

**MIKE SPANO
MAYOR**



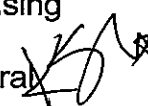
**CITY HALL
YONKERS, NEW YORK
10701**

**KITLEY S. COVILL
INSPECTOR GENERAL**

**Ph: 914-377-6107
Fax: 914-377-6990**

**DEPARTMENT OF
INSPECTOR GENERAL
CITY OF YONKERS**

TO: Mike Spano, Mayor
Susan Gerry, Deputy Mayor
Thomas Meier, Commissioner, Department of Public Works
Sam Borrelli, Deputy Commissioner, Department of Public Works
John Liszewski, Commissioner of Finance
Tom Collich, Director of Purchasing

FROM: Kitley S. Covill, Inspector General 

DATE: February 19, 2013

RE: Contract Review
Peter Grotto Plumbing and Heating Inc.

The Department of the Inspector General (IG) periodically conducts audits and reviews of contracts awarded by the City of Yonkers (City) to outside vendors. The IG conducted a review and investigation of an emergency contract, awarded to Peter Grotto Plumbing and Heating Inc., in November 2012. The IG's findings are set forth below.

Background

On November 1, 2012 at approximately 6:50 am a large water pipe burst in the City of Yonkers (City) Vehicle Service Center located at 1130 Nepperhan Avenue. The strong blast of water from the pipe shook the cement and brick two story garage building and the water pressure in water tanks near the building immediately went down significantly. Within minutes the first floor of the garage at the service center was filled with water and mud. The water was soon shut off, which in turn shut off all water to the fire suppression units in the building. Lack of operable fire suppression units created a fire hazard and necessitated a manned twenty four hour a day fire watch. Three days earlier Superstorm Sandy had hit the area.

Investigation

The IG spoke with the Deputy Mayor, the Commissioner and Deputy Commissioner of the Department of Public Works (DPW), the Director of Purchasing and employees of DPW who were present when the water pipe broke. The IG physically inspected the site where the damage occurred. The IG also interviewed Peter Grotto and another plumbing contractor.

As a result of the emergency created by the burst water pipe, a DPW employee started calling plumbers to fix the problem. One plumber said the job was too big for him, another plumber didn't answer the telephone due to downed power lines created by Superstorm Sandy and a third plumbing contractor came to the site almost immediately after he was called, as his business is located down the street from the service center. The Director of Purchasing or a DPW employee also called other plumbing contractors, one of whom indicated that he would look at the job and give an estimate¹.

Peter Grotto, from Peter Grotto Plumbing and Heating Inc., inspected the site, assessed the damage, drafted a proposal for repairing the broken water pipe and submitted it, for \$39,470, to the City Director of Purchasing, on the afternoon of November 1, 2012. A copy of the proposal is attached to this report as Exhibit A. A concern for any contractor submitting a proposal is sufficient insurance. As Peter Grotto Plumbing and Heating Inc. (Grotto) already had a contract with the City to perform water repairs, the Director of Purchasing knew that this company could satisfy the City insurance requirements. DPW indicated to the Director of Purchasing that the Grotto quote was acceptable and the Director told DPW that the company was acceptable from a city liability and purchasing perspective.

On November 2, 2012 the Commissioner of DPW submitted a request to the Deputy Mayor for an Emergency Declaration regarding needed repairs at the service center, listing the repairs that were detailed in the Grotto proposal. She approved the Emergency Declaration, authorizing repairs as specified in the Emergency Declaration, for approximately \$40,000. A copy of the Emergency Declaration is attached to this report as Exhibit B.

On November 2, 2012 the Director of Purchasing sent Grotto a service purchase order by email and directed him to coordinate all work with the Vehicle Maintenance Director at the service center. (See Exhibit C). A service purchase order is signed by the Director of Purchasing and constitutes a contract and obligation to pay for the work as described on the part of the city once it has been performed. Once the service purchase order was signed and delivered to Grotto,

¹ This plumbing contractor called the Director of Purchasing or a DPW employee and gave a verbal quote which was significantly higher than the Grotto quote. According to the plumbing contractor that number included work performed as described in Exhibit A, but also included work authorized pursuant to a change order as described in Exhibit D.

he was authorized to commence work and the city was obligated to pay for the work performed.

