

## Pam Moon - Re: CII Cardinal

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**From:** Pam Moon  
**To:** Dumbauld, Lee Ann; Gail Kring  
**Date:** 2/21/2013 6:52 PM  
**Subject:** Re: CII Cardinal  
**CC:** "" <abeytaattorney@aol.com>; "" <cisom@taorealestate.com>; "" <cmcdona...  
**Attachments:** CII Cardinal.xlsx; CII-Cardinal Industries Contract.pdf

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I have been looking at job order contracts throughout the City and requested a copy of the CII Cardinal contract from Felix Orta. On the next day he emailed the contract copy that was included in the EUB package. The contract that was sent to us and that was approved by the EUB did not include any terms, pricing, or schedule of charges. There was not a reference to an appendix.

Then I asked Felix when the CII Cardinal contract was approved by the EUB and Gary Zheng called me the next day and said that he could not find EUB approval and would get it ratified at the next EUB, which he did on February 19, 2013. I mentioned to Gary that EUB approved projects off the CII Cardinal contract twice that I was aware of, but the approval amounts were much lower than what was in the system:

- EUB approved August 7, 2012 in the amount of \$294,720 for repairs to Massengale cooling tower for control valves, and
- EUB January 15, 2013 in the amount of \$103,301 for valves and related materials at Cooke Station #2 boiler controls.

The expenses totaled \$1,669,115 for the period December 15, 2010 through February 14, 2013.

I had another EUB contract approval question for Gary and he asked me to consult with James Gilmore regarding my question. When I was on the phone with James I asked him if he was involved with the CII Cardinal contract. He replied that he was the one that entered into the contract with CII Cardinal. CII Cardinal was a subcontractor on one of his jobs and LP&L decided to contract direct with them. I asked James if they bid the job and he replied no. He told me that he was the LP&L responsible party for the CII Cardinal contract and that he did not get any bids or solicit quotes.

The known things we would like to see LP&L improve on include:

- 1) Go through competitive procurement process and enter into contracts before you start work. The first invoice was dated December 15, 2010 and the contract was entered in on January 27, 2011. The contract was ratified February 19, 2013.
- 2) LP&L asserts that bids were taken for the work performed but there is a discrepancy with the project manager assertions that no bids were taken on this contract.
- 3) Have EUB approve contracts before work starts. If work is considered emergency have the EUB ratify emergency contracts in the next EUB meeting. Even if the City is aware of the emergency repairs, EUB should still approve the contracts. This is a formal process that is documented in the minutes and is a protection to LP&L staff.

As I mentioned to Gary last week I am not a fan of job order contracting, but I understand that we need it for emergency repair and minor construction and maintenance of facilities. However, I would hope

that LP&L not rely on this as much as they have this past year. I believe LP&L can achieve lower rates if they use competitive methods. I mentioned this to Gary, James, and Felix when we talked and they concurred that we could do more specifications and bidding.

I also mentioned to Gary that I thought he should tighten the procurement review process to make sure that contracts make the EUB agenda and again he concurred and is looking into ways to improve this.

I mentioned to Gary that the City has not been receiving original invoices with complete detailed backup on the job order contracts and that we needed that information when LP&L submits payments. I requested that LP&L note the contract number and the EUB approval date for the contract on the payment paperwork before we pay this.

Finally I mentioned to Gary that it would be my desire that contracts \$50,000 or greater be taken to the EUB. This would be a change from current policy of \$100,000 or greater going to the EUB. My recommendation is that this be consistent of what we require of City staff to take to City Council. Again Gary concurred with my recommendation. He said he prefers a lower dollar limit.

As always I am committed to improving internal controls throughout the City and I am always agreeable to work with LP&L staff. Hopefully with more specific information we can tackle the necessary issues.

Attached is a listing of the CII expenses and the contract that was provided to the City and the EUB.

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>>> Lee Ann Dumbauld <ldumbauld@mail.ci.lubbock.tx.us> 2/21/2013 4:39 PM >>>

Sent from my iPad

On Feb 21, 2013, at 5:26 PM, "Gail Kring" <gkring@pycoindustries.com> wrote:

<!--[if mso 9]--> <!--[endif]-->

We took the time to address your claims regarding CII Cardinal. First, we are greatly disappointed with your approach as your claims are misleading and many are erroneous. However, the position of the City Manager deserves a response.

The total payments to CII Cardinal in FY2011 were \$118,492.42. The payments were for multiple repairs / projects. The payments are supported by documentation.

The total payments to CII Cardinal in FY2012 were \$703,470.50. The payments were made for multiple repairs / projects and emergency cooling tower repairs. The payments for the two fiscal years mentioned in your email actually total \$821,962.92 (55% of the