

RESPONSE TO REQUEST
FOR ADDITIONAL REVIEW

BOND ISSUANCES
DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

PREPARED FOR
THE DETROIT METRO AIRPORT REVIEW COMMITTEE
AND THE
SUBCOMMITTEE ON AIRPORT REVIEW OF THE
STANDING COMMITTEE ON COMMERCE

February 5, 2002

The Honorable Glenn D. Steil, Chair
Detroit Metro Airport Review Committee
Michigan Senate
1020 Farnum Building
Lansing, Michigan

The Honorable James L. Koetje, Chair
Subcommittee on Airport Review of the
Standing Committee on Commerce
Michigan House of Representatives
N1093 Anderson House Office Building
Lansing, Michigan

Dear Senator Steil and Representative Koetje:

This special report is in response to the December 13, 2000 letter from the Joint Legislative Select Committee on the Wayne County Detroit Metropolitan Airport requesting a more detailed review of the Detroit Metropolitan Wayne County Airport. This special report contains our responses to questions in the general issue area of bond issuances.

Specifically, the Joint Legislative Select Committee asked us to provide a list of the Capital Improvement Program (CIP) projects funded by each bond listed in Exhibit I of our Preliminary Review of Financial Information, Passenger Facility Charges, Bond Issuances, and Capital Outlays at the Detroit Metropolitan Wayne County Airport, as well as a description of each project and any budget information provided by the Airport's cost summary reports. The Joint Legislative Select Committee also asked us to provide a general breakdown of the originally budgeted uses or applications of bond proceeds.

In addition, the Joint Legislative Select Committee asked us to explain the difference between the eight bond issues identified in the Airport's 1999 CIP report totaling \$583,173,000 and the nine bond issues identified in the 1998-99 Wayne County budget totaling \$1,461,705,000. The Joint Legislative Select Committee also asked us to provide, if possible, a project description and a unique project number for the CIP consultant contracts documented in Exhibit J-5 of our preliminary review. Finally, the Joint Legislative Select Committee asked various questions related to the airport signage project, the crash/fire/rescue building project, the new maintenance facility project, and the 1993 completion project.

Our procedures were of limited scope. Therefore, our review should not be considered an audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

We are available to present this special report to the Detroit Metro Airport Review Committee and the Subcommittee on Airport Review of the Standing Committee on Commerce upon request. If you have any questions or concerns regarding this review, please contact me.

AUDITOR GENERAL

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*All exhibits of the Wayne County Detroit Metropolitan Airport Preliminary Review Reports are available by contacting the Office of the Auditor General in writing and specifying the exact exhibits that you would like to receive. Your written request with your name and address, must be sent to: The Office of the Auditor General, 201 N. Washington Square, 6th Floor, Lansing, Michigan, 48913.

OVERVIEW OF BOND ISSUANCES

In 1986, the Detroit Metropolitan Wayne County Airport, with the cooperation of the airlines, developed a 20-year Capital Improvement Program (CIP) that has been amended and expanded over time. Financing for the CIP was accomplished through a combination of Federal Aviation Administration (FAA) grants; general airport revenue bonds; special facility revenue bonds; passenger facility charges (PFCs); State grants; and grants from the Federal Highway Administration (FHWA), U.S. Department of Transportation. The general airport revenue bonds have been used for costs of airfield improvements, passenger terminal construction, repair and improvements, land acquisition, and other CIP projects. Bond proceeds have also been used to retire previous debt obligations as well as to fund capitalized interest, debt reserves, and costs associated with the issuance of the bonds. These bonds constitute Airport debt obligations and are included in the Airport's audited financial statements. Airline approval is required through a "weighted majority" vote for all projects that are funded by general airport revenue bonds.

Our Preliminary Review of Financial Information, Passenger Facility Charges, Bond Issuances, and Capital Outlays at the Detroit Metropolitan Wayne County Airport, dated August 14, 2000, identified 13 general airport revenue bonds and 4 special facility revenue bonds. This review describes a variety of issues related to general airport revenue bonds, including differences between the County's accounting for the bonds in the 1998-99 Wayne County budget compared to the Airport's September 1999 CIP status report, as well as differences between estimated project costs in the bond official statements compared to the CIP cost summary reports.

SCOPE OF REVIEW

Our procedures were of limited scope. Therefore, our review should not be considered an audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The scope of our review was significantly less than the scope of an audit. Our review included gathering, analyzing, and reporting information from management records, management inquiries, and other sources as requested by the State Legislature. However, our review provides only limited assurance as to the accuracy and completeness of the information reported.

We obtained and reviewed the bond official statements and the related Wayne County bond ordinances for the Series 1986, 1990, 1991, 1993, 1994, 1996, and 1998 Bonds. We examined the Airport's quarterly CIP status reports and the bank activity statements for the Series 1986, 1990, 1991, 1993, 1994, and 1998 Bonds. Also, we made inquiries of the CIP program manager, Northwest Airlines, and Airport management. The Series 1996 Bonds were not used to finance construction projects; they were used to pay off the Series 1986 Bonds. As a result, we did not review the Series 1996 Bonds.

We also examined the Series 1994 Bonds in order to address certain issues raised during our review of the airfield lighting and signage project.

COMMENTS

List of Projects, Description, and Budget Information

Request:

In Exhibit I (page 81) in the Office of the Auditor General's Preliminary Review of Financial Information, Passenger Facility Charges, Bond Issuances, and Capital Outlays at the Detroit Metropolitan Wayne County Airport, the table provides a summary of the bonds issued by the Airport. Specifically, the chart indicates the original bond amount, the amount outstanding as of September 30, 1998, and the stated purpose for which the bonds were issued. However, several of the purposes were listed as "CIP projects," "certain capital improvements," or "projects in . . . CIP." Using available airport records, such as the bond official statements and the most recent cost summary reports, please provide a list of the projects, and please include with this list the Airport's description of each of the projects and any budget information the cost summary reports provide about them.

Procedure:

We obtained the most recent cost summary report (CSR) available. We analyzed the bond official statements and the related Wayne County bond ordinances for the Series 1986, 1990, 1991, 1993, 1994, and 1998 Bonds. A list of the projects, the Airport's description of the projects, and budget information from the March 2001 CSR are contained in Exhibits A (1986), B (1990), C (1991), D (1993), E (1994), and F (1998).

Comment:

The information provided in Exhibits A through F is reproduced from the Airport's March 2001 CSR. We have not audited, reviewed, or confirmed the accuracy of this information.

As described in our preliminary review report, the CSR did not report budget-to-cost comparisons using original bid amounts. Rather, the CSR added all prior period change order amounts to the budget amount. Such a practice would result, for example, in a change in the amount over (under) project budget because the original baseline budget data is no longer reflected in the budget amount. Therefore, the over (under) project budget figures contained in Exhibits A through F may not provide an accurate accounting of the difference between the original budget and the final cost.

In response to the Joint Legislative Select Committee's request, our review disclosed:

1. Funding Sources

CIP has been financed with proceeds of the Series 1986, 1990A, 1990B, 1991A, 1991B, 1993B, 1994B, 1998A, and 1998B Airport Revenue Bonds, federal grants-in-aid (entitlement grants and discretionary grants), FHWA grants, PFCs, and other Airport funds, including the Airport Development Fund, Renewal and Replacement Fund, County Discretionary Fund, and the airline capital expenditure accounts.

As requested by the Joint Legislative Select Committee, we have used available Airport records, specifically the bond official statements and the March 2001 CSR, to provide budget information. However, the records available do not provide detailed information about the amount of funds contributed to the capital improvements by federal grants-in-aid, FHWA grants, and Airport funds.

2. Series 1986 Bonds

The Series 1986 Bonds were issued with a face amount of \$166,155,000. The bond official statement indicates that proceeds from the Series 1986 Bonds were intended to (1) pay a portion of the costs of certain capital improvements at the Airport, (2) fund capitalized interest on the Series 1986 Bonds, (3) fund the bond

reserve account, and (4) pay issuance costs of the Series 1986 Bonds. The following table contains the detailed allocation of the bond proceeds:

Construction Fund	\$ 118,118,728
Capitalized Interest Account	20,835,379
Bond Reserve Account	14,873,300
Discount to Public	4,970,145
Bond Discount and Issuance Costs	7,357,448
Principal Amount of Series 1986 Bonds	<u>\$ 166,155,000</u>

According to the 1986 Bond Official Statement, certain capital improvements included the expansion of existing terminal facilities to meet airline and public needs; renovation and rehabilitation of the existing terminal and supporting utility systems; construction of a new automobile parking facility; rehabilitation of existing parking facilities; design, engineering, and planning of a new parallel crosswind runway and a single crossover taxiway; construction of new taxiways and aircraft holding areas to improve aircraft circulation and reduce delays; improvements to existing aircraft aprons; improvements to the Airport access roadways; and construction of a new Airport maintenance facility. The original estimated design and construction costs for these projects per the 1986 Bond Official Statement totaled \$142,314,000. Of that amount, \$126,730,000 was to be funded by the Series 1986 Bonds and \$15,584,000 was to be funded by grants-in-aid.

As described below, several of the projects that were originally included under the Series 1986 Bonds (see Exhibit G) were subsequently canceled as a part of the Airport's restatement of the 1986 CIP and corresponding project revisions. According to the 1990A Bond Official Statement (see Exhibit H), the revised 1986 projects were estimated at \$156,081,000 as of January 31, 1990, an increase of \$13,767,000 (9.7%) from the original budget of \$142,314,000. Of the \$156,081,000 restatement, \$20,980,000 of the total project cost was to be funded by the federal Airport Improvement Program (AIP) and \$135,101,000 was to be funded by the 1986 bond proceeds. The increase of \$47,869,000 resulted from revisions in the scope of several project elements (for example, \$33 million to install new utilities for the terminal area) and the addition of two projects (estimated cost of \$2,848,000). The increase was partially offset by the cancellation of five projects that had an estimated cost of \$34,102,000 and an estimated increase in federal grants-in-aid of \$5,396,000 (see Exhibit H for details).

The March 2001 CSR reported total funding for the 1986 projects as \$194,048,000. The March 2001 CSR showed that the Series 1993 Completion Bonds provided funds of \$31,918,000 and the Series 1986 Bonds provided funds of \$133,101,000. The total costs for the substantially completed 1986 projects were \$183,388,000. The March 2001 CSR also reported that \$2,691,000 in projects had not been started. This \$2,691,000 in project costs is not included in the total costs figure for the substantially completed 1986 projects. These project costs were to be added to the total costs figure when these projects were completed.

According to the 1990A Bond Official Statement, federal grants-in-aid were scheduled to provide \$20,980,000 to the 1986 projects. The Airport has provided documentation that presents the amount of federal grants-in-aid funds received in total, but not by project. As a result, we could not readily ascertain whether the Airport actually received \$20,980,000 in federal funds specifically for the 1986 projects.

See Exhibit A for the list of 1986 projects, the Airport's description of the projects, and budget information as of March 2001.

3. Restatement of 1986 Bond Projects

The Airport's CIP program manager informed us that the projects listed in the 1986 Bond Official Statement (Exhibit G) were based upon a CIP that was focused on the needs of the Airport and its participating airlines. The CIP program manager stated that as a result of the October 1986 Northwest Airlines, Inc., merger with Republic Airlines, Inc. (three months after the 1986 bond issue was sold), the CIP as described in the 1986 bond issue had to be reanalyzed as to scope and schedule, once Northwest Airlines became the Airport's major carrier. The CIP program manager stated that it took the Airport and Northwest Airlines (in consultation with the other airlines) a number of months to reanalyze the CIP and to reprioritize and reschedule the projects that were to be completed with the proceeds from the 1986 bond issue. The result was the allocation of the 1986 bond proceeds as restated in the 1990A Bond Official Statement (Exhibit H).

4. Series 1990A and 1990B Bonds

The Series 1990A and 1990B Bonds were issued with face amounts of \$47,825,000 and \$43,995,000, respectively. The bond official statements indicate that the principal purpose of proceeds from the Series 1990 Bonds was to fund a

portion of the costs of the 1990A and 1990B projects at Detroit Metropolitan Wayne County Airport. The proceeds were also intended, along with certain investment income, to (1) fund capitalized interest on a portion of the Series 1990A and 1990B Bonds; (2) fund deposits to the bond reserve accounts; and (3) pay certain issuance costs of the Series 1990 Bonds. The following tables contain the detailed allocation of the bond proceeds:

Series 1990A Bonds		Series 1990B Bonds	
Construction Fund	\$ 35,359,458	Construction Fund	\$ 34,127,137
Capitalized Interest Account	5,600,508	Capitalized Interest Account	2,334,906
Bond Reserve Account	3,967,150	Bond Reserve Account	3,376,200
Original Issue Discount	1,729,248	Original Issue Discount	3,040,930
Bond Discount and Issuance Costs	1,168,636	Bond Discount and Issuance Costs	1,115,827
Principal Amount of Series 1990A Bonds	<u>\$ 47,825,000</u>	Principal Amount of Series 1990B Bonds	<u>\$ 43,995,000</u>

The 1990A Bond Official Statement states that the 1990A projects include: acquisition of 555 acres of land required to construct a new fourth parallel runway on the western boundary of the Airport; final design and construction of a new parallel crosswind runway 8,500 feet long and 150 feet wide, including the mitigation of about 500 acres of wetlands on the Airport; design and installation of a computer-based security card access system; and design and installation of interim exterior information and directional Airport signage and a signage program for the expansion areas of Concourse C and the International Terminal expansion.

At the time of issuance of the Series 1990 Bonds, estimated construction cost for the 1990A projects was \$110,624,000. Of this amount, \$36,742,000 was to be funded by the Series 1990A Bonds and \$73,882,000 was to be by federal grants-in-aid pledged by a federal letter of intent (LOI). Two of the four 1990A projects, fourth parallel runway land acquisition and crosswind runway construction, accounted for \$100,815,000 (91%) of the 1990A project cost. Of this amount, \$33,915,000 was to be funded by the Series 1990A Bonds and \$66,900,000 was to be funded by federal grants-in-aid.

By November 1993, the date of issuance of the Series 1993 Completion Bonds, these two 1990A projects increased in estimated costs by \$29,986,000 (30%), from \$100,815,000 to \$130,801,000. According to the 1993 Bond Official Statement, \$30,462,000 was provided by prior bonds (a decrease of \$3,453,000 [10%] from the 1990 estimate of \$33,915,000), \$14,438,000 was to be provided by Series

1993B Bonds, \$78,643,000 was to be provided by grants-in-aid (a net increase of \$11,743,000 [18%] in grants-in-aid), and \$7,258,000 was to be provided by other sources. Further review would be necessary to identify the other sources.

In summary, the March 2001 CSR reported that the 1990A projects were substantially completed, at a cost of \$180,020,000, which was \$69,396,000 (63%) over the estimated cost reported in the 1990A Bond Official Statement. Included in that amount are several additional projects reported in the March 2001 CSR that were not listed on the 1990A Bond Official Statement. The additional projects include wetland monitoring (\$823,000), revision/replacement of airfield lighting (\$4,696,000), weather sensor system (\$439,000), and noise berms (\$434,000). The additional projects total \$5,958,000 and account for 9% of the \$69,396,000 difference. These details are summarized in the following table:

	Bond Official Statement Estimated Project Costs		March 2001 CSR Cost Committed to Date for 1990A Projects
	1990A	1993	
Crosswind runway construction	\$ 89,200,000	\$ 92,343,000	\$ 97,879,000
Fourth parallel runway land acquisition	11,615,000	38,458,000	60,627,000
Security card access system	9,309,000		14,696,000
Interim exterior airport signage	500,000		426,000
Wetland monitoring			823,000
Revision/replacement of airfield lighting			4,696,000
Weather sensor system			439,000
Noise berms			434,000
	<u>\$110,624,000</u>	<u>\$130,801,000</u>	<u>\$180,020,000</u>

Further review would be necessary to determine the reason for the increase in the project costs and the additional projects reported in the CSR.