Peter Grotto described the work as being labor intensive and required replacement of a large and heavy water pipe in an approximately 8 x 6 foot utility closet. Mr. Grotto stated that the utility closet was filled with mud and was very difficult to inspect initially². He also said that some excavation had already been performed by City employees who had tried to repair a leak about one week earlier. He noted that further excavation was needed however, and he used the excavation company he often uses on his jobs. That company, SVB Contracting Inc. (SVB), is owned by the DPW Deputy Commissioner's sons.

After he replaced the water pipe and inspected the plumbing that was to be reattached to the newly installed pipe he realized that the blast from the water had cracked other pipes that needed to be replaced. He also indicated that because he found other broken pipes further excavation was needed to ensure that all of the cracked pipes were replaced.

Mr. Grotto discussed the additional problems he had discovered with the Deputy Commissioner of DPW who was on site at the service center, as he often is during the day. Mr. Grotto noted that much of the piping and connections were old and he could repair them or he could update the pipes and connections. The Deputy Commissioner verbally approved the additional work and indicated that the piping being replaced dated from the 1960s when the service center was built. The Deputy Commissioner stated to the IG that he knew his son had been on the job, but he did not believe that further excavation was needed for the additional work.

On November 5, 2012 Grotto sent a second proposal for additional work, known as a change order, for \$24,864. A copy of the November 5, 2012 proposal is attached to this report at Exhibit D.

On November 8, 2012 Grotto received an amended service purchase order by email from the Director of Purchasing which contained the change order amount, for a total of \$64,334. (See Exhibit E) Noted on the service purchase order is approval for the additional work given on November 5, 2012 by Sam Borrelli (DPW Deputy Commissioner).

The day after completing the repairs, Grotto received a telephone call from a DPW employee regarding a leak outside the building, necessitating that the water to the building be shut off. Mr. Grotto and SVB inspected the yard in front of the service center. They discovered a leak 6 to 10 feet away from the building in a buried pipe that leads into the building from the street water main. Mr. Grotto

² Mr. Grotto's statements contrast with the other plumbing contractor who told the IG it was clear that additional pipes were affected.

acknowledged that this leak most likely occurred because the line had been disturbed during the repair to the water pipes and the fire suppression system.

Grotto made the necessary repairs and restored water to the building. Mr. Grotto stated that his main concern was to get the water back on, so he did not submit a proposal prior to the repairs; thus he made the repairs without a service purchase order. After completing the repairs, Grotto sent an email to the DPW Commissioner and Deputy Commissioner informing them that the emergency repairs had been made and the water was turned back on for the service center.

Grotto then submitted a proposal for \$3,200, calculating the price of the repairs based on labor costs only, as DPW supplied the necessary materials. According to Mr. Grotto's payroll records the entire job was completed on November 13, 2012. To date he has not received a service purchase order for the \$3,200 proposal.

Mr. Grotto stated that most of the work was completed by his plumbing company, and the excavation company he used inserted a cement "TRUS" and excavated outside the building to uncover water pipes leading into the service center.

Mr. Grotto expressed frustration that he had not been paid in full and that he had not been paid timely. He stated that he performed the work and the change order work was approved. He indicated that he was paid for the original proposal but only after he made several calls. He noted that he had received a signed purchase order that included the change order but he still has not been paid for the change order amount.

Findings

The IG finds that the both the original proposal for work and the change order proposal for work, submitted by Peter Grotto Plumbing and Heating Inc., were approved by DPW.

The IG recognizes that on Emergency Declaration work such as was needed here, it is not necessary to obtain three written quotes, as by definition time is of the essence in the work to be performed. While best practices suggest that three quotes should be obtained, this emergency situation occurred during one of the worst natural disasters the city has ever had, Superstorm Sandy. As a result, DPW Administration and the Director of Purchasing were scrambling to ensure that work all over the city was being done by reputable contractors who had sufficient insurance.

