

D. Joseph Buys
1016 High Street
Marquette, MI 49855-3609

February 27, 2007

Marquette Board of Light and Power (MBLP)
2200 Wright Street
Marquette, MI 49855

Dear MBLP Board Members:

1. I wish to address apparent MBLP violations of the City Charter bidding policies and what appears to be an alarming lack of internal controls and sound business practices. Specifically, the purchase of the east warehouse door and opener, and a gate operator, were awarded by the MBLP on September 26th, 2006 to Wolverine Door Service for \$8,741.75, without obtaining bids as prescribed by the City Charter (see Atch-11). Below is an extract of the minutes:
2. *“It was moved by C. Piirala, seconded by K. Wanberg and unanimously carried to award the replacement of the Warehouse east garage shop door/operator to Wolverine Door per their quote meeting specifications totaling \$8,741.75. R. Goodney questioned if there are other local vendors? K. Juntala responded there are limited companies that can provide these large doors. He added Wolverine installed the previous doors and can provide a matching door and interchangeability of parts. R. Goodney questioned if sensors will be installed. K. Juntala responded in the negative.”*
3. I requested and obtained copies of MBLP documents related to this purchase under the Freedom of Information Act (FOIA) (Atch-6). I am a retired Government auditor and Marquette resident. I am attaching copies of these documents with attachment numbers I assigned for your ease of referencing.
4. Through my examination of these documents, and through various discussions, and observations, it is my opinion this purchase is indicative of a serious lack of sound internal controls being implemented by senior MBLP management, the lack of adherence to sound business practices and the City charter, and possibly the lack of adequate Board policies under which the MBLP should operate. In addition, I found several indications of misleading or incomplete information being provided to the Board and senior management. I feel this transaction is very symbolic of others I have heard of, but have not reviewed, and I'm convinced this is not an isolated incident. It stands on its own merit as being very significant.
5. Following are my observations (and my comments), not necessarily in the order of significance:
 - a. **Bids were not obtained as required by the City Charter.** As noted above, the MBLP awarded an \$8,741.75 bid to Wolverine Door Service without obtaining bids as prescribed (amounts over \$3,000) by the charter (Atch-11).
 - b. **MBLP minutes did not accurately reflect the items to be included in the award.** Specifically, the minutes cite *“Warehouse east garage shop door/operator...”* but the

- proposal and award included the door, operator, and an industrial gate operator and heater, a separate \$4,353.22 line item (Atch-1).
- c. **The Board was told there were limited companies to bid the job, which was not the case.** Per the minutes, the Board was told by the executive director “*K. Juntila responded there are limited companies that can provide these large doors...*” In fact there are at least 3 local companies in the Yellow Pages that could probably provide these items. Per my conversation with Overhead Doors in Marquette, they could have bid on and installed these them but never had the opportunity. In 2002 (Atch-9) bids for a near-identical west door were obtained from Overhead Doors at \$3,597. According to the Charter “...sealed bids shall be obtained unless the Board of Light and Power by unanimous resolution of those present at the meeting, based upon the written recommendations of the Director, determines that no advantage to the city would result from competitive bidding...” (Atch-11). No such statement was made in the letter from Mr. Lynch (superintendent of distribution) to the Mr. Kirby (executive director) (Atch-2) nor any such statement I’m aware of made to the Board by the director.
 - d. **The criterion used to award on the basis of matching doors was unsubstantiated.** The letter from Mr. Lynch (Atch-2) cites “operators and garage doors will match units installed in 2002...” I feel this was an unsupported justification, as these doors are rather standard in nature and that was confirmed in my conversations with the owner of Overhead Door. The question arises with this type of justification, whoever gets the first door to replace, gets subsequent replacements because of the “matching” requirement? Matching what? If matching were such an important criteria in the specifications, why was it not included in the requisition (Atch-3), or the proposal, or anywhere else?
 - e. **Inaccurate information and/or justification for the door opener were provided to the executive director and possibly the Board.** In the September 12, 2006 letter (Atch-2) from Mr. Lynch to the executive director, the statement was made the door and operators were the original installed with the office complex. I understand the door opener had been replaced several years ago and was in perfectly good working order. There was no justification provided on why the opener should be replaced. There was also no mention of a trade-in value if it was working as I understand it was. There also was no mention of why the gate operator and heater needed replacement and those items were not even mentioned in Mr. Lynch’s letter or anywhere else, except the proposal (Atch-1) from Wolverine.
 - f. **Requisitioning documentation was inadequate.** MBLP requisition order no 21481 (Atch-3) cites “Purchase of east garage shop door and operators” for \$8,741.75. There was no specific mention of the gate operator or heater in that requisition, only the door and operators.
 - g. **There was no invoice from Wolverine to support the purchase of the gate operator and heater.** I was provided with Wolverine invoice #10016 for \$4,388.53 for the door and operator (Atch-5), and invoice #10095 for \$416.90 (Atch-10) (total \$4,805.43, a difference of \$3,936.32 from the receiving document (Atch-4) shows the amount of \$8,741.75. It does not appear invoice #10095 (Atch-10) is wholly related to this purchase as there are references to approvals given before (8/29/06) the Board

