



City of  
**CHARLOTTE**

**MEMORANDUM**

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: City Manager Report

DATE: August 9, 2019

**Contract Overpayment.** The City received a check in the full amount of the \$617,000 overpayment on the State/Lincoln reconstruction contract on July 24. DPW Director Amy Gilson and I met with representatives Prein & Newhof, the consulting engineers on the project on Monday, August 5. They have made an offer to pay the City \$6,000 to offset investment losses incurred by the City and to reimburse the contractor for its cost of borrowing the funds to repay the City. We do not know the contractor's interest costs on the loan but believe they could reach as high as \$50,000. Ms. Gilson has reached out to him about the matter but has not received a reply.

Regardless of the offer of \$6,000, we remain dissatisfied with Prein & Newhof's handling of the matter subsequent to the discovery of the overpayment. Communication from executives has been minimal unless we initiated it, despite claims that they wish to be a partner with us in resolving the matter. They finished their internal investigation without being able to reach a conclusion as to how the error occurred. They continue to assign blame to others for having failed to catch their mistake.

For other reasons, we were dissatisfied with the work Prein & Newhof performed on this project. We have enjoyed a good working relationship with the firm on projects at the airport over the last several years and have been pleased with the quality of the work they perform. I cannot support continuing this relationship, however, in light of our recent experience. I have instructed Community Development Director Bryan Myrkle to advise those representatives that we will be undergoing a consultant re-selection process for services on projects subsequent to the completion of the updating of the airport layout plan on which we are currently working with Prein & Newhof.

**Health Insurance.** City Clerk Terpstra and I had a couple of conversations this week with representatives of firms in the health insurance business. We expect to receive proposals to evaluate in September.

**Audit.** Ms. Terpstra, our accountants and I had a conversation this week with the audit team of Plante & Moran as we begin planning for the audit of the City's

financial statements for the prior fiscal year. Field work is scheduled to begin the week of September 16 with audit presentation to Council taking place in November. We are working to insure a much smoother audit process than occurred last year.