but would have to verify that all concrete was removed. A cable was broken on one span being pulled out on the south side of bayou. I personally only witnessed five pieces of bridge being pulled out of the water.

January 9, 2003

Yor Wic finished pulling remainder of utility bridge and started removing concrete piled on north side of bayou. The State shut down their subcontractor due to possible explosives in bayou. Yor Wic was told that if they continued to work, it was at their own risk.

January 10, 2003

Yor Wic brought out bass boat to run cable in bayou to drag concrete to north bank of bayou. The boat had a hole in it and was unable to complete plan.

January 13, 2003

I went to the site, and Yor Wic was not on site, and all equipment was gone. I called their office and was told they had worked over the weekend and finished the job. I was told all concrete had been removed except for one piece that we had first lost. I contacted Van and he told me that we would make Yor Wic get divers to verify the removal of the concrete.

The State wanted us to shut down when their contractor shut down. Yor Wic continued at their own risk. When the explosive issue was resolved, we were going to have Yor Wic prove to Van and me that all concrete was removed.



Alan DeArman

AD:je

xc: Ali Mustapha, P.E.
Van Steed, P.E.
File

EXHIBIT "B"



RAMON LAFITTE
CITY ATTORNEY

CITY OF SHREVEPORT
OFFICE OF THE CITY ATTORNEY

505 Travis Street, Suite 420
P. O. Box 31109
Shreveport, LA 71130-1109
Telephone (318) 673-5200
Telecopier (318) 673-5230

December 12, 2003

ASSISTANTS
JOHN M. FRAZIER
JULIE W. GLASS
TERRI ANDERSON-SCOTT
ZELDA TUCKER
BRIAN H. BARBER
EDWARD JONES
TERRELL MYLES
SHANTE' Y. WELLS

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

David Wicker
Yor-Wic Construction Company
4585 Texas St. E
Bossier City, LA 71051

RE: Demolition/Concrete Pilings

Dear Mr. Wicker,

H.M. Strong, Director of Operational Services for the City of Shreveport, has indicated that the City of Shreveport had to reimburse the State of Louisiana \$104,357.37 to clean up demolition debris of concrete pilings of which Yor-Wic Construction maintains responsibility.

As per Mr. Strong's request, please consider this a demand for reimbursement from Yor-Wic to the City of Shreveport for the entire amount within ten (10) days as to avoid further legal action. Also, please remove the remaining debris as per your contract, which remains submerged at the sight, within the same ten (10) day period.

Your attention to this matter is appreciated.

Sincerely,

Brian H. Barber

cc: Keith Hightower, MAYOR
Ken Antee, CAO
Ramon Lafitte, City Attorney
H.M. Strong, Director of Operational Services