approved the purchase. In addition, there was no reference on this or other invoices from Wolverine citing the requisition number (Atch-3) on this purchase.

- h. **Receiving procedures are not adequate to ensure the MBLP is getting what it is paying for.** The receiving report (Atch-4) for \$8,741.75 was signed for as received by Chris Swenor, a person who works in the warehouse and who I believe has little or no knowledge of the adequacy of the door, operator, and gate operator, and heater being installed to specifications. This was done when there was another knowledgeable individual available who has building maintenance as a part of his job description. Additionally, the warehouse person had only the description of a quantity of 1 (lined through by someone as though it was not received), unit of Each, and the description of “Purchase of east garage shop door and operators” to sign as received. No mention of the gate and heater. I feel this is a very serious breach of sound business practices, and internal controls.
 - i. **Warranty information was lacking.** The warranty for the door operator was faxed (Atch-8) from Wolverine to the MBLP on Jan 31st, the same day the MBLP received my FOIA request for warranty information. I was provided no warranty documentation on the door, gate operator, or heater and so have little reason to think they exist. In addition, there was no mention of warranty included in any written justifications, proposals, or requisitioning documentation that I could see.
 - j. **Disposal policies and procedures are not adequate and/or followed.** There was no mention of the disposition of the old door, opener, and gate opener in the justifications, proposal, or other known documentation. A written statement by David Lynch on January 31, 2007, stated (See Atch-7) the “Contract called for the complete replacement of door, track, operator, and disposal of the old door and hardware.” I received no documentation with my FOIA request addressing disposition and do not know what the contract being referred to is. That attachment further says an MBLP employee asked Wolverine to leave the old door (albeit without management permission) for him (as apparently it was of little value to Wolverine). However, Wolverine took the old opener. The lack of specificity in requisitions and proposals as to disposition of replaced item is a poor business practice in that, e.g., the vendor leaves the old door, leaves, and says he doesn’t want it. There would be little recourse to the MBLP but to dispose of this big door, probably at considerable additional cost and time. Why would you not put disposition terms in writing?
6. I respectfully ask the Board to investigate the circumstances surrounding this purchase to determine whether internal controls were adequate, were being circumvented and if so, the reasons, and whether the Board has established adequate policies (may supplement the City Charter) to address purchasing and disposition of MBLP assets. Further, I suggest
- a. If the Board determines existing internal controls are adequate but were circumvented, direct the Executive Director to initiate necessary training and/or disciplinary actions, if warranted.
 - b. If the Board determines internal controls and procedures are not adequate, direct the Executive Director to implement adequate controls.

- c. The Board should expect and demand full and accurate responses from management when they ask questions. Furthermore, management has a responsibility to the Board to inform the Board of any information, including legal requirements, which will permit the Board to make an informed decision.
 - d. The Board should direct the Executive Director to obtain bids on future purchases in compliance with the City charter.
 - e. The Board should consider hiring an outside auditor to examine the internal controls and procedures concerning at least contracting and purchasing and expanding the scope if the Board determines it is warranted.
7. I further respectfully ask the Board to provide a response to me, preferably in writing, within the next month, addressing these issues and any corrective action taken or directed. If you have questions or wish to contact me, please write to me at the above address, call me at (906) 226-2624, or email me at **jbuys @ up.net**. Thank you.

Sincerely yours,

PROPOSAL FOR GARAGE DOORS

4-A.