Further review would also be necessary to identify the source of additional funding for the 1990A projects:

		Source of Information
Total cost of 1990A projects	\$ 180,020,000	March 2001 CSR
Financing for 1990A projects:		
From Series 1990A Bonds	(36,742,000)	March 2001 CSR
From federal grants-in-aid (LOI)	(78,643,000)	1993 Bond Official Statement
From grant agreement	(7,322,000)	1991 Bond Official Statement, Status of CIP
From Series 1993 Completion Bonds	(14,438,000)	1993 Bond Official Statement, March 2001 CSR
Funds for Which the Source was Unidentified	<u>\$ 42,875,000</u>	

In addition, further review would be necessary to determine the source of funding for the difference between the forecasted cost at completion and the construction and services budget:

		Source of Information
Forecasted cost at completion	\$ 180,099,000	March 2001 CSR
Construction and services budget	165,318,000	March 2001 CSR
Difference Over (Under) Budget	<u>\$ 14,781,000</u>	March 2001 CSR

The 1990B projects included the design and construction of a new six-level, 3,200-space public parking structure adjacent to an existing parking deck. Estimated construction cost per the 1990B Bond Official Statement was \$34,500,000. According to the March 2001 CSR, the Series 1990B Bonds provided \$34,500,000 in proceeds for the projects. The projects were completed at a cost of \$31,273,000 (\$3,227,000 under the estimated project cost).

See Exhibit B for the list of 1990 projects, the Airport's description of the projects, and budget information as of March 2001.

5. Series 1991A and 1991B Bonds

The Series 1991A and 1991B Bonds were issued with a face amount of \$45,775,000 and \$41,310,000, respectively. The bond official statements indicate that the proceeds from the Series 1991 Bonds were to (1) fund a portion of the costs of the 1991A and 1991B projects at the Detroit Metropolitan Wayne County Airport, (2) fund capitalized interest on the Series 1991A and 1991B Bonds, (3) fund a deposit to the bond reserve account, and (4) pay certain issuance costs of

the Series 1991A and 1991B Bonds. The following tables contain the detailed allocation of the bond proceeds:

Series 1991A Bonds		Series 1991B Bonds	
Construction Fund	\$ 35,292,117	Construction Fund	\$ 32,529,294
Capitalized Interest Account	4,559,567	Capitalized Interest Account	3,403,501
Bond Reserve Account	3,671,265	Bond Reserve Account	3,322,513
Original Issue Discount	987,095	Original Issue Discount	867,082
Bond Discount and Issuance Costs	1,264,956	Bond Discount and Issuance Costs	1,187,610
Principal Amount of Series 1991A Bonds	<u>\$ 45,775,000</u>	Principal Amount of Series 1991B Bonds	<u>\$ 41,310,000</u>

The 1991A projects included the design and construction of a new six-level, 3,500-space public parking structure; temporary roadways; new roads into and out of the structure; fee collection booths; and access to existing passenger walkway bridges that connect the J.M. Davey Terminal and L.C. Smith Terminal buildings. Per the March 2001 CSR, the Series 1991A Bonds were to provide \$37,990,000 in funding for the 1991A projects. Total funding for the projects was \$39,926,000.

The projects were listed as substantially complete in the December 1994 CSR. In the March 2001 CSR, the cost at completion was documented as \$46,748,000 (\$6,822,000 [17%] over the construction and services budget of \$39,926,000). Further review would be necessary to identify the additional source(s) of funding for the 1991A projects.

The 1991B projects included the acquisition of approximately 140 acres of land required to permit construction of the Eureka Road interchange with the new South Access Road for the Airport, design and construction of a portion of Taxiway P, design and construction of a common use air cargo facility, design and construction of modifications to the existing airfield storm water collection and retention system to separate glycol-contaminated storm water from uncontaminated storm water and to discharge it to a waste water treatment plant, the first phase of a complete apron replacement program, planning and schematic designs for the construction of the new midfield passenger terminal, and improvements and modifications of the existing terminal. Per the 1991B Bond Official Statement, the 1991B project costs were estimated at \$36,489,000, and the source of funding for these costs was to be \$2,625,000 provided by federal grants-in-aid and \$33,864,000 to be provided by the Series 1991B Bonds.

The March 2001 CSR reported that the 1991B projects were complete or substantially complete with the exception of two project elements that were canceled. The March 2001 CSR also reported that total project costs were \$71,241,000 (\$34,752,000 [95%] over the cost estimated at the time the Series 1991B Bonds were issued).

According to the March 2001 CSR, total funding for the 1991B projects was \$77,542,000, yet the Series 1991B Bonds provided only \$33,864,000 in funds. Further review would be necessary to determine why the cost at completion was \$34,752,000 [95%] above the original estimate and to determine the source of the additional funding for the 1991B projects:

		Source of Information
Total cost of 1991B projects	\$ 71,241,000	March 2001 CSR
Financing for 1991B projects:		
From Series 1991B Bonds	(33,864,000)	March 2001 CSR
From grant agreement	(2,625,000)	1991 Bond Official Statement
From Series 1993 Completion Bonds	(8,402,000)	1993 Bond Official Statement, March 2001 CSR
From other sources	(4,399,000)	1993 Bond Official Statement
Funds for Which the Source was Unidentified	<u>\$ 21,951,000</u>	
Forecasted cost at completion	\$ 71,486,000	March 2001 CSR
Construction and services budget	77,542,000	March 2001 CSR
Difference Over (Under) Budget	<u>\$ (6,056,000)</u>	March 2001 CSR

See Exhibit C for the list of 1991 projects, the Airport's description of the projects, and budget information as of March 2001.

6. Series 1993A, 1993B, and 1993C Bonds

The Series 1993A (\$14,765,000), 1993B (\$75,025,000), and 1993C (\$61,475,000) Bonds were issued with a total face amount of \$151,265,000. The bond official statement indicates that the proceeds from the Series 1993A Bonds were: (1) for advance refund of a portion of the Series 1986 Bonds and (2) to pay certain issuance costs of the Series 1993A Bonds. The Series 1993B Bonds were to: (1) fund costs of certain capital improvements to be completed or expanded at the Airport (the 1993 Completion Project) (2) fund capitalized interest on a portion of the Series 1993 Bonds, (3) fund additional capitalized interest on the Series 1986 Bonds, the Series 1990 Bonds, and the Series 1991 Bonds, (4) fund a deposit to

the bond reserve account, and (5) pay certain issuance costs of the Series 1993B Bonds. The Series 1993C Bonds were: (1) for advance refund of a portion of the Series 1990B Bonds and the Series 1991A Bonds and (2) to pay certain issuance costs of the Series 1993C Bonds.

The following table contains the detailed allocation of the bond proceeds:

Series 1993B Bonds	
Construction Fund	\$ 48,675,610
Capitalized Interest Account	16,631,736
Bond Reserve Account	5,397,390
Bond Discount and Issuance Costs	2,195,554
Accrued Interest	237,916
Subtotal	\$ 73,138,206
Add: Net Original Issue Discount	1,886,794
Principal Amount of Series 1993B Bonds	\$ 75,025,000

The 1993 Completion Project included the completion of capital improvement projects that were initially funded with proceeds from prior bonds. The Completion Project included construction of landside improvements - Smith Terminal, repair of terminal and concourse roofs, construction of storm water retention facilities, conversion and upgrade of the International Terminal, construction of a new maintenance facility, modification of International Terminal roadways, improvements to the International Terminal intersection, construction of a crosswind runway, acquisition of land for the fourth parallel runway, and acquisition of land for Eureka Road.

At November 1, 1993, the estimated costs attributed to the 1993 Completion Project using the Series 1993B Bonds were \$50,047,000. Although this amount and the amount identified above as the construction account of \$48,675,610 do not agree, they are as presented in the 1993 Bond Official Statement. The CIP program manager indicated that the difference was interest earnings. The total estimated cost of the projects included in the 1993 Bond Official Statement at November 1, 1993 was \$221,583,000, of which \$50,047,000 was to be provided by the Series 1993 Completion Bonds.

Except for projects RS-401, modify International Terminal roadways (46% complete, one project element not started as of the March 2001 CSR), and RS-407, improve International Terminal intersection (not started as of the March 2001 CSR), all of the projects included in the 1993 Bond Official Statement were complete according to the March 2001 CSR. The forecasted cost of the projects that were started per the March 2001 CSR is \$309,937,000, which is \$88,354,000 (40%) more than the total projected costs.

See Exhibit D for the list of 1993 projects, the Airport's description of the projects, and budget information as of March 2001.

7. Series 1994A and 1994B Bonds

The Series 1994A and 1994B Bonds were issued for a face amount of \$56,695,000 and \$23,730,000, respectively. The bond official statement indicates that proceeds from the Series 1994A Bonds were to: (1) refund all outstanding senior lien bonds, (2) fund the purchase of a surety bond required to satisfy the reserve requirement and (3) pay certain issuance costs incurred in connection with the Series 1994A Bonds. The proceeds from the Series 1994B Bonds were to: (1) fund costs of certain capital improvements to be made at the Airport; (2) fund capitalized interest on a portion of the Series 1994B Bonds; (3) fund the purchase of a surety bond required to satisfy the reserve requirement; and (4) pay certain issuance costs incurred in connection with the issuance of the Series 1994B Bonds. The following tables contain the detailed allocation of the bond proceeds:

Series 1994A Bonds		Series 1994B Bonds	
Escrow Fund	\$ 58,987,915	Construction Fund	\$ 20,308,431
Bond Discount and Issuance Costs	1,424,213	Capitalized Interest Account	2,187,827
Accrued Interest	458,772	Bond Discount and Issuance Costs	841,948
Principal Amount of Series		Accrued Interest	204,824
1994A Bonds	\$ 60,870,900	Principal Amount of Series	
		1994B Bonds	\$ 23,543,030

According to the 1994 Bond Official Statement, the 1994B projects included revisions and replacements to the airfield signage and lighting systems at the Airport. The estimated cost for the 1994B projects per the bond official statement was \$21,000,000. The Airport estimated that \$8,625,000 of funding would be provided by federal grants-in-aid.

According to the March 2001 CSR, all elements of the 1994B projects were complete. Total funding per the March 31, 2001 CSR for the 1994B projects was \$39,052,000. The completion cost for the 1994B projects was \$31,605,000. Regarding the disposition of the remaining funds (\$7,447,000), the CIP program manager indicated that these funds were "loaned" to "cash flow" projects that fell under other Airport bonds.

As described more fully below, the Airport has been borrowing money from the various bond funds to pay for expenditures incurred under projects financed by other bonds. The most recently available information on these loans (dated August 24, 2000) showed that the 1994B Bond Fund was owed \$8,572,103: \$4,750,000 from the 1986 Bond Construction Fund; \$21,822 from the 1990A Bond Fund; and \$3,800,281 from the 1991B Bond Fund. This detail also showed that the 1994B Bond Fund owed \$1,115,030 to the 1986 Bond Fund, or a net amount due from other bond funds of \$7,457,073.

Conversely, the CIP program manager maintained that as of July 2001, the US Bank (the trustee for the 1994B Bond Funds) monthly account statement showed that the 1994B Bond Construction Fund had a balance of \$1,512,000. According to the CIP program manager, this meant that only "the balance of the \$7.4 million (i.e., approximately \$5,888,000) was used to make temporary loans to the 1986, 1990A and 1991B bond projects" (see Exhibit I).

See Exhibit E for the list of 1994 projects, the Airport's description of the projects, and budget information as of March 2001.

8. Series 1998A and 1998B Bonds

The Series 1998A and 1998B Bonds were issued with a total face amount of \$1,017,890,000. The bond official statement indicates that proceeds from the sale of Series 1998 Bonds were intended to: (1) fund a portion of the costs of certain capital improvements to be made at the Detroit Metropolitan Wayne County Airport and at Willow Run Airport (2) fund capitalized interest on the Series 1998 Bonds, (3) fund a deposit to the bond reserve account to satisfy the reserve requirement, and (4) pay certain issuance costs incurred in connection with the issuance of the

Series 1998 Bonds. The following table contains the detailed allocation of the bond proceeds:

Series 1998 Bonds	
Construction Fund	\$ 780,471,104
Capitalized Interest Account	152,841,334
Bond Reserve Account	58,551,039
Issuance Costs	10,348,347
Bond Discount	15,678,177
Principal Amount of Series 1998 Bonds	<u>\$ 1,017,890,000</u>

The principal amount of the Series 1998 Bonds is allocated between the Midfield Terminal Project and the existing terminal projects, special Northwest projects, and other CIP projects. The Airport is responsible for the management of the existing terminal projects, special Northwest projects, and other CIP projects. These projects were allocated \$139,358,000 of the 1998 bond proceeds.

Northwest Airlines is responsible for the management of the Midfield Terminal Project. The Midfield Terminal Project was allocated \$878,532,000 of the 1998 bond proceeds. The Midfield Terminal Project is not included in the Airport's CSRs.

The 1998 Bond Official Statement estimates project costs for the existing terminal projects, special Northwest projects, and other CIP projects at \$400,926,000. According to the 1998 Bond Official Statement, State grants will provide \$52,525,000; 1998 bond proceeds will provide \$113,057,000; federal grants-in-aid will provide \$159,583,000; and PFCs will provide \$75,761,000.

According to the March 2001 CSR, the 1998 projects are 89% complete. They had total funding of \$248,535,000, of which \$111,621,000 was from the Series 1998A Bonds. A total of \$287,869,000 in additional funding was identified in the bond official statement from a combination of federal grants-in-aid (\$159,583,000), State grants (\$52,525,000), and PFCs (\$75,761,000). The CSR states that the estimated cost to complete the projects was \$27,624,000 and the forecasted cost at completion was \$250,410,000. Also, \$73,293,000 in additional 1998 projects was identified on the CSR as not started. These projects were not included in the CSR's totals for forecasted costs at completion or estimated costs to complete.

After adding this amount to the CSR's reported forecasted cost at completion, the total forecasted cost for the 1998 projects was \$323,703,000.

See Exhibit F for the list of 1998 projects, the Airport's description of the projects, and budget information as of March 2001.

Our review of the CSR and the Airport's log of payment transactions for the Series 1998 Bonds disclosed that there has been \$57,130,990 more in payments made from the Series 1998 Bonds than there was funding allocated from the Series 1998 Bonds for "Other Capital Improvement Program Projects." While \$82,293,000 in funding was allocated from the Series 1998A Bonds for "Other Capital Improvement Program Projects" according to the CSR, the Airport's log of 1998 bond payments showed \$139,423,990 expended for "Other Capital Improvement Program Projects."

Because this was a limited scope review, further review would be necessary to identify the funding sources used to pay for "Other Capital Improvement Program Projects."

