

# Little “A” Race Track Rehabilitation



Office of the Auditor General

Road Town, Tortola, British Virgin Islands

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## I. INTRODUCTION

1. An audit was performed on the Government's rehabilitation of the Little Albion (Little 'A') Race Track in Sea Cows Bay. This exercise examined the manner in which the project was planned, managed and implemented. The investigation entailed interviews with key personnel involved in the project, examination of files and records obtained from the Chief Minister's Office, the Ministry of Education and Culture, and the Public Works Department, an independent public survey on the matter, and a visit to the race track site. The findings are outlined in this report.
2. Traditionally, horse racing evolved in the territory as a part of the annual August emancipation celebration. Families and friends would gather each year on "August Tuesday" at the Little 'A' Race Track in Sea Cows Bay for an event which had become more of an occasion for socialising than one to admire the speed and skill of the equestrians. In the spirit of the event, the races occasionally included other animals such as donkeys and mules.
3. In recent years an attempt was made by the BVI Turf Club and BVI Horse Racing Association to improve and upgrade racing standards in the BVI and to promote horseracing as a viable sport and money making venture. The horse races then increased to once monthly and attracted a crowd of young enthusiasts some of which visited from the neighbouring U.S. Virgin Islands for the events.
4. In June 1994 the President of the BVI Turf Club & BVI Horse Racing Association approached the Government with a proposal to improve the existing track and requested duty free concessions on material to be imported and monetary assistance to help fund the project. The estimated cost of the rehabilitation was \$141,700. In response, the Government agreed to waive customs duties of up to \$4,000 and to provide a monetary contribution of \$50,000. The latter was provided in General Warrant 1996 and subsequently increased to \$100,000 by supplementary appropriation of the same year.
5. The available funds proved insufficient for the rehabilitation envisaged and the works which had began could not be completed. This rendered the track inoperable. On 1 April 1997 Resolution No. 6 of 1997 was passed by the Legislative Council requiring that the Chief Minister and Minister of Finance cause to be laid before the House a report stating the involvement of the Government in horse racing and definite plans as to how soon horse racing would be resumed. This was followed by a statement by the Chief Minister on 22 August 1997 at a meeting of the Legislative Council expressing the Government's intention to *provide* a race track for the public. The reason given was the "great demand by the public for a proper race track in the Territory". In this statement the Chief Minister advised that further funds would be provided for this project. Details of these amounts are included on page 7 of this report.
6. Thereafter, in September 1997, works began in earnest by the Government to rebuild the Little 'A' Race Track in hopes of completing the project in time for the 1998 festivities.

## II. PROJECT PLANNING - ANALYSIS, DESIGN AND IMPLEMENTATION

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7. Effective planning of any project includes the preparation of a project analysis, project execution plan, project design, the adoption of tendering procedures, the acquisition of land required and the appointment of a project manager to oversee the works on behalf of the Government.

### Project Analysis and Execution Plan

8. *A project analysis which examines, among other things, the project's objectives, its viability, desirability, future implications, economic costs of the project, and the need for public expenditure on the same, is required for all major projects. In addition, a project execution plan detailing the costs, contract strategy, responsibilities of those involved and a timetable with milestones to be achieved is also required. Neither of these were prepared for this project.*

9. After the decision was made by the Government to provide a horse racing facility for the people, the next stage was to secure the most efficient and cost effective manner of achieving this goal. In so doing, proper planning was essential. Objectives for cost, time and quality needed to be determined at the outset and prioritised to avoid unnecessary work. Feasibility and reasonableness needed to be considered and balanced against time and cost objectives.

10. Examination of files from the Chief Minister's Office, the Ministry of Health, Education & Welfare, and Public Works Department; and interviews with key personnel associated with this project indicate that little was done with respect to prior planning of this project.

11. None of the files received for this exercise contained a copy of the project brief, the document which outlines the objectives and requirements of the project for design. Attempts to obtain a copy of this document from the two ministries involved and the Public Works Department were unsuccessful.

