



FINANCE COMMITTEE AGENDA

Committee Members:

The Honorable Craig Wooten, Chairman
The Honorable M. Cindy Wilson
The Honorable Brett Sanders

Friday July 12, 2019 – 2:00 p.m.

**Historic Courthouse
Administrator's Conference Room - Second Floor**

Chairman Craig Wooten, Presiding

- | | |
|--|------------------------|
| 1. Call to Order | Chairman Wooten |
| 2. Invocation and Pledge of Allegiance | Honorable Cindy Wilson |
| 3. Bid # 19-060 Green Pond Landing Phase 11 Improvements | Mr. Robert Carroll |
| 4. Capitalization Threshold Discussion | Ms. Rita Davis |
| 5. Citizens Comments | |
| 6. Adjournment | |

Tommy Dunn
Chairman, District 5

Craig Wooten
Council District 1

Brett Sanders
Council District 4

Cindy Wilson
Council District 7

Ray Graham
V. Chairman, District 3

Gracie Floyd
Council District 2

Jimmy Davis
Council District 6

Lacey Croegaert
Clerk to Council

ANDERSON COUNTY
SOUTH CAROLINA


Rusty Burns | County Administrator
rburns@andersoncountysc.org



MEMORANDUM

DATE: July 10, 2019

TO: Robert Carroll
Purchasing Director

FROM: Judy Shelato  Matt Schell
Special Projects Manager Parks & Rec Manager

SUBJECT: RECOMMENDATION ON BID #19-060 AWARD
Green Pond Landing Phase II Improvements

After review of the sole bid submitted for this project we recommend partial award of the contract to The Belk Company, LLC for \$786,208.50. The award would include the Base Bid minus the Marine Items with Option B and Alternate A. Several Extended Costs were miscalculated and are corrected on the attached bid form.

Base Belk Bid	\$ 815,787.14
Marine Items Deduct	\$ (425,894.24)
Option B	\$ 56,960.00
<u>Alternate A</u>	<u>\$ 339,355.60</u>
TOTAL AWARD	\$ 786,208.50

Base Bid included mobilization, surveying, demolition items, sediment control and grassing items, excavation of hillside to provide ADA boat trailer parking spaces including rock excavation, hauling off excavated materials, retaining riprap sized materials on site for future use, marine items, paving and marking re-aligned landing entrance drive.

Marine Items that will be removed from the Base Bid include geotextile filter underlay, #5 bedding stone, placement of groin riprap and placement of revetment rip rap. The anticipate costs savings of using the excavated rock for this effort were not realized, therefore staff will continue monitoring siltation at the docks and remove it as needed.

Option A and Option B involved handling the excavated materials. Option A, backfilling the excavation in place, would be selected if Alternate A work was not awarded. Option B would be selected if Alternate A was awarded, and would include hauling most of the material off site and only using some of it as borrow material for the site grading.

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MEMORANDUM

Alternate A included constructing two cast in place retaining walls with safety railings, and installing curb and gutter, pavement, curb stops, markings and signs for the ADA boat trailer parking. An optional parge coat application for the wall appearance is included if needed.

Three prime contractors attended the pre-bid meeting but only one contractor submitted a bid for the project. We have reviewed the pricing of the bid items and find it in-line with projects of this size, except for the Marine Items. The contractor has agreed to a deduct from the Base Bid for the Marine Items, and to haul the riprap sized excavation to a storage location on site for future use, in lieu of removing all of the riprap excavation from the site.

We recommend budgeting a contingency of 10%, or \$78,620.85 as payment will be by item quantity and exact rock excavation quantity will be verified during excavation.