The IG also finds that this job did not follow the normal protocol for authorizing a change order. Typically the Department of Engineering is on site for a job and approves a change order. In this case, given the extreme emergencies caused by Superstorm Sandy, no one was on site from the Department of Engineering to

oversee the work, the field conditions and the change order. Thus approval of the change order was made by the same department that was requesting the work. While that is not ideal, in this case it was particularly concerning because the Deputy Commissioner of DPW approved work that in part would be performed by his son's company.

The lack of water to the Vehicle Service Center, and the lack of working fire suppression units in a public building constituted a health and safety risk. Given the emergency nature of the problem, normal bidding processes could be and were bypassed.

Recommendations

The IG recommends that when any Yonkers employee seeks quotes, the quotes are documented by the Yonkers employee seeking the quote, noting both the price and scope, even in emergencies.

The IG further recommends that the Director of Purchasing and Commissioner of DPW develop and use a list of pre-approved plumbers for plumbing emergencies.

Finally the IG recommends that any time work is being performed on behalf of the city, that no city employee approves work to be performed by a relative, to avoid even the appearance of impropriety.

Peter Grotto Plumbing & Heating, Inc.
 895 Nepperhan Avenue
 Yonkers, NY 10703
 Phone (914) 476-6659 Fax (914) 966-0476
 grottoplumbing@optonline.net

Proposal

DATE	Proposal
11/1/2012	1911

BILL TO
City of Yonkers Office 40 South Broadway Yonkers, NY 10701

PROJECT
DPW Vehicle Maint...

Description	Total
Peter Grotto Plumbing & Heating, Inc. is pleased to submit the following proposal for the property located at:	0.00
DPW Vehicle Maintenance Division 1130 Nepperhan Avenue Yonkers, NY <ul style="list-style-type: none"> - Excavate approximately 10-15 feet in front of building to expose 8" DIP pipe going to main fire system. - Cut out existing line and excavate building wall to remove pipe. - Supply and install new 8" DIP pipe, fittings, spool piece to existing valve. - Raise 8" valve in building. - Supply and install new 8" valve in front of building. - Re-support existing 6" sprinkler line in mechanical room. - Re-pipe existing 6" fire main to new 8" line. - Job can be expedited and start as early as 11/2/2012. 	
The Total Cost for this proposal is: \$ 39,470	39,470.00
NOTES: 1. If main valve does not shut in street, will be additional. 2. Any leaks in existing sprinkler system after turn on not included. 3. Grotto will re-ccment mechanical room floor. 4. Grotto will supply TRUS block at new 90 feet in ground. Tax Exempt	0.00

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\$39,470.00

EXHIBIT A

MIKE SPANO
MAYOR

THOMAS G. MEIER
COMMISSIONER



40 SOUTH BROADWAY
CITY HALL, SUITE 311
YONKERS, NEW YORK 10701
(914) 377-6270
FAX (914) 377-6273

CITY OF YONKERS
OFFICE OF THE COMMISSIONER OF PUBLIC WORKS

TO: SUE GERRY, DEPUTY MAYOR
FROM: THOMAS MEIER, DPW COMMISSIONER
DATE: NOVEMBER 2, 2012
SUBJECT: SERVICE CENTER - FIRE SYSTEM

The fire system located at the Service Center, 1130 Nepperhan Avenue, is inoperable. The following repairs need to be made:

- 1) Excavate approximately 10-15 feet in front of building to expose 8" DIP pipe going to the main fire system, and
- 2) cut out existing line, supply and install new pipe, fittings, spool piece to existing valve, and
- 3) supply and install new 8" valve in front of the building, re-support existing 6" sprinkler line in mechanical room, and re-pipe existing 6" fire main to new 8" line.

Therefore, I am requesting that you declare an emergency so that we may expedite the repairs. The cost will be approximately \$40,000.00.