The Airport's Noise Mitigation Program was a project listed under "Other Capital Improvement Program Projects" in the Airport's 1998 Bond Official Statement. According to the 1998 Bond Official Statement, the estimated project costs for "Noise Mitigation Program (partial)" was \$55,100,000. The Bond Official Statement documents that \$39,996,000 in PFCs was allocated to the Noise Mitigation Program. However, only \$11,350,000 in PFC funding was listed as "pay as you go" PFCs that would be available to pay the costs of the Noise Mitigation Program. The remaining \$28,646,000 in PFCs was listed as "PFC eligible debt service" to be used to pay principal, interest, and financing costs on the bonds.

The 1998 Bond Official Statement states that an additional \$35 million (\$5 million per year) in federal discretionary funds may be available to fund a portion of the Airport's Noise Mitigation Program. However, these funds are disbursed on a reimbursement basis and would not be available until after the expenditures were incurred. Further, these federal funds have been suspended pending federal inquiries of the Airport's payments under its Noise Mitigation Program.

The CSR reports a forecasted cost at completion of \$56,967,000 for noise mitigation projects listed in construction status (project NS-001, residential noise

mitigation, and project LA-004, noise mitigation land acquisitions). This is \$1,867,000 more than the \$55,100,000 in estimated costs as listed in the 1998 Bond Official Statement.

According to the CSR, the Series 1998A Bonds were to fund \$8,680,000 in project NS-001 costs and \$70,000 in project LA-004 costs. Our review of the Airport's log of payment transactions for the Series 1998 Bonds disclosed \$6,397,198 expended under project NS-001 and \$10,699,458 expended under project LA-004.

Because this was a limited scope review, further review would be necessary to identify the other funding sources being used to pay for projects NS-001 and LA-004.

General Breakdown of Originally Budgeted Uses or Applications of Bond Proceeds

Request:

For each of the bonds listed in the preliminary review report's Exhibit I (page 81), please use the Airport's records to provide a general breakdown of the originally budgeted uses or applications of the bond proceeds, i.e., how much was budgeted for such things as reserve requirements, insurance, and other issuance costs, as well as to the CIP projects as a whole (see, for instance, page 13 of the 1986 Bond Official Statement or page 44 of the 1998A/B Bond Official Statement).

Procedure:

For each of the Airport's general revenue bonds, we used the bond official statements to document the general breakdown of the originally budgeted uses and applications of the bond proceeds for the Series 1986, 1990, 1991, 1993, 1994, 1996, and 1998 Bonds (see Exhibits J-1 through J-9). Also, we examined a sample of bond requisitions to determine if the projects funded by the bond proceeds were documented in the official statements and whether expenditures were properly approved.

Comment:

The bonds reviewed are as follows:

1. Series 1986 Bonds

Our review of a sample of 40 payment requisitions utilizing 1986 bond requisition certificates disclosed 11 payments totaling \$5,521,497 that were

for expenditures not related to projects listed in the 1986 Bond Official Statement. The payments included:

- a. Four payments for project RS-001 (South Access Road). Two of these payments were made to the 1991B Bond Construction Fund (\$1,500,000 each) for loan repayment, the third payment was made to Parsons Brinckerhoff (\$849,824) for design/engineering for the South Access Road, and the fourth payment was made to the Wayne County Treasurer (\$563) for retainage pertaining to the South Access Road construction.
- b. Three payments for the purchase of Jeep vehicles used for drug enforcement and operations and maintenance (\$1,152,152) and for miscellaneous office and machinery equipment and furnishings (\$141,485).
- c. One payment to Booz, Allen & Hamilton (\$127,491) for professional financial services related to the Midfield Terminal Project.
- d. One payment to Landrum & Brown (\$141,306) for professional planning services related to the Midfield Terminal Project and other projects unrelated to projects listed in the 1986 Bond Official Statement.
- e. One payment to Detroit Armour Corporation (\$70,425) for shooting range equipment.
- f. One payment to Post Electric Company (\$38,251) for a 500-kW generator for the Midfield Terminal.

Items b., e., and f. were examined and are described in more detail later in this report.

2. Series 1990 Bonds

Our review of a sample of 28 payment requisitions utilizing 1990A bond requisition certificates disclosed that the 28 payment requisitions examined were for expenditures related to projects documented in the 1990A Bond Official Statement and that expenditures were properly approved.

3. Series 1991 Bonds

Our review of a sample of 34 payment requisitions utilizing 1991B bond requisition certificates disclosed 1 payment of \$19,431 for an expenditure not related to projects listed in the 1991B Bond Official Statement. The payment was to Walker Parking Consultants for professional services related to parking revenue collection systems. This expenditure was examined and is described in more detail later in this report.

4. Series 1993 Bonds

Our review of a sample of 23 payment requisitions utilizing 1993 bond requisition certificates disclosed that the 23 payment requisitions were for expenditures related to projects documented in the 1993 Bond Official Statement and that expenditures were properly approved.

5. Series 1994 Bonds

Our review of a sample of 20 payment requisitions utilizing 1994 bond requisition certificates disclosed that the 20 payment requisitions were for expenditures related to projects documented in the 1994 Bond Official Statement and that expenditures were properly approved.

6. Series 1998 Bonds

Our review of a sample of 68 payment requisitions utilizing 1998 bond requisition certificates disclosed 4 payments totaling \$559,931 that were for undocumented project manager fees and professional financial services and for projects not listed as funded by the bonds in the 1998 Bond Official Statement. The payments included:

- a. One payment to the 1986 Bond Construction Fund (\$269,974) for undocumented project manager fees for July 1998.
- b. One payment to Landrum & Brown (\$167,614) for undocumented professional financial services for February through March 2000.
- c. One payment to Orchard, Hiltz & McCliment (\$122,102) for services related to the South Access Road construction.

- d. One payment to Parsons Brinckerhoff (\$241) for services for the Midfield Terminal segment of the South Access Road.

The Airport stated that the payments described in items c. and d. were made with Series 1998 Bonds to "cash flow" the South Access Road project.

Difference Between Bond Issues Identified in 1999 CIP Report Versus 1998-99 Wayne County Budget

Request:

In the preliminary review report (page 21), it is indicated that the Airport's September 1999 Capital Improvement Program (CIP) status report identified eight bond issues totaling \$583,173,000. However, the 1998-99 Wayne County Budget identified nine bond issues totaling \$1,461,705,000. The Airport states that the difference is due to the fact that the Airport did not recognize the bonds issued for the Midfield Terminal Project in its CIP status report. Does the bond amount for the Midfield Terminal Project equal the difference (\$878,532,000) between the Wayne County budget and the Airport's CIP status report? Please note that the "project summary" on page 28 of the 1998A/B Bond Official Statement shows the money budgeted from the Series 1998 Bonds for the Midfield Terminal Project was originally \$719,958,000 though this amount did not include "the costs of issuance, capitalized interest, Bond Reserve Account deposits and other financing costs" (see footnote 2). If these issuance and other standard costs are added to the \$719,958,000, is the total equal to the difference between the Wayne County budget and Airport bond issue figures? Is it equal to the bond costs *currently* ascribed to the Midfield Terminal project? If not, why not?

Procedure:

We reviewed the Joint Legislative Select Committee's letter, the Airport's September 1999 CIP status report, the Wayne County budget, and other documentation submitted by Airport Finance. We met with Airport Finance staff.

Comment:

The 1998 Bonds were issued in two series, Series A and Series B. The Series 1998A Bonds were issued to fund certain CIP projects and the Midfield Terminal Project, and the Series 1998B Bonds were for the Midfield Terminal parking garage. The face amount of the Series 1998A Bonds (\$854,955,000) less the amount for the CIP projects (\$139,358,000) plus the amount of the Series 1998B Bonds for the Midfield Terminal parking garage (\$162,935,000) equals the total amount of the Series 1998A and 1998B

Bonds attributable to the Midfield Terminal Project (\$878,532,000). Thus, the total amount for the Midfield Terminal Project, including the parking garage, is \$878,532,000, which is equal to the difference between the 1998-99 Wayne County budget (\$1,461,705,000) and the Airport's September 1999 CIP status report (\$583,173,000):

Face Amount of Series 1998A Bonds	\$ 854,955,000
Amount for CIP Projects in Series 1998A Bonds	(139,358,000)
Amount for Midfield Terminal Project in Series 1998A Bonds	<u>\$ 715,597,000</u>
Amount for Midfield Terminal Parking Garage in Series 1998B Bonds	162,935,000
Total Midfield Terminal Project Amount From Series 1998A and 1998B Bonds	<u><u>\$ 878,532,000</u></u>

The Airport provided documentation and analysis regarding the Joint Legislative Select Committee's question of whether adding issuance and other standard costs to the money budgeted from the Series 1998 Bonds for the Midfield Terminal Project would equal the difference between the Wayne County budget and Airport bond issue figures. Based on the Airport's response, the total financing cost (\$237,418,895) documented in the 1998 Bond Official Statement was estimated based on the face amount of the Series 1998 Bonds (\$1,017,890,000), which included both the CIP projects and the Midfield Terminal Project. The financing cost was not separately allocated to the CIP projects and the Midfield Terminal Project. However, by prorating the financing cost on the basis of individual bond cost versus total face amount of the bond, the Airport determined the financing cost attributable to each (\$32,222,551 attributable to CIP projects and \$205,196,344 attributable to the Midfield Terminal Project).

The Midfield Terminal Project cost funded by the Series 1998 Bonds (\$719,958,000) included projected future income (\$45,412,626 attributable to the Midfield Terminal Project) and did not include various financing costs (\$205,196,344 attributable to the Midfield Terminal Project). By deducting the projected future income and adding the

financing costs attributable to the Midfield Terminal Project, the Airport calculated the total Midfield Terminal Project costs to be \$879,741,719, as follows:

Midfield Terminal Project Cost Funded by Series 1998 Bonds		\$ 719,958,000
Less: Projected Future Income - Midfield Terminal Project		(45,412,626)
Midfield Terminal Project Financing Costs:		
Deposit to Bond Reserve Account	\$ 50,604,477	
Deposit to Capitalized Interest Account	132,097,671	
Bond Issuance Cost	8,943,867	
Net Original Issue Discount	13,550,330	
Total Midfield Terminal Project Financing Costs		205,196,345
Total Midfield Terminal Project Cost		\$ 879,741,719

As described in the Joint Legislative Select Committee's request, the difference between the bonds identified in the September 1999 CIP status report and the bond issues identified in the 1998-99 Wayne County budget equals \$878,532,000, which is \$1,209,719 (.14%) below the amount the Airport calculated for the Midfield Terminal Project cost:

Airport's Calculation of Midfield Terminal Project Cost	\$ 879,741,719
Difference Between Bonds Identified in CIP Status Report and Wayne County Budget	(878,532,000)
Difference	\$ 1,209,719

Project Numbers and Contract Amounts

Request:

On page 25, the preliminary review report states the following: "A project description and unique project number were provided to us for the construction contracts but a corresponding project description and unique project number were not provided to us for CIP consultant contracts (see Exhibits J-4 and J-5 [of the preliminary review report]). As a result, we could not match the consultant original contract amounts for CIP projects to their corresponding construction original contract amounts in order to calculate the total original CIP contract amounts."

Yet the project numbers for a number of the consultant contracts are mentioned in various places throughout the CIP status reports issued by the project manager (see, for instance, "The Capital Improvement Program Status Report

No. 82 - January, February, March 1999," issued by "The Program Managers Team LLC"). The section on Disadvantaged Business Set-Asides not only mentions several consulting contracts in conjunction with project numbers, but states flatly the percentage of such consulting contracts that were granted to local and disadvantaged businesses. Reporting such a percentage would entail keeping of the consulting contracts granted for each project and almost certainly the project numbers; presumably it would have been easy enough to have the project manager provide the results of this tracking.

These results would then have provided the auditors with the information required to complete the analysis of final vs. initial costs for individual CIP projects. Given the evidence in the status report of the availability of the information linking consultant contracts with project numbers, can the Airport explain why it has not provided this information? Is the Airport now able to provide this information? If so, please have it do so.

Procedure:

We examined an updated consultant contract summary listing obtained from the CIP program manager. We made inquiries of the CIP program manager.

Comment:

The updated services contract summary (see Exhibit K) indicates, by consultant, the CIP number, the contract amount by CIP number, and the total contract amount. However, the total contract amount does not identify the initial contract amount separately from subsequent amendments. Also, according to the CIP program manager's comptroller, the Airport could not provide a breakdown of the original contract amount and each amendment amount for consultant contracts because there is usually not a direct project-to-contract relationship for the consultant contracts and the CIP projects. One contract with a consultant would, in most instances, be for several CIP projects. To identify the initial contract amount versus the final cost would require further review of each of the 59 consultant and design contracts identified in the preliminary review report and all subsequent amendments to each of those contracts.

Airport Signage (Project AS-001)

Request:

Which firms or units of government received contracts under the "services" portion of all five parts of project AS-001? (If listing literally all contracts is prohibitively difficult, please list those firms or departments of government that

were primary contractors under this project.) Which of the individual project parts (A.00.0, A.01.0, A.02.0, A.03.0, or B.00.0) did these firms' or public departments' contracts relate to?

Procedure:

We reviewed the Joint Legislative Select Committee's questions. We made inquiries of the CIP program manager, and we reviewed and analyzed the CIP status reports.

Comment:

Seven project elements are being tracked as part of the airport signage project (AS-001):

<u>CIP Project Number</u>	<u>Description</u>	<u>Design Consultant</u>	<u>Approximate Project Cost</u>	<u>Approximate Completion</u>
AS.001.A	Airport signage evaluation	Apple Designs, Inc	\$ 32,000	June 1989
AS.001.A.01	Rogell Drive entry sign	Apple Designs, Inc.	21,000	May 1990
AS.001.A.02	International new FIS signage	Apple Designs, Inc.	94,000	October 1994
AS.001.A.03	Concourse C extension signage	Apple Designs, Inc.	109,000	November 1990
	Subtotal		<u>\$ 256,000</u>	
AS.001.A.B	Airport signage master plan	HRC	\$ 2,600	December 1995
AS.001.A.B	Airport signage master plan	Apple Designs, Inc.	\$ 423,400	December 1995
AS.001.A.C	Airport entry identification sign	Huron Sign Co.	\$ 96,000	September 1999
AS.001.A.D	Overhead road signage	Western Industries, Inc.	\$ 150,000	January 2000

The CIP program manager stated that only the first 4 of the 7 project elements listed in the preceding table received funding from the Series 1986 Bonds. According to the CIP project manager, 2 of the project elements (AS.001.A.02 and AS.001.A.03) were part of larger projects that were approved and funded by the Series 1986 Bonds. These 2 project elements were assigned to AS-001 for internal tracking purposes. The CIP project manager also stated that project element AS.001.A is part of a number of studies that were authorized and funded by the Series 1986 Bonds. However, we did not verify that these studies were authorized for funding from the Series 1986 Bonds.

Also, we could not determine why project element AS.001.A.01 received funding from the 1986 bond issue. The CIP project manager could not explain and referred us to Airport management for an explanation. Airport management did not provide an explanation upon our request.

Crash/Fire/Rescue Building (Project SF-803), Series 1986 Bonds

a. Request:

Why was the project completed in January 1992, rather than March 1989, as originally forecasted?

Procedure:

We reviewed the Joint Legislative Select Committee's December 13, 2000 letter, the Airport's CIP status reports, the 1986 Bond Official Statement, and the 1990A Bond Official Statement. We made inquiries of the CIP program manager regarding the construction of a new crash/fire/rescue building.

Comment:

The Airport's CIP program manager stated that the Wayne County Department of Engineering and the Airport prepared the original construction schedules based on the needs of Republic Airlines. These schedules were estimations because detail plans or specifications were unavailable.