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SECTION IV: Addendum A

BID FORM

Name of Party submitting the Bid: The Bell Company LLC

To: Purchasing Manager for Anderson County

Pursuant to the Notice Calling for Bids and the other Bid documents contained in the Bid package, the undersigned party submitting the Bid, having conducted a thorough inspection and evaluation of the Specifications contained therein, hereby submit the following pricing set forth herein:

Bid: #19-060 Green Pond Landing Phase II Improvements

BASE BID

ITEM	UNIT	EST. QTY.	UNIT COST	EXT. COST
MOBILIZATION	LS	1		20,000.00
SURVEYING	LS	1		16,000.00
CLEARING & GRUBBING	LS	1		4,300.00
REMOVE AND STORE SIGNS AND CURB STOPS	LS	1		900.00
SEDIMENT TUBES	LF	330	5.45	1,798.50
INLET PROTECTION	EA	3	200.00	600.00
SILT FENCE	LF	850	3.00	2,550.00
CONSTRUCTION ENTRANCE	SY	1000	3.30	3,300.00
ASPHALT PAVEMENT REMOVAL	SY	175	32.00	5,600.00
UNCLASSIFIED EXCAVATION	CY	3890	17.30	67,297.00
ROCK EXCAVATION	CY	1600	11.60	18,560.00
EXCAVATION HAULING	CY	1895	12.50	23,687.50
GEOTEXTILE FILTER UNDERLAY	SF	4618	6.18	28,540.00
#5 BEDDING STONE	TONS	153	441	67,473.00
GROIN RIPRAP (ON-SITE MATERIALS)	CY	200	670	134,000.00
GROIN RIPRAP (OFF-SITE MATERIALS)	CY	88	670	58,960.00
REVETMENT RIPRAP (ON-SITE MATERIALS)	CY	221	446	98,566.00
REVETMENT RIPRAP (OFF-SITE MATERIALS)	CY	86	446	38,256.00
RIBBON CURB	LF	180	43.00	7,740.00
ASPHALT PAVEMENT SECTION	SY	667	47.70	31,816.00
4" WHITE PAVEMENT MARKING	LF	90	5.00	450.00
PERMANENT GRASSING	ACRE	3	2583.00	7,749.00
TEMPORARY GRASSING	ACRE	3	1843.00	5,529.00
EROSION CONTROL BLANKET (ECB)	SY	1970	2.50	4,925.00
SUBTOTAL				815,787.14

1778.50
 2601
 28,539.74
 31,815.90
 5529

815,787.14
 - 425,894.24
 \$ 389,892.90 ✓

OPTION A BACKFILL EXCAVATION	CY	3000	17	51,000.00
OPTION A GRAND TOTAL				51,000.00
OPTION B BORROW PLACEMENT	CY	200	30	6,000.00
OPTION B EXCAVATION HAULING	CY	2800	1820	50,960
OPTION B GRAND TOTAL				56,960
ALTERNATE A				
ITEM	UNIT	EST. QTY.	UNIT COST	EXT. COST
PAVEMENT MARKING REMOVAL	LS	1		2,500.00
CAST-IN-PLACE CONCRETE RETAINING WALL	LS	1		199,700.00
PARGE COAT (OPTIONAL)	LS	1		19,500.00
WALL RAILING	LS	1		83,000.00
ASPHALT PAVEMENT SECTION	SY	668	47.70	31,864.00
18" CONCRETE CURB & GUTTER	LF	160	46.70	7392.00
PAVEMENT MARKINGS	LS	1		2500.00
SIGN INSTALLATION/REINSTALLATION	LS	1		700.00
CURB STOP INSTALLATION OR REINSTALLATION	LS	1		1200
ALTERNATE A GRAND TOTAL				339,356.00 339,355.60
ALTERNATE B				
ITEM	UNIT	EST. QTY.	UNIT COST	EXT. COST
CONCRETE SIDEWALK REMOVAL	SY	120	31.60	3792
CURB & GUTTER REMOVAL	LF	212	12.25	2597
GRADING	LS	1		15,500.
ASPHALT PAVEMENT SECTION	SY	425	47.70	20,272
18" CONCRETE CURB & GUTTER	LF	320	33.50	10,720.00
CONCRETE SIDEWALK(4" UNIFORM)	SY	83	88.80	7370.00
CONCRETE SIDEWALK(6" UNIFORM)	SY	70	100.00	8300
CONCRETE STEPS W/CHEEK WALL & RAILING	LF	71	816	57,936
ADA RAMP WITH RAILING	LS	1		116,439.00
PEDESTRIAN RAMP	LS	1		700.
CONCRETE FLUME	EA	1		500.
ALTERNATE B GRAND TOTAL				144,117.00
				142,817.90
ALTERNATE C LUMP SUM TOTAL	LS	1		44,800.00