REQUESTED BY:


THOMAS MEIER, DPW COMMISSIONER

APPROVED BY:


SUE GERRY, DEPUTY MAYOR

TM:ck

EXHIBIT B



SERVICE PURCHASE ORDER

CITY OF YONKERS

PO : 502385

SHIP TO Vehicular Maintenance
 CITY OF YONKERS - SVCE. CTR.
 1130 NEPPERHAN AVENUE
 YONKERS, NY 10703
 Tel:

Requisition No :
 Date : 02-NOV-12

Deliver By :	03-NOV-12
FOB :	Destination
Terms :	COY-NET30
Buyer :	T COLLICH
Requestor :	TIEDEMANN, THOMAS G.
Revision :	0
Revised Date :	
Page :	1 of 2

VENDOR PETER GROTTO PLUMBING AND HEATING INC
 895 NEPPERHAN AVENUE
 YONKERS, NY 10703
 Tel:

**SEND
 INVOICE TO:**

YOU ARE HEREBY NOTIFIED THAT YOUR BID/PROPOSAL FOR THE ARTICLE(S) BELOW HAS BEEN ACCEPTED AND YOU ARE HEREBY DIRECTED TO FURNISH THE SAME PER THE TERMS HEREOF:

FOR ACCOUNTING INFORMATION CALL:
 CITY OF YONKERS ACCOUNTS PAYABLE DEPARTMENT
 CITY HALL - 40 SOUTH BROADWAY, 2nd FLOOR - RM 215
 YONKERS, NEW YORK 10701
 (914) 377-6120 OR (914) 377-6124

Vendor Contact:	Email:	Fax:
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LINE	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1	1.00	Each	Emergency repair and replacement of damaged underground piping going to main fire suppression system. <i>Price per quote from Peter Grotto dated 11/1/2012.</i> <i>Please contact Mr. Tom Tiedemann, Director of Operations, at 914-377-6717 to coordinate work.</i> provide all labor, materials, equipment, and services to repalce damaged underground pipe going in to main fire suppression system per proposal # 1911 dated 11/1/2012.NYSDOL PRC # 2012009216.	39,470.00	39,470.00

THIS ORDER IS SUBJECT TO THE FOLLOWING INSTRUCTIONS DELIVERIES SHALL BE MADE BETWEEN 9:00 A.M. AND 3:00 P.M. WITHIN THIRTY CALENDAR DAYS AFTER RECEIPT OF ORDER UNLESS OTHERWISE SPECIFIED HEREIN. ALL DELIVERIES ARE SUBJECT TO INCOMING INSPECTION. (1) PURCHASE ORDER NUMBER MUST APPEAR ON ALL SHIPPING PAPERS, INVOICES, CLAIMS, AND CORRESPONDENCE. (2) PURCHASES ARE NOT VALID UNLESS COVERED BY A PURCHASE ORDER SIGNED BY THE DIRECTOR OF PURCHASING. ADDRESS ALL CORRESPONDENCE TO DIRECTOR OF PURCHASING. (3) THE CITY OF YONKERS IS EXEMPT FROM ALL LOCAL AND STATE USE AND SALES TAX INCLUDING FEDERAL EXCISE TAXES EXEMPTION NUMBERS AND CERTIFICATES ARE NOT ISSUED TO NYS GOVERNMENTAL ENTITIES. THE GOVERNMENT PURCHASE ORDER IS SUFFICIENT FOR THE VENDOR NOT TO COLLECT SALES TAX. TERMS AND CONDITIONS ON LAST PAGE.	TOTAL	39,470.00
	PAY THIS AMOUNT ➔	39,470.00

EXHIBIT C

DIRECTOR OF PURCHASING

Peter Grotto Plumbing & Heating, Inc.

895 Nepperhan Avenue
Yonkers, NY 10703

Phone # (914) 476-6639 Fax # (914) 956-0476
grottoplumbing@optonline.net

PROPOSAL

Date	Proposal #
11/5/2012	1912

Name / Address
City of Yonkers Office 40 South Broadway Yonkers, NY 10701

		Project
		DPW Vehicle Maint...
Description	Total	
Peter Grotto Plumbing & Heating, Inc. is pleased to submit the following proposal for the property located at:	0.00	
<p>**** CHANGE ORDER For **** DPW Vehicle Maintenance Division 130 Nepperhan Ave Yonkers, NY</p> <p>As per inspection after removal of main:</p> <ul style="list-style-type: none"> - Found various pipes broken and alarm package leaking - Supply and install new 8" CSY valve at main - Supply and install new 6" reliable alarm package complete with trim and gangbox - Reconfigure 2" drain line from new alarm package to outside - Supply and install new tamper switch on 8" valve and new flow switch on main - Supply all new 6" pipe and fittings from existing system to new alarm package <p>Note: electrical by others</p> <p>The Total Cost for the material is:</p> <p>The Total Cost for the labor is:</p>	<p>16,280.00</p> <p>8,584.00</p>	
Subtotal		\$24,864.00
Sales Tax (0.00)		\$0.00
Total		\$24,864.00