The CIP program manager informed us that Northwest Airlines announced its plans to purchase Republic Airlines one month prior to the sale of the 1986 bonds. The original CIP was focused on the needs of Republic Airlines and was reanalyzed as to scope and schedule to focus on the needs of Northwest Airlines. According to the Airport, this analysis took several months. The original CIP was restated in the 1990A Bond Official Statement (Exhibit H).

In addition, the CIP program manager informed us that the architectural and engineering contract for the construction of the new crash/fire/rescue building was publicly advertised in 1988 and a contract was signed in March 1989. The construction contract for the project was publicly and competitively bid in late 1990 and the contractor was given the notice to proceed in January 1991. The anticipated construction duration was one year, and the project was completed in January 1992.

Because this was a limited review, we did not verify the content of the responses provided by the Airport regarding the crash/fire/rescue building and its use of the Series 1986 Bonds.

b. Request:

The 1986 bond issue monies originally allotted to project SF-803 were \$2,368,000; ultimately, \$7,046,000, or 198 percent more, was committed to project SF-803 from the 1986 bond sale. From where did the extra \$4,678,000 in bond monies (nearly the originally estimated cost of the project) come? If it came from other projects, which projects were they?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

According to the 1986 Bond Official Statement, the estimated construction cost for the new crash/fire/rescue building was \$4,736,000. Half of the construction cost (\$2,368,000) was to be funded by the Series 1986 Bonds and half by federal grants-in-aid. The 1990A Bond Official Statement presents the restatement of 1986 projects that included a revision of the gross project cost for SF-803 from \$4,736,000 to \$9,977,000.

The 1990A Bond Official Statement lists anticipated federal grants totaling \$2,931,000 and states that the remaining net project cost of \$7,046,000 is to be financed from the Series 1986 Bonds.

In response to the Joint Legislative Select Committee's question regarding the source of the "extra \$4,678,000 in bond monies," we determined that the 1990 restatement of the 1986 projects resulted in an additional \$4,678,000 in bond money available for the construction of the new crash/fire/rescue building. Several of the projects originally listed in the 1986 Bond Official Statement were revised or canceled while two projects were added (see Exhibit H for the listing of revised and canceled projects).

c. Request:

Why was the final cost (\$13,229,000) 179 percent above the originally projected cost of \$4,736,000 and 13 percent above the revised estimate of \$11,677,000? Why was there a substantial overrun of the original estimates even if the utility costs (project elements "A.01.0 - ARFF/FAA Mechanical Site Utilities" and "A.03.0 - FAA/ARFF Electrical Site Utilities") are set aside?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The original project estimate of \$4,736,000 for project SF-803 documented in the 1986 Bond Official Statement was restated in the 1990A Bond Official Statement at \$9,977,000. According to the CIP program manager, this was because of the increased scope of adding two utility projects. The two utility projects were estimated at \$5,241,000 and cost \$7,675,000. The utility portion exceeded project estimates by \$2,434,000 (46%). The final project cost of \$13,229,000 was \$3,252,000 (33%) above the restated project estimate of \$9,977,000 and \$1,552,000 (13%) above the revised estimate of \$11,677,000.

According to the CIP program manager, the original project estimate of \$4,736,000 was for construction only. Thus, the final cost of \$13,229,000 was 179% above the originally projected cost of \$4,736,000 because of the addition of the two utility projects (\$7,675,000 or 162%) and service costs (\$818,000 or 17%) that, according to the CIP program manager, were not included in the original project estimates.

According to information provided by the CIP program manager, the final cost of \$13,229,000 was 13% above the revised estimate of \$11,677,000 because of increases of \$1,447,000, \$104,000, and \$201,000 in project elements A.01.0, A.02.0 (tree cutting utility ROW/Access Road), and A.03.0, respectively, offset in part by a decrease of \$200,000 in project element A.00.0 (new ARFF facility).

According to the CIP program manager, there was not a substantial overrun of the original estimates if the utility costs (project elements A.01.0 and A.03.0) are set aside. Of the \$13,229,000, \$7,675,000 (58%) was attributed to project elements A.01.0 and A.03.0. The remaining \$5,554,000 consisted of the original project estimate for construction (\$4,736,000) and the service costs (\$818,000) that were later added.

d. Request:

Page 5 (of 7) of the 1986 Bond Issue Portion of the "Cost Summary Report as of 03/31/99" shows the services costs for project SF-805 (new maintenance facility) at \$3,093,000 (column Q), which is \$1,570,000 (column R), or 103 percent, above the (revised) services budget of \$1,523,000 (column N).

Why did services costs run so far over the (revised) budget, especially when the construction costs were almost exactly the same as the (revised) construction budget?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The CIP program manager informed us that the services budgets reported in the CIP program manager's quarterly reports were a standard mathematical formula that calculates an overall services budget amount of 15% of the construction budget. The formula was established when the CIP program manager first started developing the reports and has never been changed. The CIP program manager stated that services costs actually range between 21% and 26% of construction costs. Services costs include nonconstruction costs associated with a construction project, for example, costs for consultant, engineering, design, and planning services.

We verified that the services budgets in the CSRs were approximately 15% of the construction budget. Our analysis of actual services costs for project SF-805 indicated that services costs were approximately 25% of the construction costs.

In our preliminary review report, we noted that the Airport's CIP status report did not report cost summaries for budget-to-cost over and under amounts using original bid amounts. Rather, the CIP status report reported budget-to-cost over and under amounts using "current" (including prior period change orders) budget amounts. In the preliminary review report, our review of 46 construction contracts disclosed that 87% of the construction contracts reviewed varied from their original contract awards from 20% under budget to 178% over budget.

e. Request:

Which private firms or government departments were awarded contracts under this services spending? (If listing literally all contracts is prohibitively difficult, please list at least those firms or departments of government that were primary contractors under this project.)

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The CIP program manager stated that the following companies had costs attributable to project SF-803, construction of new crash/fire/rescue building:

Williams Russell Johnson
Wayne County Department of Engineering
Sverdrup Corporation
KPMG/Peat Marwick
Landrum & Brown
Giffels Hoyem Basso

Because this was a limited review, the information provided by the CIP program manager has not been confirmed or verified by the Office of the Auditor General.

New Maintenance Facility (Project SF-805), Series 1986 Bonds

a. Request:

Why was project SF-805 originally forecast to cost \$5,821,000, but ultimately forecast by the time of the "Cost Summary Report as of 03/31/99" to cost \$15,285,000 (a 163 percent increase)?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The original 1986 projects were restated in the 1990A Bond Official Statement (Exhibit H). The estimated project costs for SF-805 were elevated to \$9,684,000 in the 1990 restatement. The CIP program manager stated that it can only assume that the cost escalated due to changes in scope, cost of construction, etc. However, we could not obtain information required to detail such changes in scope and cost of construction.

Specifically, during our review of project cost, we were not given access to older records on a timely basis. Based on the information provided, we were able to

determine that at least 21 revisions were made to the forecasted completion cost between 1990 and 2001. In addition, there were 4 increases to the total project budget for project SF-805, which resulted into an overall increase of \$8,659,000 between the original 1986 bond issue and the March 31, 2001 CSR, as detailed in the following table:

	Total Project Budget	Forecasted Cost at Completion	Over (Under) Budget	Forecasted Service/Construction Percentage at Completion
Bond Official Statement:				
1986	\$ 5,821,000			
1990	\$ 9,684,000			
CSR:				
January 1990	\$ 9,684,000	\$ 10,231,000	\$ 547,000	36%
June 1990	\$ 9,684,000	\$ 9,032,000	\$ (652,000)	20%
January 1991	\$ 9,684,000	\$ 11,408,000	\$ 1,724,000	14%
June 1991	\$ 9,684,000	\$ 12,122,000	\$ 2,483,000	17%
January 1992	\$ 9,684,000	\$ 12,746,000	\$ 3,062,000	19%
June 1992	\$ 11,201,000	\$ 12,144,000	\$ 943,000	19%
January 1993	\$ 11,201,000	\$ 13,533,000	\$ 2,332,000	11%
May/June 1993	\$ 11,201,000	\$ 13,489,000	\$ 2,288,000	11%
December 1993/January 1994	\$ 11,201,000	\$ 15,311,000	\$ 4,110,000	25%
June/July 1994	\$ 11,201,000	\$ 15,309,000	\$ 4,108,000	25%
December 1994/January 1995	\$ 14,208,000	\$ 15,351,000	\$ 1,143,000	25%
June/July 1995	\$ 14,480,000	\$ 15,378,000	\$ 898,000	25%
January/February 1996	\$ 14,480,000	\$ 15,146,000	\$ 666,000	25%
June/July/August 1996	\$ 14,480,000	\$ 15,093,000	\$ 613,000	25%
March/April/May 1997	\$ 14,480,000	\$ 15,081,000	\$ 601,000	25%
September/October/November 1997	\$ 14,480,000	\$ 15,082,000	\$ 602,000	25%
April/May/June 1998	\$ 14,480,000	\$ 15,110,000	\$ 630,000	25%
October/November/December 1998	\$ 14,480,000	\$ 15,111,000	\$ 631,000	25%
March 1999	\$ 14,480,000	\$ 15,285,000	\$ 805,000	25%
April/May/June 1999	\$ 14,480,000	\$ 15,262,000	\$ 782,000	25%
July/August/September 1999	\$ 14,480,000	\$ 15,274,000	\$ 794,000	25%
April/May/June 2000	\$ 14,480,000	\$ 15,303,000	\$ 823,000	25%
July/August/September 2000	\$ 14,480,000	\$ 15,303,000	\$ 823,000	25%
October/November/December 2000	\$ 14,480,000	\$ 15,303,000	\$ 823,000	25%
January/February/March 2001	\$ 14,480,000	\$ 15,303,000	\$ 823,000	25%

The Airport stated that "Forecasted Cost at Completion" is a tool used to manage the project and, therefore, budget variances are at a point in time and should not be aggregated for analysis.

b. Request:

If project SF-805 was seen as decreasing in projected cost by the time of the issuance of the Series 1991 Bonds (July 1991), why did the Airport have to issue completion bonds to finish the project just two years later (November 1993)? More specifically, how did the cost escalate from an estimated total of \$5,821,000 in 1986 to \$18,531,000 by November 1993 (a 218 percent nominal increase) when the cost in 1991 was thought to have decreased from the original budget?

Procedure:

We reviewed the 1986, 1990, 1991, and 1993 Bond Official Statements and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

As described in the Joint Legislative Select Committee's request, the 1986 Bond Official Statement listed project SF-805 (new maintenance facility) with estimated construction and services costs of \$5,821,000. The 1991A Bond Official Statement dated July 15, 1991 (see Exhibit L-1) subsequently reported that a decrease in costs of the Phase I 1986 Projects, "as estimated by the Project Manager," was anticipated as a result of revisions in scope and anticipated costs of several project elements, including project SF-805. Despite the supposed decrease in the cost of project SF-805, as reported in the 1991A Bond Official Statement, Series 1993B Completion Bonds were thereafter sold in part to finance completion of project SF-805 at a "gross estimated cost" of \$18,531,000.

The 1991B Bond Official Statement dated September 1, 1991 (see Exhibit L-2) showed that, while the current cost at completion for the entire Phase I 1986 Project did decrease (from \$156,081,000 to \$153,047,000), the estimated cost at completion for project SF-805 was increasing (from \$9,684,000 to \$11,577,000). Therefore, the 1991A Bond Official Statement (Exhibit L-1) inaccurately described project SF-805 as one of the project elements effectuating the decrease in cost of the Phase I 1986 Project.

The CIP program manager disclaimed responsibility for figures presented in the 1993 Bond Official Statement (see Exhibit L-3), indicating that the \$18,531,000 in project costs for SF-805 was developed by the Airport's financial consultant, KPMG/Peat Marwick. The CIP program manager also stated that, contrary to the

1991A Bond Official Statement, the "project costs [for SF-805] did not decrease; in fact, they increased."

As illustrated in the preceding table, our review of the CSRs confirmed that project 805's forecasted cost at completion ranged from \$10,231,000 in January 1990 to \$15,303,000 in March 2001. According to the CSRs, the project costs never exceeded (and were never forecasted to exceed) \$15,378,000 (for July 1995).

With regard to the \$18,531,000 "gross estimated cost" reported in the Series 1993B Completion Bonds (Exhibit L-3), Airport Finance stated that, while the total cost shown was correct, the allocation between the projects was incorrect, including the \$18,531,000 cost shown for project SF-805.

c. Request:

The original contribution of the 1986 bond monies to this project (SF-805) was to be \$4,366,000. By the time of the issuance of the 1993B completion bonds, the contribution from "prior bonds" was listed as \$8,177,000 (most, or all, of this presumably coming from the 1986 Bond Issue). But as of the project manager's "Cost Summary Report as of 03/31/99," the contribution was just \$3,805,000. Why did the anticipated amount from prior bonds fluctuate so greatly? Why weren't all of the 1986 bond monies originally set aside for project SF-805 ultimately used for the project? Why were the bond monies set aside from previous issues so much less than what was expected in 1993, especially given that the project eventually ran over budget?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The CIP program manager has disclaimed responsibility for the figures contained in the 1993 Bond Official Statement. The 1986 projects as restated in the 1990A Bond Official Statement show an increase in the estimated cost to \$9,684,000 and an increase in the federal grants portion to \$5,879,000. The 1990 restatement decreased net project cost that was to be funded by bonds to \$3,805,000. The CIP program manager stated that after the restatement of the 1986 projects, the CIP program manager has continued to report \$3,805,000 in bond funding for this

project. The CIP program manager added that it cannot substantiate the \$8,177,000 reported as bond funding for this project.

We made inquiries of Airport personnel about the Joint Legislative Select Committee's questions concerning the reasons that prior bonds fluctuated, why monies originally set aside for project SF-805 were not ultimately used for the project, and why bond monies from previous issues were less than what was expected in 1993. We also made inquiries of Airport personnel regarding the differences described in the project manager's statements. Our questions remained unanswered as of the end of our fieldwork.

d. Request:

Why did the project run so far over its expected completion dates? The original projected date of completion was December 1988, then March 1994, with the project only substantially complete by November 1995. Why was one project element (C00.0 - New UST at Maintenance Facility Bldg. 703) still in design as of 03/31/99?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

According to the CIP program manager, the project start and completion dates were based on "pre-conceptual" planning studies. No detailed plan or specifications were available. The CIP program manager also stated that, at the time the bonds were issued, this project was a priority and design needed to start in January 1987. In addition, the CIP program manager stated that it did not provide the cost estimates or schedules for the 1986 bond issue projects. The CIP listed in the 1986 bond issue was focused on the needs of Republic Airlines and the Airport. Around June 1986 (one month before the 1986 bond issue was sold), Northwest Airlines announced that it was purchasing Republic Airlines. The CIP program manager stated that, as a result of this announcement, the CIP, as outlined in the 1986 bond issue, had to be reanalyzed as to scope and schedule, considering that Northwest Airlines was now the new owner of Republic Airlines. The Airport and the new Northwest Airlines (in consultation with the other airlines) spent a number of months reanalyzing the CIP and reprioritizing and rescheduling the projects that were to be completed with the proceeds from the 1986 bond

issue. The CIP program manager stated that, after those discussions were completed, the architectural and engineering contract for this project was publicly advertised in mid-1988 and a contract was signed in November 1988. After the contract documents were completed, the construction contract was publicly and competitively bid in mid-1990 and a construction contract was awarded in late 1990. Phase 2 was started in November 1992. In December 1995, the general contractor on this project filed for bankruptcy protection. The bonding company had to assume financial responsibility for completing the project. This event and the subsequent disruption caused further delays in the project completion.