WOLVERINE DOOR SERVICE

2210 US 41 South
Marquette, MI. 49855
Phone: 906-249-3179
Fax: 906-249-5331

Date of Proposal: 9/12/06

#1

Proposal submitted to:

Work to be Performed at:

Name: Mgt. BLP - Wright Street	Job Name: Gate and Garage Door
Address:	Contact: Dave
	Date of Plans:
Phone: 228-0325	Fax: 228-0329

We at Wolverine Door Service Propose to furnish the following:

Osco Commercial Industrial gate operator, heater

Material and installation = \$ 4,353.22

1 - 16'2" x 14 Tri- Core standard garage door and PHST211 SR@ operator

Material and Installation = \$ 4,388.53

\$8741.75

WOLVERINE DOOR SERVICE - RECOMMENDS THE INSTALLATION OF A BOTTOM BAR SENSING EDGE FOR ALL ELECTRICALLY OPERATED DOORS. IF A SENSING EDGE OR SOME OTHER REVERSING DEVICE IS NOT INSTALLED, A CONTACT CONTROL SWITCH WITHIN SIGHT OF DOOR, MUST BE USED TO CLOSE DOOR.

We hereby propose to complete in accordance with above specification, for the sum of: \$ SEE ABOVE

Signature: Connie Jackson

TERMS AND CONDITIONS

Payment to be made as follows:

Prices subject to change if not accepted within 15 days.

By OTHERS: Jams, spring pads, all wiring to motors and control stations, unless otherwise stated above are not included. Purchaser agrees that doors shall remain in Seller's possession until paid in full. In the event Purchaser breaches or defaults under the terms and provisions of this Agreement, the Purchaser shall be responsible for the costs of collection including reasonable attorney's fees. The Seller shall be entitled to full and final payment on the Purchase Order. There shall be a 1.5 % service charge per month for all payments due and owing after 30 days. (Agreements are contingent upon strikes, accidents or delays beyond our control.)

ACCEPTANCE Terms. Price and specifications on all pages of this proposal are hereby accepted and the work authorized

Purchaser: _____

Signature: _____

Title: _____

Date of Acceptance: _____

Atch-1



KIRBY D. JUNTILA
EXECUTIVE DIRECTOR

BOARD OF LIGHT AND POWER

CITY OF MARQUETTE
2200 WRIGHT STREET
MARQUETTE, MI 49855-1398

4-A
#1

PHONE 906-228-0313
FAX 906-228-0329
PLANT FAX 906-228-0359

September 12, 2006

Mr. Kirby D. Juntila, Executive Director
Marquette Board of Light and Power
2200 Wright Street
Marquette, MI 49855

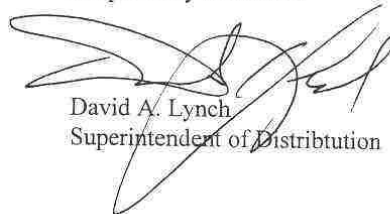
Dear Mr. Juntila

Wolverine Door has submitted proposals to replace the East Garage Shop door and operator and the East Gate Operator. Wolverine was the low bidder when the West garage door and operators were replaced in 2002. The door and operators to be replaced were original installed during the construction of the Office Complex. The new operators and garage door will match the units we installed in 2002. A total of \$10,000.00 was budgeted for this project. I hereby respectfully recommend the purchase and installation of the garage door and operators as proposed in the total amount of \$8,741.75.

**I CONCUR & RECOMMEND
BOARD APPROVAL.**


KIRBY D. JUNTILA,
EXECUTIVE DIRECTOR

Respectfully Submitted


David A. Lynch
Superintendent of Distribution

Atch-2



Requisition

Requisition Order No: 21481

Date: 09/27/2006

Board of Light and Power

City of Marquette, MI

Material and Supplies

1

Purchasing agent: Please have furnished to the Light and Power Warehouse the following :

QTY	Description	Account Number
1	*CONTR Purchase of east garage shop door and operators @ \$8,741.75 / Each	\$8,741.75 9-930-00-00
Total Cost:		\$8,741.75

Board approved contractor bid 9/26/06
Do not mail

Atch-3

Wolverine Door Service
 2210 US 41 S
 Marquette, MI 49855-

Signed: _____

Approved: _____

Board of Light and Power
2200 Wright Street
Marquette, Michigan 49855

Please show this purchase order number on
your invoice and packages: **21481**

Date: 09/27/2006

1

Wolverine Door Service
2210 US 41 S
Marquette, MI 49855-

Ship To: **Board of Light and Power**
2200 Wright Street
Marquette, Michigan 49855

QTY	Received	QTY	Unit	Description		Account Number
	✓		Each	Purchase of east garage shop door and operators	@ \$8,741.75	\$8,741.75 9-930-00-00
Total Cost:					\$8,741.75	

Board approved contractor bid 9/26/06
Do not mail

Atch-4

1/2/07
Date Received

Condition

Authorized For Purchase
William C. Pyle
Purchasing Agent
Chris Stevenson
Received By

Wolverine Door Service Inc.