SERVICE PURCHASE ORDER

CITY OF YONKERS

PO : 502385

SHIP TO
 Vehicular Maintenance
 CITY OF YONKERS - SVCE. CTR.
 1130 NEPPERHAN AVENUE
 YONKERS, NY 10703
 Tel:

Requisition No :
 Date : 02-NOV-12

Deliver By :	03-NOV-12
FOB :	Destination
Terms :	COY-NET30
Buyer :	T COLLICH
Requestor :	TIEDEMANN, THOMAS G.
Revision :	1
Revised Date :	08-NOV-12
Page :	1 of 2

VENDOR
 PETER GROTTO PLUMBING AND HEATING INC
 895 NEPPERHAN AVENUE
 YONKERS, NY 10703
 Tel:

SEND INVOICE TO:
 YOU ARE HEREBY NOTIFIED THAT YOUR BID/PROPOSAL FOR THE ARTICLE(S) BELOW HAS BEEN ACCEPTED AND YOU ARE HEREBY DIRECTED TO FURNISH THE SAME PER THE TERMS HEREOF:
 FOR ACCOUNTING INFORMATION CALL:
 CITY OF YONKERS ACCOUNTS PAYABLE DEPARTMENT
 CITY HALL - 40 SOUTH BROADWAY, 2nd FLOOR - RM 215
 YONKERS, NEW YORK 10701
 (914) 377-6120 OR (914) 377-6124

Vendor Contact:	Email:	Fax:
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LINE	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1	1.00	Each	Emergency repair and replacement of damaged underground piping going to main fire suppression system. <i>Price per quote from Peter Grotto dated 11/1/2012. 11/8/2012: Change Order #1 for \$24,864 approved by Sam Borelli 11/6/2012. Please contact Mr. Tom Tiedemann, Director of Operations, at 914-377-6717 to coordinate work.</i> provide all labor, materials, equipment, and services to repalce damaged underground pipe going in to main fire suppression system per proposal # 1911 dated 11/1/2012.NYS DOL PRC # 2012009216.	39,470.00	39,470.00
2	1.00	Each	Change Order 1 per Proposal #1912 dated 11/5/2012.	24,864.00	24,864.00

THIS ORDER IS SUBJECT TO THE FOLLOWING INSTRUCTIONS DELIVERIES SHALL BE MADE BETWEEN 9:00 A.M. AND 3:00 P.M. WITHIN THIRTY CALENDAR DAYS AFTER RECEIPT OF ORDER UNLESS OTHERWISE SPECIFIED HEREIN. ALL DELIVERIES ARE SUBJECT TO INCOMING INSPECTION. (1) PURCHASE ORDER NUMBER MUST APPEAR ON ALL SHIPPING PAPERS, INVOICES, CLAIMS, AND CORRESPONDENCE. (2) PURCHASES ARE NOT VALID UNLESS COVERED BY A PURCHASE ORDER SIGNED BY THE DIRECTOR OF PURCHASING. ADDRESS ALL CORRESPONDENCE TO DIRECTOR OF PURCHASING. (3) THE CITY OF YONKERS IS EXEMPT FROM ALL LOCAL AND STATE USE AND SALES TAX INCLUDING FEDERAL EXCISE TAXES EXEMPTION NUMBERS AND CERTIFICATES ARE NOT ISSUED TO NYS GOVERNMENTAL ENTITIES. THE GOVERNMENT PURCHASE ORDER IS SUFFICIENT FOR THE VENDOR NOT TO COLLECT SALES TAX. TERMS AND CONDITIONS ON LAST PAGE.	TOTAL	64,334.00
	PAY THIS AMOUNT 	64,334.00

EXHIBIT E

DIRECTOR OF PURCHASING