12. Some preliminary thoughts were put on paper by the former Minister of Health Education and Welfare, who offered suggestions for the proposed development in an unsigned memorandum directed to the Chief Minister dated 21 June 1995. The suggestions included :

- a. A design to encompass a multipurpose recreational facility to include baseball, football, softball and track and field;
- b. Necessary regulatory commission is put in place to completely regulate horse racing to ensure it operates cleanly and fairly;
- c. Adequate provision is made for parking;
- d. Provisions are put in place to facilitate the smooth flow of traffic in the area;
- e. Security systems are factored into the design and development phase;

f. The management and maintenance of the facility is provided for.

13. There was no response to this correspondence and nothing to indicate that it was received by the intended addressee.

14. The Government's Development Planning Unit, which is charged with the responsibility of ensuring that "projects for development are of direct benefit to the economy and the citizens of the Territory" actively pursued this project in an attempt to obtain information that would allow the department to prepare a project analysis. Its efforts were however frustrated, as the information required was not forthcoming. As a result, preliminary information which would ordinarily be obtained from such an exercise was not generated. Thus, the project was launched without the full expert consideration of the issues and implications.

15. A report prepared by the Chief Physical Planning Officer, head of the Town and Country Planning Department, offered "recommended approaches" to the development which are summarised below.

- a. Joint use of the site for horse racing as well as other recreational activities such as a national gymnasium, hard surface courts and swimming facilities;
- b. Relocation of all residential uses to the east of the road;
- c. Upgrading and widening of the access road;
- d. Training for ghuts in the area carried out in conjunction with the Public Works Department, bridges to be built over the ghut, development of the stable in a manner to avoid nuisance being created in the area and further assessment of the proposal for the development of a pond.

16. He further stated that these proposals were based on the premise that "flat lands are at a premium in Tortola, and when large areas of flat lands are to be developed optimum use should be made of such sites". However, when interviewed by telephone on his involvement on the project, he advised that his role was limited to providing information for the acquisition of property required for the track. He also stated that his concerns on the need for traffic issues to be addressed went unheeded. As a result the problem experienced in the past during horse races with parking and with access to the Drakes Highway in the Sea Cows Bay region are likely to be compounded.

## **Project Design and Implementation**

17. *Tendering procedures are required for all Government projects budgeted to cost in excess of \$60,000.*

18. The commitment by the Government to provide a race track came in August 1997. However, correspondence on file indicate that offers for the development of the race track were received by the Chief Minister's Office as early as August 1995 from Smith Engineering Ltd and January 1996 from El Comandante Operating Company. Notwithstanding the interest and

availability of eager contractors, competitive bids were not solicited.

19. Instead, a decision was taken by the Ministry to forgo the tendering process and the award of a major contract in favour of direct hiring and petty contracts. This decision is in direct contravention to Government Policy which require that contracts in excess of \$60,000 be put to tender. Failure to do so left the costs and the date for completion "open". It also deprived the Government of certain other features which are standard to contracts such as provisions for *project specifications, liquidated damages, insurance and maintenance period.*

20. Of the \$1.7 million spent, only two petty contracts were issued. These were in the amount of \$19,500 each and were for the assembly of the stables on site.

21. The project design was prepared by Horseman's Track and Equipment, Inc. from Louisville, Kentucky. Information regarding the decision to employ this firm was not available on file. The design which provided for an expanded track was accepted by the Government. Steps then had to be taken for the acquisition of the property on which the existing track was situated, as well as surrounding property in order to accommodate the proposed expansion.

### Land Acquisition

22. *Legal title must be secured for all property required by the Government for development, before work commences.*

23. At the time of the examination, the project was more than 90% complete but the Government still did not have any legal title to much of the property used. Information received from the Chief Minister's Office and the Ministry of Natural Resources and Labour regarding the negotiations and the terms of land acquisition process was very limited.