According to the CIP program manager, the project element "New UST at Maintenance Facility" was a separate project and not included as part of the original maintenance facility scope. Therefore, it did not fall under the original project schedule.

1993 Completion Project, Series 1993B Bonds

a. Request:

Wayne County believed that it had sufficient funds "to pay the remaining costs of the 1986 project" on June 15, 1990, when it published the Series 1990A Bond Official Statement (see p.15). The anticipated 1986 project costs then declined by \$3 million before July 15, 1991, when the County published the Series 1991A Bond Official Statement and estimated "all [1986 CIP] work is expected to be substantially complete by November 1992." Why, then, did the County miss this projected completion date altogether and have to publish a prospectus for a new bond issue (Series 1993B) on November 1, 1993, in order to finance the completion of seven CIP projects from the 1986 list?

Procedure:

We reviewed the 1986, 1990, 1991, and 1993 Bond Official Statements and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The Airport stated that there were seven projects referred to in this question:

1. CC-308 Convert Berry Terminal
2. IF-704 Storm Water
3. RS-401 Modify Berry Terminal Roadways
4. RS-407 Improve Berry Intersection
5. SF-805 New Maintenance Facility
6. TB-201 Landside Improvements - Smith
7. TB-202 Repair/Replace Terminal and Concourse Roofs

The CIP program manager stated that these are not single projects as they have a number of subprojects related to them and that the number of subprojects increased or decreased, over time, as appropriate. The CIP program manager provided the following detail regarding some of the projects listed:

1. Project CC-308 (Convert Berry Terminal)

When the Series 1991B Bonds were issued, this primary project listed three subprojects. When the Series 1993B Bonds were issued, two subprojects were added to this primary project:

- a. I.T. Roof and Exterior Wall Renovations
- b. Weather Protection @ I.T. Baggage Claim Area.

Because these projects were added after the issuance of the Series 1991 Bonds, additional funding was required from the Series 1993B Bonds. Adding the two projects also resulted in revisions to the completion dates for the primary project, which were beyond the time frame noted in the 1991B Bond Official Statement.

2. Project SF-805 (New Maintenance Facility)

This project required additional funding because of increased scope and unforeseen construction conditions, such as revisions to site lighting, additional building lighting protection, revisions to site and road drainage, removal of unsuitable soils, addition of diesel exhaust system, increased footing size because of poor soil conditions, addition of concrete floor sealer,

installation of a fuel maintenance system, installation of an additional primary electrical cable, etc.

Also, this project was not completed in the original projected time frame, in part, because the general contractor declared bankruptcy late into the project and the bonding company had to assume financial responsibility for completing the project.

3. Project TB-201 (Landside Improvements - Smith)

When the Series 1991B Bonds were issued, this primary project had 12 active subprojects. At the end of our fieldwork, 4 were completed, 6 were being designed, and 2 were under construction. The primary project was a multi-phased asbestos abatement program. There were several factors that caused this primary project to extend beyond the anticipated substantial completion date of November 1992 and required additional funding from the Series 1993B Bonds. Those factors include unforeseen delays in the completion of the design phase and the addition of a project that was not contemplated when the Series 1991 Bonds were issued. Construction began on the additional project around February 1993. Also, after beginning construction on a number of subprojects, additional hazardous materials (asbestos) that required abatement were discovered. This added time and cost to the projects.

4. Project TB-202 (Repair/Replace Terminal and Concourse Roofs)

Since the issuance of the Series 1991B Bonds, one new element (replace powerhouse roof), which was not part of the original funding request, was added to this project. The related construction began in October 1992. The repair/replace terminal and concourse roofs project was in the design phase. As part of the design effort on this project, a current roof condition survey was conducted. The end result of the survey was a need for more roofing than originally planned for this 1986 project. The additional project scope increased the time required for design. Construction also lasted longer because of increased scope. Construction began in January 1994.

Because this was a limited review, further review would be needed to determine the details of the various unforeseen delays, additional projects, unexpected conditions, and other events described by the Airport. For example, the CSR indicates that the two subprojects noted by the Airport for project CC-308 were not a part of the project in June 1991. However, they were a part of the project in

January 1992. We did not review the CSRs between these dates because they were not available.

In addition, regarding project SF-805, we verified that Artco Contracting, Inc., was declared bankrupt in January 1996. The documentation reviewed stated that the responsibility for the completion of the project would be turned over to the bonding company. Further review would be necessary to verify the increased scope and unforeseen construction conditions for project SF-805.

b. Request:

How did both project LA-002 and project IF-704, both supposed to be complete by the time the 1993B bonds were issued (page B-26, Series 1991A Bond Official Statement), end up needing a cash infusion as late as November 1, 1993, the date of publication of the Series 1993A/B/C Bond Official Statement?

Procedure:

We reviewed the 1986, 1991, 1993, and 1998 Bond Official Statements and the Airport's CSRs. We also reviewed the Airport's April 1993 Consent Judgment. We made inquiries of the CIP program manager.

Comment:

The Airport's CIP program manager stated that the project LA-002 projections for the time and cost to acquire/condemn the land for the Eureka Road interchange were underestimated. Land acquisition was not completed until 1996.

The CIP program manager stated that the completion of project IF-704 was delayed because of an increased scope in the project due to the April 1993 Consent Judgment. Wayne County entered into a Consent Judgment with the Department of Natural Resources (DNR) to resolve violations of the County's National Pollutant Discharge Elimination System Permit at the Airport. The Consent Judgment required the Airport to implement certain additional studies, designs, and construction to comply with provisions of the judgment. The CIP program manager stated that because these projects were not contemplated in the Series 1986 or 1991B Bonds, additional time and funding were required. The CIP program manager stated that, in November 1993, the Series 1993 Bonds were issued, in part, to fund projects brought about by the Consent Judgment.

Further review would be necessary to identify each of the project elements, to determine if each was a direct result of this consent judgment, and to determine the costs.

c. Request:

Why was \$1,434,000 in 1993B bond money assigned to the 1986 portion of project IF-704 when the 1993A/B/C Bond Official Statement asserted that the 1986 portion of project IF-704 already had been completed in December 1991 (see page 26 of 1993 Official Bond Statement)?

Procedure:

We reviewed the 1986 and 1993 Bond Official Statements and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The CIP program manager stated that the IF-704 project elements that the 1993 Bond Official Statement was referring to as "being completed in December 1991" were the project elements originally funded in the 1986 bond issue and that all of these project elements were completed by December 1991. The CIP program manager further stated that the additional \$1,434,000 in the 1993B bond money assigned to project IF-704 was for project elements such as DNR litigation, miscellaneous studies, and aerial photomapping. Because of the requirements of the DNR Consent Judgment, additional project elements were required to be undertaken and funded.

Further review would be necessary to determine each of the project elements required by the Consent Judgment and its total cost.

d. Request:

Page 4 (of 7) of the 1986 bond issue portion of the "Cost Summary Report as of 03/31/99" shows that the services budget of IF-704 (1986 project) was \$893,000 (column N), but that services spending reached \$6,191,000 (columns O and Q). This was \$5,298,000, or 593 percent over budget (columns R and N). Why was services spending so far over budget? Which private firms or government departments received contracts under this services spending? (If listing literally all contracts is prohibitively difficult, please list at least those firms or departments of governments that were primary contractors under this project).

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

The CIP program manager stated that, of the 12 subprojects within project IF-704, 9 were studies or design only. However, the CIP program manager's standard budget formula assigns approximately 85% of the project costs to the construction budget, even when no construction is contemplated. This results in the CSR showing "overruns."

The services costs in the CSR are budgeted at 15% of the construction budget. The March 2001 CSR for IF-704 project elements funded by Series 1986 Bonds shows that 12 project elements were identified as complete, the services costs were budgeted at 15% of the construction budget, and the actual services costs were 318% of the construction costs.

The CIP program manager stated that, historically, CIP services costs have ranged from 21% to 26% of construction costs. The CIP program manager also stated that if correct formulas had been used, the budgets for project IF-704 would have been: Construction - \$2,500,000; Services - \$4,348,000. In addition, approximately \$1,670,000 in services costs were added since the issuance of the Series 1993B Bonds as a result of the Airport's Consent Judgment with DNR and other miscellaneous storm water studies.

We reviewed the construction and services costs for all IF-704 project elements and determined that the average services costs for these project elements was 46%. IF-704 project elements funded by the 1986 bonds had services costs of 318% of the construction costs, IF-704 project elements funded by the 1991 bonds had services costs of 44% of the construction costs, and IF-704 project elements funded by the 1998 bonds had services costs of 27% of the construction costs.

The CIP program manager provided us with an updated services contract summary (Exhibit K) showing which private firms had contracts for project IF-704. We noted that the following contractors provided services for project IF-704:

URS Greiner, Inc.
Snell Environmental
Hubbell, Roth, and Clark
Giffels Hoyem Basso
Soil Material Engineering
NTH Consultants
The Traverse Group
Professional Services Industries

In addition, the CIP program manager stated that the Wayne County Department of Engineering, as a governmental agency, also worked on project IF-704. Its total fees for project IF-704 were approximately \$2,524,000.

Further review would be necessary to verify the accuracy of the information provided in Exhibit K.

e. Request:

Page 4 (of 7) of the 1986 bond issue portion of the "Cost Summary Report as of 03/31/99" shows that the construction budget for IF-704 (1986 project) was \$5,955,000 (column I), but that construction spending was just \$1,940,000 (columns J and L). This was \$4,015,000 or 67 percent under budget (columns M and I). Why was construction spending so far under budget?

Procedure:

We reviewed the 1986 Bond Official Statement and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

As noted in the preceding request regarding why services spending exceeded the budget by so much, the Airport offered a similar explanation as to why project IF-704's construction budget exceeded construction spending by \$4,015,000 or 67%. The CIP program manager's standard budget formula misstated the construction budgets as well as the services budgets. Similarly, the standard formula incorporated by the Airport in its budget estimates, along with the previously described extra work associated with the Consent Judgment with DNR, contributed to a construction budget that far exceeded the construction spending figures contained in the CSR.

f. Request:

Page 1 (of 2) of the 1991B bond issue portion of the "Cost Summary Report as of 03/31/99" and page 4 (of 7) of the 1986 bond issue portion of the "Cost Summary Report as of 03/31/99" show that construction spending for the 1986 and 1991 parts of project IF-704 was a total of \$12,569,000 under budget (column N). This is 38 percent below the \$33,362,000 total of the two construction budgets (column I). Was all of the originally intended construction in the 1986 and 1991 parts of project IF-704 completed? Did the large services cost overruns on both the 1986 and 1991 parts of project IF-704 reduce the money available for construction spending on these two parts of project IF-704?

Procedure:

We reviewed the 1986 and 1991 Bond Official Statements and the Airport's CSRs. We made inquiries of the CIP program manager.

Comment:

As described earlier in this report, the 1986 bond projects were restated in 1990. According to the CIP program manager, based upon certain assumptions and an interpretation of the 1986 projects, the following CIP project elements, listed as project IF-704 and entitled, "Construction of Storm Water Retention Ponds and Treatment Facilities," were a part of the original 1986 projects:

- a. Storm water study
- b. Dredge Retention Ponds 3 and 4
- c. Aerator installation at Ponds 3 and 4
- d. Ethylene glycol to WWTP 1988-89
- e. Ethylene glycol to WWTP 1989-90
- f. Aerial photomapping

According to the CSR, these 1986 project elements were completed by June 1990.

The CSR shows a budget for both "construction" and "services" for all projects. According to the CIP program manager, this breakdown is for internal tracking; therefore, as intended by the airlines and represented in each bond issue, the estimated "budget" for each project is the combined total of all project construction and services costs. The March 1999 CSR showed:

- a. The total project budget for IF-704, 1986 project elements, was \$6,848,000. The forecasted cost at completion was \$8,131,000, resulting in \$1,283,000 over the budget.
- b. The total project budget for IF-704, 1991B project elements, was \$31,518,000. The forecasted cost at completion was \$26,849,000, resulting in \$4,669,000 under the budget.
- c. The total estimated budget for all IF-704 project elements was \$38,366,000. The total estimated forecasted cost at completion was \$34,980,000, resulting in \$3,386,000 (9%) under the budget.

The services cost overruns described by the Joint Legislative Select Committee on the 1986 and 1991 parts of project IF-704 would, by definition, reduce the money available for construction spending on both parts. As described, the Airport stated that project IF-704 was delayed because of an increased scope in the project due to the April 1993 Consent Judgment with DNR to resolve violations of Wayne County's National Pollutant Discharge Elimination System Permit at the Airport. The additional studies, designs, and construction required by the Consent Judgment required additional funding. As described, further review would be necessary to identify each of the project elements, to determine if each was a direct result of this consent judgment, and to determine the costs. This would help determine whether all of the originally intended construction in the 1986 and 1991 parts of project IF-704 was completed and what portions of the project and funding were attributable to the Consent Judgment versus the "originally intended construction."

ADDITIONAL REVIEW

During the course of our review of bonds, the following additional information came to our attention:

- a. **Airfield Lighting and Signage (Project AF-006), Series 1994B Bonds**

Procedure:

The airfield lighting and signage project (AF-006, revise/replace airfield lighting systems) was reviewed in the Office of the Auditor General's special report entitled "Response to Request for Additional Review, Competitive Bidding of Contracts, Airfield Lighting and Signage Contract, Detroit Metropolitan Wayne County Airport," dated May 4, 2001. We performed additional review of the airfield lighting and signage project regarding issues raised in the special report that related to the Series 1994 Bonds.

Comment:

Our review determined:

- (1) Our special report on the airfield lighting and signage project disclosed that, of the \$36 million in total project costs, only \$30.8 million was within the scope of work originally contemplated in the cost estimates of the Series 1994B bonds. Of the remaining \$5.2 million in reported costs, \$523,000 involved a lighting systems study and \$4.7 million involved airfield lighting related work for modifications and ductbank work for Runway 9R/27L.

The lighting systems study ultimately led to the Series 1994B Bonds and the airfield lighting and signage project. However, the study was actually funded under the Series 1986 Bonds. Similarly, the modifications and ductbank work for Runway 9R/27L was funded under the Series 1990A Bonds. Also, projects that may not have been within the original scope of the airfield lighting and signage project were funded with 1994B bond proceeds.

We conducted further review to determine if the 1994B bond proceeds were appropriately spent in accordance with the applicable Wayne County bond ordinances and agreements or if the work was outside of the scope of the project as described in the 1994 Bond Official Statement:

(a) Runway Lighting System Study

The CIP program manager indicated that the runway lighting system study was authorized in the 1986 bond issue to allow the Airport to understand the condition of the airfield lighting system. The study provided the Airport input into the scope of what needed to be done for the airfield lighting and signage project. The CIP program manager

stated that the study was authorized under project IF-701 (install new utilities for terminal area).

According to the 1990A Bond Official Statement, there had been a significant increase to the scope of the 1986 project, including project IF-701. However, the 1990A Bond Official Statement did not specifically mention the runway lighting system study. The CIP program manager did not categorize the runway lighting system study as a line item under project IF-701 in the CIP status report; it was reported under project AF-006. It is not apparent why the project was authorized under IF-701 because airfield lighting and signage is not associated with the terminal area. Although it may be reasonable that a study would be needed in order to determine the scope of the project and the associated costs needed from the bond proceeds, the costs of the study were not reported under the bond that financed it, but were instead reported under the project financed by the Series 1994B Bonds that were a result of the study.