31,863.60

20,272.50
7370.40
7000

ALTERNATE D LUMP SUM TOTAL					I.S	1	27,915
ALTERNATE E LUMP SUM TOTAL					I.S	1	33,156.
ALTERNATE F							
	ITEM	UNIT	EST. QTY.	UNIT COST	EXT. COST		
	CONCRETE SIDEWALK(4" UNIFORM)	SY	158	18.37	5846		
	PEDESTRIAN RAMP	LS	1		1000		
	ALTERNATE F GRAND TOTAL				6,846.		
	ALTERNATE G 2" ASPHALT SURFACE TOTAL	SY	4700	12.66	59,502.		

Anderson County Purchasing Department Bid Tabulation

BID# 19-060 GREEN POND LANDING PHASE 11 IMPROVEMENTS

Vendor		TOTAL COST
1 BELK COMPANY		\$815,792.00 BASE
2		\$51,000.00 OPTION A
3		\$56,960.00 OPTION B
4		\$339,356.00 ALTERNATE A
5		\$144,117.00 ALTERNATE B
6		\$44,800.00 ALTERNATE C
7		\$27,915.00 ALTERNATE D
8		\$33,156.00 ALTERNATE E
9		\$6,846.00 ALTERNATE F
10		\$59,502.00 ALTERNATE G
11		
12		
13		
14 AWARD TO:		Belk Company

Vendor		TOTAL COST
15 MILLERS CO.		NO RESPONSE
16 SALUDA LLC		NO RESPONSE
17 J. DAVIS CONSTRUCTION		NO RESPONSE
18 ALLEN DIONNE		NO RESPONSE
19 STERLING STRUCTURE & DESIGN		NO RESPONSE
20 ALPHA CONSTRUCTION		NO RESPONSE
21 EARTH MATERIALS		NO RESPONSE
22 F AND R		NO RESPONSE
23 DOCKS HARDWARE		NO RESPONSE
24 ROGERS GROUP		NO RESPONSE
25 DENNIS CORP.		NO RESPONSE
26 S AND S INC.		NO RESPONSE
27		
28		
AWARD TO:		



BEST PRACTICE

Capitalization Thresholds for Capital Assets

BACKGROUND:

The term *capital assets* is used to describe assets that are used in operations and that have initial lives extending beyond a single reporting period. Capital assets may be either intangible (e.g., easements, water (rights) or tangible (e.g., land, buildings, building improvements, vehicles, machinery, equipment and infrastructure). It is incumbent upon public-sector managers to maintain adequate control over all of a governments resources, including capital assets, to minimize the risk of loss or misuse.

As a practical application of the materiality principle, not all tangible capital-type items with useful lives extending beyond a single reporting period are required to be reported in a governments statement of position. Items with extremely short useful lives (e.g., less than 2 years) or of small monetary value are properly reported as an "expense" or "expenditure" in the period in which they are acquired.

When outlays for capital-type items are, in fact, reported on the statement of position, they are said to be *capitalized*. The monetary criterion used to determine whether a given capital asset should be reported on the balance sheet is known as the *capitalization threshold*. A government may establish a single capitalization threshold for all of its capital assets, or it may establish different capitalization thresholds for different classes of capital assets.

Capitalization is, of its nature, primarily a financial reporting issue. That is, a governments principal concern in establishing specific capitalization thresholds ought to be the anticipated information needs of the users of the governments external financial reports. While it is essential to maintain control over all potentially capitalizable items, there exist much more efficient means than capitalization for accomplishing this objective in the case of a governments smaller tangible capital-type items.¹ Furthermore, practice has demonstrated that capital asset management systems that attempt to incorporate data on numerous smaller items are often costly and difficult to maintain and operate.