24. To date Crown land measuring 1.5 acres located in the Sea Cows Bay area has been awarded to Mr & Mrs Howard Mathias in exchange for .947 acres required for the project. Compensation of \$22,541.50 was awarded to a relative of the Matthiases for the destruction of a fruit garden on the property.

25. The following are areas still to be resolved:

- a. The site of the former race track and adjoining property owned by Mr. Ellis Thomas of Sea Cows Bay.
- b. Property owned by Mr. Ellis Thomas but leased to Mr. Earl Brewley for concession purposes.
- c. Property owned by Gertrude Forbes Turnbull and Cecil Forbes and leased to the Recreation Trust (a Government Statutory Board) for a term of thirty years from 20 November 1997.



## Project Management

26. *Regular progress reports outlining the activities of the project and highlighting any significant factors (positive or negative) affecting its progress should be prepared for all major projects.*

27. It is usual for Government projects to be overseen by an agent of the Government, usually an employee from the Public Works Department who is responsible for ensuring that Governments interests are well represented, specifications are complied with and the project progresses according to plan. This individual is also responsible for keeping the Government informed of any difficulties or setbacks encountered by the project, ensuring that these remain at a minimum and making recommendations for payment in accordance with the contract arrangement. He is also responsible for ensuring that regular progress reports are prepared for the project.

28. Public Works employee Mr. Karl Thomas was assigned to supervise this project, on the recommendation of the Minister of Education and Culture, and paid a weekly honorarium of \$300.00 in addition to his regular emoluments. Mr. Thomas is conversant with the development of the project, as most of his time is spent on site. However, no written records of the project progress were maintained. No progress reports were prepared. None were required prior to payment approval.

29. In the absence of progress reports, an account of the project's progress and setbacks was relayed orally by the project supervisor. The setbacks included:

- a. Additional costs resulting from an error in the Project Design caused by the engineer's failure to take into consideration the elevations of the land. The problem was identified after excavation began and it was realised that one end of the infield was 8 ft. higher than the centre and the other end was 8 ft. lower. Due to this 16-18 feet difference, the project design had to be altered. This change accounted for approximately 25% of the total excavation cost.
- b. Delays caused when soil placed on the track in the initial stage of the project was saturated from heavy rains and had to be removed to allow the track to dry before the work could continue.
- c. Problems encountered by the suppliers led to a delay in the receipt of fencing materials
- d. The construction of the barns which were scheduled to be completed by 24 July 1998 had exceeded this period. Mr Thomas indicated that one barn was very close to completion and the other was likely to be completed in late August 1998.
- e. Minor losses of equipment and inventory ie. shovels and pick handles.

30. Mr. Karl Thomas has advised that regular verbal reports are made to the Chief Minister's Office, the Minister of Education and Culture and the Acting Director of PWD.

### III. PROJECT COSTS

31. Funding of \$2,000,000 for this project was provided by the Government as follows:

<b>Authority</b>	<b>Amount</b>	<b>Source</b>
Appropriation Act 1996	50,000	Recurrent Budget
Supplementary Appropriation 1 of 1996	50,000	Recurrent Budget
Appropriation Act 1997	100,000	Recurrent Budget
Supplementary Appropriation 1 of 1997	700,000	Capital Budget
Supplementary Appropriation 2 of 1997	500,000	Capital Budget
Appropriation Act 1998	600,000	Capital Budget

32. As there was no contract for the project, equipment and labour were hired as needed, and payment made based on an agreed daily rate. With respect to the provision of equipment and material for the track, there is nothing on file to indicate that comparative quotes were obtained from other vendors prior to purchase.

33. The total Government expenditure incurred on the project at 31 July 1998 was 1,707,459. A summary of this expenditure is shown below and details are provided in Appendix A of this report.

<b>Description</b>	<b>Amount</b>
Specialist Fees	153,529
Honourarium	7,907
Direct Hiring- Equipment & Labour	710,985
Material	579,012
Stables	* 110,600
Equipment	133,595
Miscellaneous	11,831
	<u>1,707,459</u>

\*this amount does not include payments on the two petty contracts mentioned in paragraph 20 above as these had not yet been paid.

