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## Attorney general re-examines renovation

By Christopher Smart  
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HEBER CITY -- Checks cut without a contract. Payments without itemized invoices. Subcontracts without competitive bids.

Those revelations have pushed the Utah Attorney General's Office to re-examine Wasatch School District's \$4.6 million renovation of the old North School in Heber City.

The price tag for the makeover of the 100-year-old structure originally was set at \$2.8 million. A Wasatch County residents group wants to know where the additional \$1.8 million went and if safeguards have been implemented to prevent future cost overruns.

"The school district hasn't changed its system," said resident Tracy Taylor. "They obviously failed miserably. We want the system changed before we approve any more bonding."

Taylor, along with Wasatch County residents Dan Stephens and Deb Anderson, requested financial information under the state Government Records Access and Management Act surrounding the North School renovation into district headquarters.

Those records show payments from the district to the contractor, Architectural Design West, of more than \$103,000 before the school board ratified a contract in December 2000. The contract initially was signed in June 2000 without the board's knowledge by district business administrator Keith Johansen.

After the school board approved the contract, the district paid another \$1.8 million to Salt Lake City-based Architectural Design West on invoices that, in many instances, lacked details about specific labor and materials costs.

"The school district didn't keep track of how the money was spent," Taylor said. "They didn't ask any questions until almost \$2 million was gone."

But district Superintendent Terry Shoemaker, who was hired after Architectural Design West left the project, said guidelines now are in place to prevent such problems. "You identify the problem and make corrections. It's my opinion that the corrections have been made," he said.

The lack of proper invoices and the failure to follow procurement codes may have kept Wasatch School District from recouping losses. Architectural Design West sued for \$600,000 after the district withheld payment on cost overruns. The district countersued for \$1 million, but recently agreed to accept \$78,500.

Of that amount, paid out by Architectural Design West's insurers, \$17,500 went back to Architectural Design West and \$51,000 went to Utah Homebuilders Inc., which also had filed suit. The district kept \$10,000.

Under the circumstances, the settlement is good for the district, Shoemaker said.

John Robson, a Salt Lake City lawyer representing the district, told the school board last month that the district's suit was complicated by the fact that Johansen, the business administrator, had signed the contract, that invoices were paid without proper documentation and that Architectural Design West was allowed to select subcontractors without competitive bidding. In essence, the district would have had a difficult time recouping expenditures when there wasn't a record of what the money was spent on.

Last fall, a review by the Utah Attorney General's Office found nothing illegal about the renovation. But Philip Pugsley, deputy attorney general, said he was "disturbed" by what he termed a "loose arrangement" between the school



The renovation price for the North School in Heber City has raised concerns among Wasatch County residents and the Attorney General's Office. (Danny Chan La/Tribune file photo)

district and contractor.

The new information -- that \$1.8 million was paid out on detail-short invoices -- deserves additional consideration, Pugsley said. "We'll have to see if it warrants further action. We're reviewing it right now."

Last month, the Wasatch School Board conceded in a statement that the North School deal went awry. "The board recognizes that mistakes were made by district employees and by the board. Consequently, the board and administration have implemented corrective measures to alleviate these concerns."

In the end, however, the board put most of the blame on Architectural Design West. "The biggest single problem with the project is that the original estimates provided by Design West significantly understated what it would cost to renovate the old North School," the statement said, citing almost \$2 million in cost overruns.

"There is little doubt that if the district had known the outcome at the beginning, it would have taken a different approach."

A representative of Architectural Design West would not comment.

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