2210 U.S. Hwy 41 South
Marquette, MI 49855
Phone - (906)249-3179
Fax - (906)249-5331

1 INVOICE

Date	Invoice #
11/20/2006	10016

Bill To
Marquette Board of Light & Power 2200 Wright St. Marquette, MI 49855

Ship To

P.O. No.	Terms	Due Date
wright street	Net 30	12/20/2006

Qty	Description	Amount
1	61'2 x 14' Tri- Core standard garage door PHST211 SR2 operator Material and installation	4,388.53
<p>FAXED By: <i>CS</i> Date: <i>11/20/06</i></p> <p>RECEIVED NOV 22 2006 MBLP-ACCTS PAYABLE</p> <p style="font-size: 2em; opacity: 0.5;">Atch-5</p>		
All work is complete!		
		Tax (6.0%) \$0.00
		Payments/Credits \$0.00
		Balance Due \$4,388.53

RECEIVED
SUBJECT TO VERIFICATION

JAN 31 2007

MAILING
RIGHT & BOND

FYI - ✓ K J
✓ P K
✓ D L

D. Joseph Buys
1016 High Street
Marquette, MI 49855-3609

January 30, 2007

Marquette Board Of Light and Power
2200 Wright Street
Marquette, MI 49855

This request is made under the Michigan Freedom of Information Act (FOIA), as amended by 1996 PA 553, to **inspect and/or make and/or receive copies** of the following described documentation, which should appear in the files and records of The Marquette Board of Light and Power (MBLP).

Meeting Done ✓ #1
was 9-26-06

Bad Minutes
Requisition

- ✓ #1 • All records, in any form, related to the authorization and purchase of the east door as approved in the MBLP minutes of September 25th, 2006.
- ✓ #2 • All records, in any form, related to the disposition of the old east door and other replaced hardware.
- ✓ #3 • This request includes requisitioning and receiving documents, warranties, specification sheets, etc..
- ✓ • I do not need a copy of the September 29th, 2006 minutes.

No meeting that date.

Please advise me of the date on which I may inspect, review, and/or request and/or receive said materials. Also please advise me if there will be any fees associated with this FOIA.

Should you have any questions concerning this request, please call me at (906) 226-2624, write me at the above address, or email me at jbuys@up.net. Thank you.

Sincerely,




Atch-6



#2

Memo

To: Mary Adamini
From: David A. Lynch 
CC: File
Date: January 31, 2007
Re: Buys FOIA request – East Garage Door

Re: Disposition of original garage door.

Contract called for the complete replacement of door, track, operator and disposal of the old door and hardware. In subsequent follow up it was discovered that the garage mechanic asked the contracted firm to leave the old door and equipment on site as he may want it. This was not discussed with management nor was it pre-approved. This was verified in discussion with the garage mechanic on Wednesday, January 31, 2007.

Atch-7

#3

LIMITED WARRANTY

Raynor Garage Door (Raynor) warrants their Commercial/Industrial Operator to be free from defects in material and workmanship for a period of one year from the date of delivery to the original purchaser. Raynor reserves the right to have authorized personnel inspect any part alleged to be defective, and to refuse any returned material unless the return was previously authorized by Raynor.

Raynor's liability hereunder is limited to replacement of any part found to be defective. Labor charges are the responsibility of the customer.

RAYNOR SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

ALL OTHER WARRANTIES, EXPRESS OR IMPLIED INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, ARE HEREBY EXPRESSLY EXCLUDED.

RAYNOR GARAGE DOORS
DIXON, ILLINOIS 61021

SPECIFICATIONS

The Raynor PowerHoist Standard Trolley type electric operator is designed for use on commercial and industrial size sectional overhead doors only.

HEADROOM REQUIREMENT

A minimum of 4 inches is required above high point of door travel.

BACKROOM REQUIREMENT

Opening height plus 4'-8" clearance back from header (plus 5'-8" on low headroom).

DOOR TYPE

For use on normal and low headroom sectional overhead garage doors.