(b) Modifications and Ductbank Work for Runway 9R/27L

According to the CIP program manager, modifications and ductbank work for Runway 9R/27L was part of the crosswind runway project because it was a required element necessary to complete the runway. Because the modifications and ductbank work was required to complete the crosswind runway project, the CIP program manager stated that the modifications and ductbank work was funded as part of the crosswind runway project and paid for with the same funds that funded the project (the Series 1990A Bonds).

However, the CIP program manager also stated that the modifications and ductbank work for Runway 9R/27L was part of the airfield lighting project ostensibly because it required modifications to the airfield lighting/circuiting/regulator systems. The CIP program manager explained that sometimes projects within the CIP can be categorized in several different ways, and this project was an example of this situation.

The CIP program manager stated that it was decided that the modifications and ductbank work for Runway 9R/27L would be "tracked" as part of the airfield lighting and signage project. Consequently, the

modifications and ductbank work for Runway 9R/27L was assigned a CIP number under the airfield lighting and signage project, even though the funding came from the Series 1990A Bonds for the crosswind runway project, to which the modifications and ductbank work for Runway 9R/27L was admittedly a required element necessary to complete the runway.

(c) Runway Lighting Controls and Monitoring Phase I

During our review of the airfield lighting and signage project, we noted \$291,000 in Series 1994B Bonds used to fund runway edge lights and signage additions. However, this work was not reported as part of project AF-006 in the CSR, but instead was reported under the runway lighting controls and monitoring project (AF-076).

The CIP program manager indicated that both the runway edge lights (AF-076.A.00.0) and signage additions to existing runways and taxiways (AF-076.A.01.0) were related to the airfield lighting and signage project and were included in the scope of the project. The CIP program manager also stated that both projects were included in the Wayne County 1994B Bond Ordinance because both projects were required in order to comply with FAA Advisory Circular 150/5340-18C and Federal Aviation Regulation 139.311.

We verified that the 1994 Bond Official Statement (not ordinance) required the Airport to comply with the preceding circular and regulation. FAA Advisory Circular 150/5340-18C and Federal Aviation Regulation 139.311 provided that runway edge lights were required along with signage requirements. The 1994 Bond Official Statement also stated that the project included revisions and replacements to airfield lighting systems at the Airport.

We also noted that the bond ordinance specifically mentioned upgrading runway edge lights and signage locations and notations. Based on further review, the 1994B bond proceeds were appropriately spent in accordance with the applicable bond ordinances and within the scope of the project as described in the Wayne County 1994B Bond Ordinance. However, because this work was funded with the 1994B bond proceeds, it is not clear why the Airport did not report this work under project AF-006 in the CSR.

(d) General Airport Runway Surface Sensor System

During our review of the airfield lighting and signage project, we noted that \$81,000 in Series 1994B Bonds was used to fund a general airport runway surface sensor system. However, this work was not reported as part of project AF-006 in the CSR, but was instead reported under weather sensor system (AF-007). The 1994B bond proceeds were also used to fund the general airport runway surface sensor system study. The CIP program manager explained that the Airport had a runway surface sensor system installed prior to the airfield lighting and signage project, but the system was not in use because of its lack of reliability, caused in part by electrical circuiting problems and ground faults. The CIP program manager indicated that because the airfield lighting and signage project included a total upgrade and replacement of the airfield electrical and circuiting system, a study and design were undertaken to also replace the runway surface sensor system. The CIP program manager stated that the study and design were added to the airfield lighting and signage project and that a portion of actual construction costs for the sensor system was reported as part of the crosswind runway. We confirmed that the airfield lighting and signage project included upgrading and replacement of the airfield electrical and circuiting system as explained in the bond ordinance.

Our review has identified work funded with bonds other than Series 1994B Bonds that was nonetheless reported under project AF-006, i.e., runway lighting system study and modifications and ductbank work for Runway 9R/27L. Conversely, our review has also identified work funded with Series 1994B Bonds that was reported under projects other than AF-006, i.e., runway lighting controls and monitoring and general airport runway surface sensor system. However, the Airport's responses maintain that it has appropriately spent 1994B bond proceeds on airfield lighting and signage related projects and appropriately reported work pertaining to the airfield lighting and signage project, as defined in the Wayne County 1994B Bond Ordinance.

- (2) The CSR stated that \$20.6 million in Series 1994B Bonds was available for the airfield lighting and signage project's funding, but the CIP program manager reported that only \$13.2 million of the 1994B bond proceeds was actually used

by the Airport to fund the costs of the airfield lighting and signage related project elements. The remaining \$7.4 million was reserved for "Additional Projects" under the airfield lighting and signage project; however, the CSR reported that there were no associated costs for "Additional Projects."

As described, we conducted further review to determine and evaluate the disposition of the remaining \$7.4 million in 1994B bond proceeds. We determined that the 1994B Bond Fund was owed \$8,572,103 from various other bond funds and that the 1994B Bond Fund owed \$1,115,030 to the 1986 Bond Fund, for a net amount owed to the 1994B Bond Fund of \$7,457,073. This was contrary to the information provided by the CIP program manager, who indicated that the 1994B Bond Fund was owed only \$5,888,000.

- (3) The 1994 Bond Official Statement stated that the Airport intended to pay \$11,250,000 aggregate principal amount of the Series 1994B Bonds maturing on December 1, 1997, 1998, and 1999 from the proceeds of anticipated federal grants-in-aid, provided from the FAA's letter of intent (LOI). We conducted further review to determine whether the Airport made the debt payments, what sources of revenue were used to repay the bonds, and whether the repayments were made in accordance with appropriate requirements.

According to the 1994 Bond Official Statement, the anticipated federal grants-in-aid intended to pay such portion of the Series 1994B Bonds totaled \$8,625,000, as provided by the LOI from the FAA. However, the 1994 Bond Official Statement also specified that the County intended to request that the amount allocated to the 1994 projects under the LOI be increased to \$11,250,000 through additional entitlement funds. If, for any reason, the total anticipated amount of federal grants-in-aid would not be available on December 1, 1997, December 1, 1998, and December 1, 1999, when the portion of the principal amount of the Series 1994B Bonds intended to be paid from such grants at such times was due, the 1994 Bond Official Statement specified that the County could either issue additional short-term financing until the full amount of the federal grants-in-aid was available or issue long-term financing. In either case or in the event such financing was not available, the 1994 Bond Official Statement provided that the signatory airlines' weighted majority approval of the 1994 projects would allow the County to include the debt service and coverage requirements in the signatory airlines' rates and

charges. The 1994 Bond Official Statement concluded, however, that in the view of Airport management, it was highly unlikely that other financing alternatives would be unavailable, requiring such debt service and coverage to be included in the airlines' rates and charges for these operating years.

The Director of Airport Finance indicated that the debt service was paid on time and in the full amount. Also, the Director of Airport Finance provided documentation confirming the payments. However, the payments were not funded with LOI money as intended. Instead, the LOI reimbursement was used to aid in cash flow for the airfield lighting and signage project because of the significant cost increases. The source of the \$11,250,000 in principal payments was the operating revenues of the Airport.

b. Airport Revenue Funds

Procedure:

We reviewed Wayne County Enrolled Ordinance 98-250, amending and restating Master Airport Revenue Bond Ordinance No. 319 of the County.

Comment:

On April 14, 1998, the Wayne County Commission approved Ordinance 98-250, which amended and restated Master Airport Revenue Bond Ordinance No. 319, governing the manner by which the County must issue Airport revenue bonds for the purpose of paying all or a part of the costs of constructing capital improvements at the Airport.

Ordinance 98-250 also requires the creation of several separate funds supported by the proceeds of general "revenues" derived from the operation of the Airport. Ordinance 98-250 defines "revenues" to include:

[A]ll moneys deposited in the Revenue Fund, from whatever source and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and

facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the County prior to deposit in the Revenue Fund

Ordinance 98-250 requires all "revenues" to be deposited in the "Revenue Fund" and subsequently credited to various funds and accounts as provided in Article V of the Ordinance. We observed that the Airport used funds from some of these accounts to pay for Airport expenses and construction projects. Some of the funds created under Article V of Ordinance 98-250 provide Airport management broad discretion as to the use of those funds under minimal, if any, supervision.

Examples of funds established under Ordinance 98-250 include:

(1) Operation and Maintenance Fund

Ordinance 98-250 requires that each month "a sum sufficient to provide for the payment of the next month's Operation and Maintenance Expenses" be transferred to this fund. Ordinance 98-250 also requires that money in the fund be used only for the purpose of paying operation and maintenance expenses. However, operation and maintenance expenses could cover virtually every aspect of Airport expenditure, from procurement of office supplies for the Airport offices to funding payments under the maintenance assistance services contract.

(2) Bond and Interest Redemption Fund

Ordinance 98-250 requires that out of the revenues remaining in the Revenue Fund, after transfers (if required) for deposit into the Operation and Maintenance Fund, there shall be transferred monthly on the first day of the month a sum sufficient to provide for the next payment when due of the principal of and interest on bonds.

(3) Operation and Maintenance Reserve Fund

On the last day of each fiscal quarter, from the revenues remaining in the Revenue Fund after satisfying the requirements of Sections 501A (Operation

and Maintenance Fund), 501B (Bond and Interest Redemption Fund), and 501C (Junior Lien Bond and Interest Redemption Fund), an amount equal to one forty-eighth of the estimated annual operation and maintenance expenses of the Airport shall be deposited into the Operation and Maintenance Reserve Fund until such time as the estimated operation and maintenance expenses for the period of one month (as projected in the most recent Wayne County budget for the Airport) is on deposit in the Operation and Maintenance Reserve Fund.

The money contained in the Operation and Maintenance Reserve Fund is to be used at the direction of the County solely to pay operation and maintenance expenses to the extent that money is not available in the Operation and Maintenance Fund. Money contained in the Operation and Maintenance Reserve Fund is also to be used to restore the bond reserve account or junior lien bond reserve account to the reserve requirement to the extent that money in the Reserve Fund is insufficient.

(4) Renewal and Replacement Fund

At the discretion of Wayne County, money credited to the Renewal and Replacement Fund is disbursed for the purpose of paying costs of completing or replacing capital improvements at the Airport and making repairs, replacements, or renovations at the Airport. The Renewal and Replacement Fund is also used to restore the bond reserve account or the junior lien bond reserve account to the reserve requirement to the extent that money in the Revenue Fund and the Operation and Maintenance Reserve Fund is insufficient and to restore the Operation and Maintenance Reserve Fund to the operating reserve amount to the extent that money in the Revenue Fund is insufficient.

In addition, on the last day of each fiscal quarter, after satisfying the requirements of Sections 501A (Operation and Maintenance Fund), 501B (Bond and Interest Redemption Fund), 501C (Junior Lien Bond and Interest Redemption Fund), and 501D (Operation and Maintenance Reserve Fund), the sum of \$125,000 is transferred to the Renewal and Replacement Fund until the sum of \$2,500,000 is on deposit in the fund. Similarly, to the extent that the County shall use money in the Renewal and Replacement Fund for the principal purpose for which the fund was established, the money so used

shall be replaced in quarterly installments of \$125,000 from any money in the Revenue Fund not required to be used in the Operation and Maintenance Fund, the Bond Fund, the bond reserve account, the Junior Lien Bond Fund, the junior lien bond reserve account, or the Operation and Maintenance Reserve Fund.

(5) County Discretionary Fund

After satisfying the requirements of Sections 501A (Operation and Maintenance Fund), 501B (Bond and Interest Redemption Fund), 501C (Junior Lien Bond and Interest Redemption Fund), 501D (Operation and Maintenance Reserve Fund), and 501E (Renewal and Replacement Fund), the sum of \$87,500 is deposited quarterly in the County Discretionary Fund. At the discretion of the Airport Director, money from this fund may be applied for the purpose of payment of any cost or expense of Wayne County incurred for any lawful purpose at any airport, including but not limited to the Detroit Metropolitan Wayne County Airport, that is owned and operated by the County.

(6) Airport Development Fund

On the last day of each quarter of each operating year, one quarter of the amount calculated in accordance with "applicable agreements" and included in the budget rates and charges for the Airport for the operating year is deposited in the Airport Development Fund. At the discretion of the Airport Director, money contained in the fund can be applied to the payment of any capital cost or expense of Wayne County incurred for any lawful airport system related purpose.

(7) Coverage Funds

Ordinance 98-250 established a Senior Lien Coverage Fund, a senior airline capital expenditure (ACE) account, and a Subordinate Lien Coverage Fund. On the effective date of the Ordinance, funds on deposit in the senior ACE account and the proceeds of any accounts receivable owed to the senior ACE account may be applied to the payment of all or part of the costs of making capital improvements at the Airport or otherwise at the discretion of Wayne County. Any funds on deposit or accounts receivable in the Subordinate Lien

Coverage Fund exceeding the amount required to be transferred to the Revenue Fund (25% of the aggregate debt service due and payable during the operating year) are to be retained in the subordinate lien ACE account and used to fund future fund balances in the Reserve Fund or, in the absence of such requirements, for the payment of all or part of the costs of making capital improvements at or for the benefit of the Airport or otherwise at the discretion of the County.

(8) Additional Funds and Accounts

Ordinance 98-250 allows additional funds and/or accounts to be established "as required."

See Exhibit M for the Airport's illustrated summary of the application of revenues under amended and restated Ordinance No. 319 (Ordinance 98-250).

c. **Use of Bond Requisition Certificates to Fund Loans, to Fund Non-CIP Expenditures, and/or to Fund Other Expenses**

Procedure:

We examined bond requisition certificates prepared by the Airport and sent to the trustee authorizing the disbursement of funds.

Comment:

The bond requisition certificates, such as the Series 1991B Airport Revenue Bonds, certify that:

- (1) The expenditures for which monies are requisitioned do not represent a reimbursement to the County for operation and maintenance expenses.
- (2) The money requisitioned is to pay for costs of the CIP.
- (3) The funds requisitioned are proper charges available for payment from the applicable fund (Renewal and Replacement, Construction, Discretionary, etc.) of the subject bond issue.

We identified several instances in which these bond requisition certificates were used to requisition funds for payment of loans to other bond funds, costs that were

undocumented, or costs that may not have met the applicable criteria of the bonds or applicable funds. Examples include:

- 1) November 25, 1992 - An expenditure was paid from the 1991B Bond Construction Fund to Wayne County Department of Public Services - Engineering for "engineering costs." The Airport did not provide sufficient documentation to support the charge.

See Exhibit N-1. Amount: \$ 812,161

- 2) August 17, 1994 - A "reimbursement for project costs previously paid" (loan) was paid from the 1994B Bond Construction Fund to the 1991B Subordinate Lien Bond Fund. According to the supporting documents, as of May 31, 1994, the Series 1994B Bonds also owed \$139,314 to the 1986 Bond Construction Fund and \$387,984 to the 1990A Bond Construction Fund.

See Exhibit N-2. Amount: \$ 512,535

- 3) December 12, 1994 - An expenditure was paid from the 1991A Bond Construction Fund to Walker Parking Consultants for professional services related to parking revenue collection systems. The Airport conceded that this expenditure should have been funded with Series 1990B Bonds but that payment was made from the Series 1991A Bonds and treated as a loan.

