When Bonds are Broken

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DISCUSSION OUTLINE

• Project Background
• How Did We Get Here?
• When a Bonding Company Takes Over
• Project Outcome
• What Did We Learn
BACKGROUND

• Original Sewer Extension in 1996
• Petition for Additional Water and Sewer Extension 2006
• Approved by City and County in December 2007
• Project 95% complete design in 2009
• Project put on hold in 2010
• Project resurrected in January 2012
• Bid in late 2013; NTP January 6, 2014
• Anticipated Substantial Completion July 25, 2015
DESIGN STATS

- 6,160 LF of 6” Waterline
- 17,851 LF of 8” Waterline
- 28,769 LF of 8” Sewerline
- 300 residences
- 3 lake bores; 2 under the main lake and one under smaller neighborhood lake
- 2 additional bores to limit tree loss
- 1 aerial crossing on H Piles
BIDDING

Prequalification of Contractors

Value Engineering
$0.5M Savings

Award – 11/19/2013
NTP – 3/5/2014

Bids Received:
- 4 Bidders
- Low Bidder by $1.2M
-$2M over budget

Advertise – 10/3/13
Open – 10/31/13

COMPLETION
SEPT. 21, 2015
The Rumors

• Contractor having issues on other jobs
• Work has slowed significantly
• Contractor community rumors
• Contractor assuring nothing to be worried about
• Heading into the Holidays
Termination Time Line

- Contractor onsite performing work as of January 11, 2016
- Receive a phone call from Liberty Mutual on January 19, 2016
  - Contractor will complete project but payments will be made directly to LM
- January 29, 2016 the City is informed by the property owners that all equipment has been removed from the site and contacts LM receiving confirmation LM, the bonding company, is taking over the project.
The Bonding Company Takeover Process

- Liberty Mutual assigns representative to handle the Case
- LM assigned consultants to be the onsite representatives
- ALL information is provided to the consultants
- On February 4, 2016 LM Consultants and City Inspector visit jobsite to evaluate remaining work and address any urgent life safety issues.
- February 8, 2016 Official Notice of Termination from Contractor received.
- City Legal and LM Legal begin to work on a takeover agreement to complete the project.
Complications

• NCDENR issues NOV on March 4, 2016
• Contractor entered an agreement with private citizen for a laydown yard that also receives an NOV
• Neighborhood begins to contact state representatives, local commissioners and council
• A letter is sent to the neighborhood explaining the situation
• LM having difficulty finding a contractor to address NOV
Negotiations

• LM to address NOV within 3 weeks or City addresses and bills LM for the amount
• City waives any LDs in exchange for taking responsibility for the lay down area
• Final agreement is reached on March 21, 2016
• City executed agreement sent to LM on April 18, 2016
• Final Executed Takeover Agreement received from LM on May 5, 2016
• NOW LM will hire a contractor to complete the project
Completion Contractor

• The City is notified May 25, 2016 that a new contractor has been hired to complete the work.
• Preconstruction Meeting held June 7, 2016
• Contractor to begin June 20, 2016
• Punch List Items Agreed Upon
• Contractor completes all punch list items except NCDOT encroachment agreement issues by December 31, 2016
• LM does not feel responsible for Encroachment Requirements
LM submits a claim on July 21, 2016 for a repair in the incorrect location
City denies the claim on July 26, 2016
LM attempts to resurface claim on June 30, 2017
NCDOT Encroachment Agreement

- Low shoulder work bid August 10, 2017
- NTP October 16, 2017
- Final item for total project closeout!
QUESTIONS?