RECOMMENDATION:

GFOA recommends that state and local governments consider the following guidelines in establishing capitalization thresholds:

- Potentially capitalizable items should only be capitalized only if they have an estimated useful life of at least two years following the date of acquisition;
- Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets (e.g., books of a library district);

- In no case should a government establish a capitalization threshold of less than \$5,000 for any individual item;
- In establishing capitalization thresholds, governments that are recipients of federal awards should be aware of federal requirements that prevent the use of capitalization thresholds in excess of certain specified maximum amounts (i.e., currently \$5,000) for purposes of federal reimbursement; and
- Governments should exercise control over potentially capitalizable items that fall under the operative capitalization threshold.²

Notes:

*This best practice was previously titled *Establishing Capitalization Thresholds for Capital Assets*.*

References:

¹ See GFOAs best practice on Maintaining Control over Items that Are Not Capitalized (2006).

² See GFOAs best practice on Maintaining Control over Items that Are Not Capitalized (2006).

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BEST PRACTICE

Control Over Items That Are Not Capitalized

BACKGROUND:

Accountants use the term *capital assets* to describe tangible or intangible assets that are used in operations, and that have initial useful lives extending beyond a single reporting period.¹ As a practical matter, entities typically use capitalization thresholds for reporting capital assets in their respective financial statements.² Consequently, entities must ensure adequate controls are in place for items that are not capitalized and fall within the following categories:

- *Items that require special attention to ensure legal compliance.* Legal or contractual provisions may require a higher than ordinary level of accountability over certain capital-type items (e.g., items acquired through grant contracts);
- *Items that require special attention to protect public safety and avoid potential liability.* Some capital-type items by their very nature pose a risk to public safety and could be the source of potential liability (e.g., police weapons); and
- *Items that require special attention to compensate for a heightened risk of theft (walk-away items).* Some capital-type items are both easily transportable and readily marketable or easily diverted to personal use (e.g., sound equipment and portable computers).

Items which are not capitalized, but require special attention because they are sensitive for one or more of these reasons, might be described as *controlled capital-type items*.

RECOMMENDATION:

GFOA recommends that every government undertake a systematic effort to identify and implement internal controls over all of its controlled capital-type items.

Control normally should occur at the departmental level. Departments typically are expected to be responsible for controlled capital-type items as an integral part of the process they use to achieve their operational goals. Therefore, individual departments, rather than a centralized finance function (or other designated finance function), normally are the focus of the control efforts.

Control responsibility should be assigned within each department. Control cannot be divorced from accountability. Consequently, departments should assign responsibility for capital-type items to one or more specific individuals. That assignment should be documented within the department and communicated to the centralized accounting function (or other designated finance function). Likewise, changes in assignments should be documented and communicated.

Individuals responsible for controlled capital-type items should prepare and maintain a complete list of those items each year within the department. At the close of each fiscal year, individuals that are assigned responsibility for controlled capital-type items should prepare a report (to be maintained

within the department) that provides a complete list of those items, along with an explanation of changes from the previous year.

Departments should certify each year to the central accounting function (or other designated finance function) that updated lists of controlled capital-type items are on file and available for inspection.

Each department should designate an individual to be responsible for verifying that lists of all controlled capital-type items have been filed each year, as required. The responsible manager in the department should then certify to the central accounting function (or other designated finance function) that those lists are 1) on file and available for inspection, and 2) reliable and complete. A sound framework of internal control is necessary to afford a reasonable basis for this certification.³

The central accounting function (or other designated finance function) should periodically verify the data on the controlled capital-type item lists on file in each department. No less than once every five years on a rotating basis (more frequently for particularly sensitive items), the central accounting function (or other designated finance function) should ensure that procedures are performed to verify the reliability and completeness of the lists on file in each department concerning controlled capital-type items.

Notes:

¹ Governmental Accounting Standards Board (GASB) Codification 1400.103 (GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, paragraph 19)

² GFOA best practice on *Capitalization Thresholds for Capital Assets* (2006)

³ GFOA best practice on *Internal Control and Management Involvement* (2008)

*This best practice was previously titled *Maintaining Control over Items that Are Not Capitalized*.*

References:

- *Accounting for Capital Assets, A Guide for State and Local Governments*, Stephen J. Gauthier, GFOA, 2008.