34. The above amounts do not include a costing of the extensive work done by the Solid Waste Department in filling in the area.

35. The equipment listed below were purchased for the project, Mr Karl Thomas has advised that most of these will be used in the daily maintenance of the track.

Water Truck	34,341
Track packer	16,462
Track Harrow	3,633
Track Conditioner	12,340
Case Agricultural Tractor	47,000
Float	1,313
Diesel Engine	11,006
Starting Gate	7,500
	<u>133,595</u>



## IV. MANAGEMENT & OPERATION OF THE TRACK AND PUBLIC OPINION

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### Management & Operation of the Track

36. The arrangements for the future of the race track are vague. Currently, legislation is being prepared for the management and operation of horse racing in the territory. It is anticipated that this legislation will also contain provisions to regulate and control gambling, an activity which is likely to increase notwithstanding the provisions of section 301 of the Criminal Code 1997, which prohibits gambling.

### Public Opinion

37. A random telephone survey of the general public was performed to obtain feedback on the desirability of the race track. One hundred and forty (140) individuals aged 18 and over were interviewed and their responses recorded.

38. The survey confirmed the popularity of horse racing in the territory with 55% of those polled stating that they attend horse races, compared to 28% who did not (17% abstained from answering). However, when asked whether they were in favour of legalised gambling, the response was reversed with 58% against, 22% in favour and 20% uncertain.

39. The reasons given for the opposition to legalised gambling varied from religious beliefs to fears of increased crime. Therefore, not surprisingly, 61% of the persons surveyed stated that they would not participate in the gambling after it is legalised, 19% said that they would participate and a response was not received from 20% of those polled.

40. About half of those surveyed (54%) thought that horse racing would have a positive impact on the Territory. It was viewed as an additional source of recreation, a source of revenue, and a possible tourist attraction. Twenty percent (20%) of those polled felt that the horse racing would have a negative impact, as the gambling would lead to increased crime.

41. Although it was not a part of the survey, there were individuals who voiced strong views that the funds would have been better spent on more essential services such as the hospital. A few persons (5%) thought that there would be both positive and negative repercussions and the remainder, 20% did not answer.

42. In response to a question on whether the recreational needs of the territory were being met, 37% felt that it was, with 45% disagreeing. There was a general feeling among the dissenters that more should be done for younger children and suggestions were made for increased attention to other areas such as basketball, softball, track and field and volley ball.

## V. SUMMARY AND CONCLUSION

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43. Insufficient planning was put into the development of this project. As a result several controls which are standard to project development were either overlooked or bypassed leading to severe threats to the achievement of value for money on this project.

- a. A project analysis outlining the purpose of the project, its costs, desirability and impact was not prepared. Government departments outfitted with the expertise to assist in this area were not utilised. This resulted in a project design which failed to take into consideration traffic issues and did not provide for other possible recreational uses for the expansive flat area on the inside of the track.
- b. Tendering procedures which are intended to provide the Government with competitive bids and promote value for money on major projects were not followed.
- c. Notwithstanding the absence of competitive bids, no formal contractual agreements were signed with the firms and individuals engaged to work on this project. As a result the costs and timetable were left open.
- d. Land acquisition issues were not resolved before the project was implemented.
- e. Regular progress reports were not prepared before payments authorised.