REDUCTION

V-belt drive from motor to full ball-bearing power train with additional chain and sprocket reduction.

DOOR TRAVEL

Operator to move door 8 to 12 inches per second.

FREQUENCY OF OPERATION

Will handle up to 30 cycles per hour or 300 cycles per day.

MOTOR

Continuous duty rated, 1725 RPM.

CONTROL

24 volt secondary control circuit as standard.

ADJUSTABLE FRICTION CLUTCH

Provided to protect door and operator if door movement is obstructed and prevent serious injuries.

OVERLOAD PROTECTION

Manual reset type for over current protection.

LIMIT SWITCHES


Chain drive, screw type.

Atch-8



#1

Memo

To: David E. Hickey, Executive Director
From: David A. Lynch 
CC: File
Date: March 27, 2002
Re: West Side Vehicle Garage Door.

Dear Mr. Hickey:


We have been experiencing excessive maintenance expenditures on the west vehicle door over the past 2 years. During this time, we have spent \$2,733.87 to repair the operator, track, replace springs and replace panels. In discussing these problems with Williams Door Service, Mr. Williams suggested that we upgrade this door to a heavier duty-cycle door to reduce the wear and tear we have been experiencing. Our plans would then be to use the parts removed from the existing west door to maintain the east door which is of the same type. We contacted three local overhead door vendors and the following are the proposals we received.

Vendor	Door Manufacturer/Type	Installed Cost
Wolverine Door Service	Raynor Tricor Insulated	\$2,556.00
Williams Door Service	Richards-Wilcox Thermanite	\$2,850.00
Overhead Door Service	Overhead Door Thernacore	\$3,597.00

I would recommend accepting the proposal from Wolverine Door Service for the replacement of the west side garage door.

Respectfully,

David



Atch-9

Wolverine Door Service Inc.

2210 U.S. Hwy 41 South
 Marquette, MI 49855
 Phone - (906)249-3179
 Fax - (906)249-5331

#1 INVOICE

Date	Invoice #
12/26/2006	10095

Bill To
Marquette Board of Light & Power 2200 Wright St. Marquette, MI 49855

Ship To

P.O. No.	Terms	Due Date
	Net 30	01/25/2007

Qty	Description	Amount						
3	Lime Slurry Plant as per Jill 8/29/06 Labor for 1 man crew - completed 12/20/06 Installed new Schlage lock with Abloy cyl and Dummy Cylinder on pair of doors On silo behind Lime Slurry plant - replaced lock on ground level and on 2nd floor	150.00						
1	A170PLY626 Dummy lock for A70PD PLY lock	31.20						
1	A70PD Classroom lock x 626 finish	113.60						
2	Russwin standard duty knob locks	113.60						
1	CV86 door edge conversion plate	8.50						
<p>RECEIVED DEC 27 2006 MBLP-ACCTS PAYABLE</p>		<p>Atch-10</p>						
<p>TO: JB DATE: <u>12/27</u></p> <p>"PLEASE REQUISITION"</p>		<table border="1"> <tr> <td>Tax (6.0%)</td> <td>\$0.00</td> </tr> <tr> <td>Payments/Credits</td> <td>\$0.00</td> </tr> <tr> <td>Balance Due</td> <td>\$416.90</td> </tr> </table>	Tax (6.0%)	\$0.00	Payments/Credits	\$0.00	Balance Due	\$416.90
Tax (6.0%)	\$0.00							
Payments/Credits	\$0.00							
Balance Due	\$416.90							
<p>All work is complete!</p>								

Marquette City Charter—Extract from Chapter 13.7(n)¶

In all sales or purchases in excess of three thousand dollars.¶

(a) the sale or purchase shall be approved by the Board of Light and Power, (b) sealed bids shall be obtained unless the Board of Light and Power by unanimous resolution of those present at the meeting, based upon the written. This amount was increased from one thousand to three thousand dollars at the election on August 8, 1978. recommendations of the Director, determines that no advantage to the city would result from competitive bidding. No sale or purchase shall be divide, for the purpose of circumventing the dollar value limitation contained in this section. The Board of Light and Power may authorize the making of improvements or the performance of any work without competitive bidding. Purchases shall be made from the lowest and best competent bidder meeting specifications, sales shall be made to the bidder whose bid is most advantageous to the city.¶

All purchases and sales shall be evidenced by written contract or purchase order.¶

Atch-11