The Airport stated that this loan had not yet been repaid. The loan has remained outstanding for seven years.

See Exhibit N-3. Amount: \$ 19,431

- 4) August 29, 1995 - A "repayment of advances" (loan) was paid from the 1986 Bond Construction Fund to the 1991B Subordinate Lien Bond Fund. According to an attached summary, the 1986 Bond Construction Fund owed the 1991B Bond Fund a total of \$12,842,695 as of August 29, 1995.

See Exhibit N-4. Amount: \$ 4,381,378

- 5) August 29, 1995 - A "repayment of advances" (loan) was paid from the 1994B Bond Construction Fund to the 1991B Subordinate Lien Bond Fund.

According to an attached summary, the 1994B Bond Construction Fund was repaying the outstanding balance owed to the 1991B Bond Fund.

See Exhibit N-5. Amount: \$ 527,662

- 6) February 23, 1996 - Transfer of money from the Renewal and Replacement Fund using a bond requisition certificate for the 1986 Bond Fund was used to pay for "equipment" purchased two years earlier in 1994. The equipment was originally paid for with money from the Airport's Operation and Maintenance Fund.

Documentation showed that "equipment" included cars and trucks, machinery and equipment, and office equipment and furnishings. Further review would be necessary to determine if these "equipment" purchases qualified as capital improvement expenditures and whether they represented reimbursement to Wayne County for operation and maintenance expenses, which the Airport certified it was not pursuing.

Further review would also be necessary to determine why these purchases were reimbursed two years later from the Renewal and Replacement Fund using a bond requisition certificate for the Series 1986 Bonds.

See Exhibit N-6. Amount: \$ 1,077,080

- 7) November 18, 1996 - Two transfers of money from the 1986 Bond Construction Fund were used to repay an "advance" (loan) from the 1991B Bond Construction Fund.

See Exhibit N-7. Amount: \$ 3,000,000

- 8) November 18, 1996 - A "reimbursement for advance" (loan) was repaid to the 1991B Bond Construction Fund by the 1986 Bond Construction Fund.

See Exhibit N-8. Amount: \$ 999,778

- 9) March 14, 1997 - A transfer of money from the 1990A Bond Construction Fund was paid to the 1986 Bond Construction Fund "to loan monies for reimbursement to Northwest Airline." According to an attached memorandum

sent by the Director of Airport Finance, a loan was made from the Series 1990A Bonds to the Series 1986 Bonds. The proceeds were then used to reimburse Northwest Airlines for certain unspecified items.

Further review would be necessary to determine what items were being reimbursed, why they were reimbursed, and why a loan from the Series 1990A Bonds to the Series 1986 Bonds was required to reimburse.

See Exhibit N-9. Amount: \$ 3,158,404

- 10) May 15, 1997 - A "repayment of advance" (loan) was made to the 1991B Bond Construction Fund from the Discretionary Fund. Documents accompanying the requisition also detail several other "loans" among the various funds as of November 30, 1996, including an additional \$561,050 owed to the 1986 Bond Fund by the Discretionary Fund.

See Exhibit N-10. Amount: \$ 37,264

- 11) September 16, 1997 - "Partial payment" from the Renewal and Replacement Fund was made for acquisition of 14 Jeep Grand Cherokee vehicles (unit price \$35,869), as described in our review of Series 1986 bond payment requisitions. Further review would be necessary to determine if such vehicles qualified as capital improvement expenditure or represented reimbursement to Wayne County for operation and maintenance expenses, which the Airport certified it was not pursuing.

According to subsequent Ordinance 98-250, the Renewal and Replacement Fund was to be used only for the purpose of paying costs of completing or replacing capital improvements or making repairs, replacements, or renovations.

The requisition certificate showed that payment was made to "Metro Airport O & M."

See Exhibit N-11. Amount: \$ 182,482

- 12) November 25, 1997 - "Final payment" was made "for acquisition of Jeep 4x4 vehicles" as described in item 11). Payment was made from the Renewal and

Replacement Fund. The bond requisition certificate shows that, in this instance, payment was made to the "Drug Enforcement Program."

See Exhibit N-12. Amount: \$ 34,074

- 13) December 17, 1997 - An advance for payments (loan) was made related to the Airport Fire Training Facility. The payment was made with 1994B bond proceeds and described as "to be repaid with grant proceeds." According to a subsequently issued bond requisition certificate (see Exhibit N-15), the loan was repaid on April 2, 1998 with proceeds from the Discretionary Fund.

See Exhibit N-13. Amount: \$ 608,864

- 14) December 18, 1997 - Another advance for payments (loan) was made related to the Airport Fire Training Facility, paid with 1994B bond proceeds, and described as "to be repaid with grant proceeds." According to a subsequently issued bond requisition certificate (see Exhibit N-15), the loan was repaid on April 2, 1998 with proceeds from the Discretionary Fund.

See Exhibit N-14. Amount: \$ 250,000

- 15) April 2, 1998 - The Discretionary Fund repaid the "advance" (loan) from the 1994B Bond Construction Fund as described in items 13) and 14).

See Exhibit N-15. Amount: \$ 858,864

- 16) June 15, 1999 - The Discretionary Fund repaid the 1998A Bond Construction Fund for previously paying a March 24, 1999 payment requisition for a fire station addition.

See Exhibit N-16. Amount: \$ 371,714

- 17) October 15, 1999 - The Airport purchased a new 500-kW generator for the Midfield Terminal (as described in our review of Series 1986 bond payment requisitions). According to the bond requisition certificate, the purchase was

paid for with funds from the Renewal and Replacement Fund. Originally, a September 27, 1999 requisition, signed by the CIP program manager, paid for the purchase with funds from the 1998A Bond Construction Fund. However, this bond requisition certificate was marked "VOID" and was reauthorized on October 15, 1999.

The Airport certified that the purchase qualified as a capital improvement expenditure and did not represent reimbursement to Wayne County for operation and maintenance expenses.

See Exhibit N-17. Amount: \$ 38,251

- 18) April 14, 2000 - The Renewal and Replacement Fund was used to purchase shooting range equipment for the gun range at 3100 Henry Ruff Road (as described in our review of Series 1986 bond payment requisitions).

See Exhibit N-18. Amount: \$ 70,425
Grand Total: \$ 16,940,368

Because this was a limited review, we have not determined if these payments complied with applicable Airport bond criteria, laws, and ordinances.

d. "Loans" of Bond Funds Between Accounts

Procedure:

We reviewed the Airport's practice of loaning funds between the various bond accounts.

Comment:

During our review of the Airport's bond records, we observed that the Airport was transferring money among the various bond funds. The Airport informed us that these transfers were loans and that each fund should be paid back for any loan disbursed.

Although bond funds are intended for specific projects and payments for those specific projects should be made from the applicable bond fund, we determined that when the Airport experiences a "cash shortage" in a particular bond account,

the Airport has borrowed funds from other bond accounts to cover the shortage. The Airport's CIP program manager is responsible for tracking these loans and accounting for the balances of the outstanding loans.

The CIP program manager's comptroller confirmed that the CIP program manager is responsible for detailing what each bond owes (and is owed from) another bond. The CIP program manager's comptroller also stated that the CIP program manager maintains details of every loan transaction and summarizes these transactions for the Airport during a semi-annual meeting. However, the CIP program manager's comptroller conceded that the last time this information was summarized and presented to the Airport was in August 2000.

The CIP program manager's comptroller described this semi-annual meeting with the Airport as including a status update of the amounts owed to the various bond funds. The CIP program manager's comptroller also updates the Airport on various sources of Airport revenues (grants from FHWA or the FAA, PFCs, etc.) that have arrived and to where those revenues have been applied.

The CIP program manager's comptroller provided us with a copy of its accounting of the loan balances existing at the Airport as of March 31, 2000 (see Exhibit O). We observed that this accounting was dated August 24, 2000, approximately one year old as of the date it was provided.

In order to better understand the process employed by the Airport in implementing loans among the various bond funds, we requested that the CIP program manager's comptroller provide us with further details regarding a sample of 10 bond transfers (advances and repayments or "loans") selected for review (see Exhibit P-1). The request was made on August 6, 2001. On September 24, 2001, we received a response dated September 21, 2001 (see Exhibit P-2).

The CIP program manager's response disclosed:

- (1) Sample item 1 involved a \$500,000 loan of 1986 Airport Revenue Bond funds paid to the 1990A Bond Construction Fund for costs of a capital improvement detailed in an attached schedule that was not included in the Airport's response.
- (2) Sample item 2 was a \$1,934,237 repayment to the 1986 Bond Construction Fund for the "Allocation of Management and Consultant's Fees" which were

owed by projects under the 1991B bond issue. In fact, an attached memorandum to the Airport's Deputy Chief Financial Officer dated February 28, 1997 disclosed that as of November 30, 1996, the Series 1990A, 1990B, 1991B, and 1994B Bonds, as well as the Discretionary Fund, owed the Series 1986 Bonds a grand total of \$4,562,061 for payment of such fees.

According to the CIP program manager, projects in bond issues have "overhead" charges "prorated" to them. These "overhead" charges are "prorated" to pay for an airport consultant (Booz, Allen & Hamilton), a planning consultant (Landrum & Brown), and a project management consultant (the CIP program manager). According to the CIP program manager's response, "for control purposes," these charges are first paid (borrowed) from the 1986 bond issue, then allocated among the various projects in the various bond issues, and periodically reimbursed to the 1986 bond issue. Additional documentation would have to be obtained and examined to determine and support what the consultants did to earn these fees.

Our review of other bond requisition certificates disclosed that in addition to the "prorated" "overhead" charges, these consultants were also paid on a direct bill basis for additional invoices. For example, we noted that the airport consultant, the planning consultant, and one of their subcontractors were compensated from bond funds for professional labor charges, as well as reimbursed expenses (e.g., travel, photocopies, and long-distance telephone charges) charged for professional services related to various Airport projects.

Exhibit Q contains an example of a consultant invoice paid on a direct bill basis. The documentation supporting the bond requisition certificate, which authorized payment, includes a CIP program manager's notation that "payment of this invoice will exceed the contract amount" and a notation "OK to overrun per [the Director of Airport Finance]." Further review would be necessary to determine the authority, purpose, and propriety of authorizing payment under the bond requisition certificate for an invoice that exceeded the consultant's contract amount.

- (3) Sample item 3 was a \$3,419,577 repayment to the 1986 Bond Construction Fund (Subordinate Lien Bond Fund) for the "Allocation of Management and Consultant Fees" (\$3,249,883), which were owed by projects under the Series

1994B Bonds, as well as payment (\$169,694) on the airfield lighting and signage project.

As described in sample item 2, projects in bond issues have "overhead" charges "prorated" to them to pay for an airport consultant, a planning consultant, and a project management consultant. These charges are first paid (borrowed) from the 1986 bond issue, then allocated among the various projects in the various bond issues, and periodically reimbursed to the 1986 bond issue.

The \$3,249,883 in allocation of "overhead" management consultant fees for the Series 1994B Bonds were in addition to the \$1,040,614 in such fees that made up a portion of the \$4,562,061 in management consultant fees described in sample item 2. In total, at least \$4,290,497 in management consultant fees were paid to the airport consultant, planning consultant, and project management consultant under the Series 1994B Bonds alone.

- (4) Sample items 4 and 5 were, respectively, a \$608,884 loan and a \$250,000 loan from the 1994B Bond Construction Fund to the Discretionary Fund. As described earlier in this report, the loans financed payments related to the Airport Fire Training Facility, "to be repaid with grant proceeds." According to the CIP program manager, the entire loan amount was eventually repaid from the Discretionary Fund.
- (5) Sample items 6, 7, 8, and 9 were, respectively, a \$500,000 loan, a \$750,000 loan, a \$1,000,000 loan, and a \$1,500,000 loan from the 1994B Bond Construction Fund to the 1986 Bond Construction Fund. The loans were made in January, February, April, and May 1998, respectively. According to the CIP program manager, none of these loans have been repaid.
- (6) Sample item 10 repaid \$130,500 from the 1998A Bond Construction Fund to the 1986 Bond Construction Fund for an insurance premium payment that had been paid from the 1986 Bond Construction Fund in error.

The Airport's designated representative responsible for overseeing, accounting for, and reporting the status of loans among the various bond accounts did not provide a sufficient level of detail, supporting documentation,

or internal control required to oversee, account for, or report the loan activity occurring among the various bond funds at the Airport.

According to the Airport's Bond Counsel, it has generally advised the Airport in writing regarding when the transfer of funds (loans) between bond accounts is appropriate. Bond Counsel stated that the rules governing transfers between bond accounts are very fact specific and vary with each bond issue, based on applicable federal, State, and County law, as well as the language contained in the bond official statement and the bond ordinance. Bond Counsel added that it works with the CIP program manager to control and track the transfers and felt comfortable that the Airport and its CIP program manager have lawfully and conscientiously conducted such transfers.

Further review would be necessary to determine whether the particular transfers or loans we examined constituted an appropriate use of the funds.

e. Other Sources of Airport Revenue

Procedure:

We identified other sources of Airport revenues and interviewed Airport officials regarding their use and disposition.

Comment:

Federal Letter of Intent (LOI) Funds

LOI represents the FAA's intention to obligate funds from future federal budget authority in order to issue grants to pay for certain Airport projects. LOI funds are reimbursed funds, only given to the Airport for eligible projects already expended.

The original LOI maximum amount for the Detroit Metropolitan Wayne County Airport was \$185 million. Amendment No. 7 increased this amount to \$300 million. Amendment No. 7 detailed the breakdown of the five major work items that the LOI money was intended for:

Land acquisition	\$ 43,800,000
Runway 9R/27L	62,000,000
Airfield lighting and signage	17,000,000
Midfield apron and taxiways	99,000,000
Runway 4/22	78,200,000
	<u>\$ 300,000,000</u>

The most recent LOI payment schedule (Amendment No. 9) is included as Exhibit R. The payment schedule is adjusted to reflect the actual amounts issued through 2001, while maintaining the total LOI amount of \$300,000,000.

According to the Director of Airport Finance, LOI money is not spent, it is reimbursed. LOI is used to reimburse the Airport for projects related to the applicable bond issue. The FAA will not reimburse the Airport until it reviews the appropriate invoices or other documentation that proves that the expenses were incurred.

According to the CIP program manager's comptroller, the Airport is reimbursed for expenses actually incurred for specific projects. The Airport does not receive grant/LOI money unless the Airport has already paid for the work done.

The CIP program manager described LOI as a form of FAA grant money in one big committed amount for specific projects. Although the amount intended for a specific project may change, the total LOI amount will not.

According to the CIP program manager, other FAA grant money is for eligible Airport improvements, but not necessarily committed before the project is started. LOI and other FAA grant money is reimbursement for eligible projects. Airport Finance is responsible for applying for the reimbursement.

Exhibit S is an Airport-prepared summary of LOI payments received by the Airport. The summary shows the amount of LOI payments received by the Airport, by project; however, it does not show the allocation by bond issue. The CIP program manager's comptroller indicated that, with the exception of the Series 1994B Bonds, it would be difficult to track LOI money by bond issue because the Airport combines many requests for reimbursements to the FAA for LOI at one time.

Funds used to pay requisitions for work done may come from any bond issue. The intent of the request is to seek reimbursement for eligible projects through LOI.