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**LITTLE 'A' RACE TRACK REHABILITATION  
ANALYSIS OF EXPENDITURE**

<b>DESCRIPTION</b>	<b>AMOUNT</b>
	<b>\$</b>
<b><u>Specialist Expenses</u></b>	
<b><i>Consulting Fees</i></b>	
William S. Greene	9,338.59
Howard F. Morris	13,550.00
Richard Voories	43,281.96
John E. Hendry	4,800.00
<b><i>Supervision</i></b>	
Richard Voories	5,500.00
Robin L. Stroud	3,750.00
<b><i>Engineering</i></b>	
William S. Greene	29,500.00
<b><i>Out of Pocket Expenses</i></b>	
Richard Voories	7,139.03
Robin L Stroud	762.02
Howard F. Morris	560.01
<b><i>Accommodation</i></b>	
Treasure Isle Hotel	24,192.22
The Moorings Marina Inn	1,229.70
<b><i>Airfare</i></b>	
William S. Greene	3,029.85
Richard Voories	779.66
Robin L Stroud	1,007.44
<b><i>Car Rentals</i></b>	
Budget Rent A Car	4,984.00
Caribbean Rent A Car	124.50
<b>Total Specialist Expenses</b>	<b>153,528.98</b>
<b><u>Honorarium</u></b>	
Karl Thomas	7,907.37
<b>Total Honourarium</b>	<b>7,907.37</b>

<b>DESCRIPTION</b>	<b>AMOUNT</b>
	\$
<b><u>Direct Hiring-Equipment and Labour</u></b>	
Brian Blyden	34,960.00
Tyrone Richardson	22,100.00
Lettsome, Penn, Powell	34,460.00
Vern Forbes	33,720.00
Selvin Christopher	63,260.00
Bee's Equipment Rental	82,900.00
D & B Trucking	23,540.00
Kerry Thomas	8,220.00
Autland Heavy Equipment	10,980.00
Sandwise Ltd.	168,440.00
Romeo Cameron	22,040.00
Keith Malone	1,200.00
Floyd Stoutt	18,200.00
Michael Smith	26,400.00
BVI Paving	13,950.00
LDK Heavy Equipment	5,600.00
D. A. Trucking	900.00
Leslie Lettsome	3,192.00
Kelvin Christopher	570.00
Elroy Leonard	28,196.00
Elton Matthias	800.00
Kelvin Dawson	50,990.00
Kenrick Thomas	465.00
Robin L. Stroud	5,153.00
William Greene	14,850.00
Richard Voories	2,500.00
Victor Rodriquez	1,499.52
L & J Trucking	75.00
Selvyn Dawson	14,230.00
Ottley Hodge	5,400.00
Roy Smith	4,800.00
Tortola Concrete Products	1,634.55
Clive Charles	5,600.00
Gene Hodge	120.00
BVI Port Authority	40.00
<b>Total Direct Hiring-Equipment &amp; Labour</b>	<b>710,985.07</b>

<b>DESCRIPTION</b>	<b>AMOUNT</b>
	\$
<b><u>Material Purchases</u></b>	
Clarence Thomas Ltd.	2,578.00
Shell Antilles Guianas Ltd.	13,900.00
Tarmac Amenias	332,232.10
Victor Rodriguez & Assoc.	34,506.10
JR O'Neal (Bldg. Supplies)	2,197.00
Sandwise Ltd.	9,960.00
Labour and Material	17,025.89
Hannah Fresh Water	13,200.00
Caribbean Transport Ltd.	14,683.46
Skeleton Concrete Products	15,800.00
William Greene	50,551.15
Virgin Islands Block Co.	72,352.52
Island Paints	26.00
<b>Total Material Purchases</b>	<b>579,012.22</b>
<b><u>Stables</u></b>	
Robin Stroud	93,500.00
Robin Stroud	17,100.00
<b>Total Stables</b>	<b>110,600.00</b>
<b><u>Equipment Purchases</u></b>	
William S. Greene	41,247.55
Wallace International	34,341.25
Robin L. Stroud	11,006.00
Case Corporation Int'l	47,000.00
<b>Total Equipment Purchases</b>	<b>133,594.80</b>
<b><u>Miscellaneous</u></b>	
Ellis Thomas	5,000.00
Crowley American	600.00
Tropical Shipping	1,200.00
Karl Thomas	4,971.27
Eileen Parsons	60.00
<b>Total Miscellaneous</b>	<b>11,831.27</b>
<b>Total Expenditure</b>	<b><u><u>1,707,459.71</u></u></b>