LOI reimbursements should theoretically be easier tracked to the Series 1994B Bonds because the bonds were made up of only one project (the airfield lighting and signage project) and, according to the CIP program manager's comptroller, the only grant money received under this project was from LOI money. However, according to the trustee bank accounts we examined, only four deposits of LOI funds were made to the 1994B Bond Construction Fund. Those deposits were worth only a total of \$8,115,242 in LOI funds.

Further review would be necessary to determine if there were additional LOI funds used to reimburse the 1994B project or what other sources were used to support the \$31.6 million in reported costs.

In addition, there are other sources of grants (e.g., the federal Airport Improvement Program (AIP), FHWA, and the State) and revenues (e.g., PFCs, airline rates, and charges/landing fees) that the Airport may use to support its projects or pay its debt service. Further review of these revenue sources would be necessary to provide a better description of how the Airport's revenue sources are used and interrelate.

ADDITIONAL BONDS

There were also bonds issued subsequent to the date of our preliminary review and the Joint Legislative Select Committee's request that we have not reviewed. These bonds, issued contemporaneous to our current review, are described below.

In January 2001, the Airport issued Series 2001 Bonds in the amount of \$141,900,000. The purpose of these bonds is to finance various Airport expansion projects, including projects started with the Series 1998 Bonds. Although LOI funds were not pledged as security for the Series 2001 Bonds, the Airport stated that it intended to utilize LOI funds to pay debt service costs. In the event LOI funds are not available, costs may be included in the airlines' rate base.

The Airport also has issued Series 2001A and 2001B Bonds in the amount of \$110,920,000 (\$99,630,000 tax exempt and \$11,290,000 taxable) to finance construction of a new hotel at the Airport. These bonds are primarily secured by

revenues that are expected to be generated by the hotel. However, because these revenues would not provide all of the debt service coverage levels needed to secure lower yields, the Airport has also placed a limited tax pledge of Wayne County's full faith and credit as additional security for payment of the bonds.

The Airport is planning to issue additional bonds in early 2002. The Director of Airport Finance indicated that the details regarding this bond issue were not definite enough to provide accurate information regarding a description of the bonds or the amount.

DUE PROCESS

On December 11, 2001, we delivered a draft copy of this report to the Airport and requested a response by December 17, 2001. On December 20, 2001, the Airport requested and received an extension of the response due date to January 14, 2002.

In its January 14, 2002 response, the Airport requested a meeting to discuss the draft report. During the January 17, 2002 meeting, the Airport requested a number of minor wording revisions, which we made.

On January 23, 2002, we provided a revised draft report to the Airport and requested that the Airport provide a response by January 28, 2002. On January 25, 2002, the Airport communicated that its response to our first draft stands as written and that an additional response would be forthcoming. However, as of February 1, 2002, the Airport had not submitted a response to the revised draft report. Thus, the Airport's original response and related documents that were submitted are presented in the Airport response section of this report.

PREAMBLE REGARDING AIRPORT RESPONSE

The information presented in this report has been compiled from Airport records and representations of Airport staff and contractors. This report has been prepared consistent with our system of quality control, which is designed to ensure accurate and equitable presentation of information supported by ample evidential matter. Our system of quality control has repeatedly received an unqualified opinion, the highest level of assurance, from peer reviews conducted by a team of audit professionals from various

audit offices of other states, in accordance with standards established by the National State Auditors Association.

Throughout the review, we have afforded the Airport an extensive level of due process. Portions of the Airport response, which follows this preamble, have been retyped to include updated page number references and epilogue referrals. We have added an epilogue when necessary for reader comprehension.

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RESPONSE TO STATE REPORT ON
ADDITIONAL REVIEW, BOND ISSUANCE
DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

INTRODUCTION

The Airport was required to give the State of Michigan's Office of the Auditor General (OAG) unfettered access to our files and staff in order that you could prepare your report. We believe the results of this process has caused your staff to reach erroneous conclusions. In addition, we do not believe that you have on your review staff anyone that has the experience and expertise to reach any conclusions related to the County's airport bond program. Throughout its Capital Improvement Program (CIP) the County has retained expert consultants. Our national experts have performed a "due-diligence" review of our program and projects prior to the issuance of every bond. While the procedures of the due-diligence performed by our independent auditors, bond counsels, financial consultants and advisors, feasibility consultants, and project managers and engineers do not rise to the level of an audit, neither do the procedures you purport to use. Therefore, your statements throughout your report are so irresponsible that they could unnecessarily alarm bondholders and potential new investors.

The foundation of your review, as you have stated, was focused on a list and description of each (CIP) project funded by each issuance of General Airport Revenue Bonds (GARBs). We believe that this foundation was, at best, a "shaky" foundation for your review. To continue the construction analogy, you have built a structure of conclusions on a foundation that does not support those conclusions. The conclusions you draw are incorrect and misleading. Simply put, "you got it wrong." What could you have done to get it right? Taking the time to ask the Airports help to understand the process of funding capital improvements at a major airport in the United States would have been the correct approach. **[See Epilogue, Item 1 and Item 2]**

The County, at the beginning of its CIP program, sought to issue parity debt so that no bondholder had any debt claim that was superior to another. To implement this standard and to continuously amend the CIP for new projects and changes in project scopes, we refunded all of the Airports Senior Lien Bonds. This is a very important point because the General Airport Revenue Bonds (GARBs) are unlike General Obligation (GO) bonds of the State of Michigan or a municipality or public school bonds. In fact, the Official Statement for the 1994A and 1994B bonds states on page one, "The Series 1994 Bonds will be secured by a lien on the Net Revenues of the Airport and will be secured equally and on parity with the Outstanding Prior Bonds (as defined below), and any Additional Bonds."

In summary, the process of funding capital improvements at U.S. airports is complex and involves many governmental agencies, private firms, and others during the course of the process. Numerous individuals with a variety of areas of expertise,

ranging from legal to engineering, cost estimating to program management, design to construction, planning to accounting, etc. are involved over the entire life of these projects, most of which span decades. Just to give one example, a single project may have changed scope numerous times as it goes from conceptual level of planning to completion of construction (adding subproject elements to account for the scope changes), and the funding may have changed over time as different levels of available federal funding, state grants, local airport funds, bond funds, and private investment change, with such changes often dictated by external events or changes in funding priorities not controlled by the Airport. The attached flow chart (ATTACHMENT A) depicts the Capital Improvement Project funding process at Detroit Metropolitan Wayne County Airport (a process that is similar to the one used at other U.S. airports.) The boxes represent steps in the process; an asterisk notes the steps in the process that were included in your review. You will note that only 3 areas were included in your review out of 51 total steps in this process, or only 6% of the process was reviewed. **[See Epilogue, Item 3]**

The OAG's Auditors layout a review methodology that attempts a comparison of bond projects as if each bond and project financed are independent and exclusive of the other. This is a false assumption and is one of the reasons the OAG's budget variance analyses are so absurd. The plan of finance for each series of County airport revenue bonds provides funding first and foremost to pay for the implementation of the CIP. As the CIP evolves, each subsequent bond issue adjusts, as required, the plan of finance to include new elements added to a project scope. The staff of the OAG was, and is, so eager to label additions and changes to projects as over budget, that it ignores the fact that new elements (scope) are often added that increase a project's cost. An example of project element changes occurred on our most recently **completed** runway project (the 4th parallel runway). The runway project required construction managed by Airport Management together with airfield projects managed and contracted directly by the FAA. The FAA project included grading for installation of instrumentation equipment that could not get accomplished under its separately managed contract within our mutually agreed upon schedule. We were requested in this case to increase our runway contract scope to accomplish the grading and reduced costs and save the schedule. Of course, the auditors would miss this subtlety, since all they cared about was the fact that the dollars paid by the bond issue are greater than the initial plan. These changes have occurred frequently in each bond finance construction program. **[See Epilogue, Item 4]**

Another false assumption made by the OAG is that the Airport has some pool of money for construction projects independent of the bond program. The only cash the Airport has for projects other than bond money are accumulated PFCs and earned discretionary funds. Regulation for the use of PFC money require prior approval of projects by the FAA. Additionally, Airport Improvement Program grants (AIP funds) are reimbursable grants, that requires spending prior to receipt of funds. The Discretionary Fund of the Airport is not sufficient to cash-flow most CIP projects. Therefore, the only money available to the Airport to provide project **cash flow** are bond funds. This is a technique practiced in airports around the nation and is the reason that all project descriptions include a statement that indicates "The proceeds of the Series 1998 Bonds, Federal grants-in-aid, Federal Highway Administration ("FHWA") grants, State of

Michigan grants, PFC revenues and the proceeds of **Additional Bonds** will finance the Capital Improvement Program.” Your report classifies spending to cash-flow elements of the CIP as unauthorized spending. The OAG’s specious methodology has led your report writers to a conclusion that the Airport has spent bond money on unauthorized projects. This conclusion is also absurd. **[See Epilogue, Item 5 and Item 6]**

Several general remarks have to be made by Metro Airport regarding the OAG’s draft report:

- 1) Again, as in previous reports, the OAG’s mission is to find fault, and to distort the truth. Even when the circumstances and context surrounding a decision were explained to the auditors, they still ignored the facts.
- 2) It has been clear throughout the previous OAG reports, including this one, that the OAG uses words, phrases, and a writing style that is intended to mislead the reader and imply wrongdoing. Examples of such verbiage include: *discrepancies, variances, unavailable records, ineligible projects, excess, and appears to be*. It appears the OAG has set out to write a negative report.
- 3) The auditors selectively present information to show the negative aspects instead of presenting an open, factual, and objective point of view.
- 4) The OAG continuously state that they could not get information when, in fact, they were given significant amounts of data. They wanted unfettered access to the Program Manager’s Team (PMT) files and received it. However, the auditors seldom asked for help in locating information. Perhaps if they could not get information it was because they did not ask for help in locating it. In addition, it is clear from this draft report that, very often, questions were not asked when information was not understood.
- 5) All too often the auditors put any type of increase/decrease in a negative light. Whether it is an increase/decrease in scope, increase/decrease in schedule, or an increase in funding, it is always perceived as negative. They do not acknowledge that, in many instances, these increases/decreases are a benefit to the project and program. This, once again, is a lack of understanding of the subject matter.
- 6) The Airport and PMT answered questions or gave requested information to the auditors. However, the OAG has become notorious for casting doubt in their reports by distorting the answers that they have been given. They have done this by saying “we have not audited, reviewed, or confirmed the accuracy of this information” and “additional review would be required/necessary to identify/determine”. If the OAG “doubted” the communications presented by the Airport and PMT, then alternate procedures should have been performed. Instead, the OAG found it more convenient to just cast shadow on the credibility of the Airport and PMT. This has been a standard practice of the OAG and extremely unprofessional.
- 7) The auditors often take credit for information which was provided to them by the Airport or PMT. They accomplish this by phrases such as “we found” or “we determined.”

The Airport is now going to respond to the major items of concern in the OAG's draft report on bond issues. This is not an all inclusive list of problems and concerns because we would have to rewrite the entire report to accomplish that goal. Each major item will be identified by page number and our response. However, before that narrative, we have included two letters from national airport experts in their field. The first is a letter from Miller, Canfield, Paddock, and Stone, our bond counsel. The second is from Booz, Allen, and Hamilton, national airport consultants. We would hope and expect that their opinions will be taken into consideration when you finalize your report on bond issues.

It is our concern that this report not be inaccurate, misleading, or false, which will cause undue concerns in the financial world. Any such concerns will delay, raise cost or prevent the next bond financing scheduled for February 2002. This will raise considerably the annual operating costs of the airlines using Detroit Metropolitan Wayne County Airport, of which Northwest Airlines pays 75%. Any deliberate misleading report could be actionable in a court of law.

Finally, we are requesting a meeting at your offices to discuss this report and our responses. It is extremely important to the integrity of the Office of the Auditor General and Wayne County that the final report on airport bond issues be accurate.

EPILOGUE

Item 1 - Foundation of the Review

The foundation for this review was the December 13, 2000 letter from the Joint Legislative Select Committee on the Wayne County Detroit Metropolitan Airport.

Item 2 - Understanding of the Airport's Funding of Capital Improvements

We performed appropriate review procedures to gain a thorough understanding of the Airport's capital improvement process.

Item 3 - Areas of Review

In addition to the areas described in the Airport response, we have, in this and in other review reports, also reviewed other areas contained in Airport Attachment A, including Wayne County Commission approvals and bond ordinances, Trustee records, contract bidding, advertisement and award, planning and design contracts, construction contracts, change orders, project management, project inspection, project testing, project accounting, contract compliance, and contract closeout for CIP throughout the 23 reports that we have issued to legislative committees.

The areas included in this review were selected by the Joint Legislative Select Committee on the Wayne County Detroit Metropolitan Airport in its request. If there are additional areas of review that the Airport believes deserve examination, the Wayne County Charter provides that the Airport may request that such a review be conducted by the Wayne County Auditor General.

Item 4 - Budget Variances

The source of "budget variance analyses" was the Airport's own reports. Exhibits A through F of this report were taken directly from the Airport's bond official statements and the Airport's CSR dated March 31, 2001. Column W of the Airport's CSR is entitled "over (under) project budget."

Item 5 - Airport Funding Sources

The descriptions of the Airport's revenue sources are based on Wayne County ordinances, the Airport's bond official statements and related records, and interviews with Airport and CIP program manager staff.

Item 6 - Unauthorized Spending

The disposition of bond proceeds is presented as described in the Airport's CSR and bond official statements. This report contains no conclusions regarding the appropriateness of bond expenditures.

Item 7 - Bond Year

The Airport correctly observed that a portion of Exhibit H was an excerpt from the 1991 Bond Official Statement when it should have been an excerpt from the 1990 Bond Official Statement. This has been changed in the report.

Item 8 - 1990A Bond Projects

The two projects are included in the schedule contained in the report, which is derived from the Airport's own reports. The schedule includes 1990A projects as of the Airport's March 2001 CSR and estimated project costs listed in the Airport's bond official statement.

Item 9 - Interest Earnings

Page 17 of the Airport's bond official statement shows \$48,675,610 in the Construction Account. Page 20 of the Airport's bond official statement shows \$50,047,000 in estimated costs for the 1993 completion project using Series 1993B funds. The bond official statement does not describe the \$1,371,390 difference as interest earnings. The Airport's explanation of the \$1,371,390 difference has been added to the body of the report.

Item 10 - LOI Reimbursement

The report was modified to reflect information brought forth in the Airport's response. The \$7.4 million in Series 1994B bond proceeds described in the report should not be confused with the \$7 million figure contained in the Airport's response. The Airport's response describes \$7 million that the Airport had to reimburse back to the airlines after the Airport used federal reimbursement (LOI) funds to instead fund other CIP projects. The \$7.4 million figure contained in the report represents Series 1994B bond proceeds that were not used to fund the 1994B project as described in the 1994 Bond Official Statement, but were instead used to loan money to "cash flow" projects that were originally intended to be funded from other bond funds.

The Airport's response states that this \$7 million airline reimbursement came from the Airport Development Fund and Operation and Maintenance Reserve Fund.

Ordinance 98-250 provides that the Airport Development Fund may be used to pay "any capital cost or expense of the County incurred for any lawful airport system related purposes." Conversely, the Operation and Maintenance Reserve Fund is to be used "solely for the payment of the Operation and Maintenance Expenses to the extent that moneys are not available therefor in the Operation and Maintenance Fund." The Operation and Maintenance Reserve Fund may also be used to "restore the Bond Reserve Account or the Junior Lien Bond Reserve Account to the Reserve Requirement to the extent moneys in the Revenue Fund are insufficient therefor."

Item 11 - Renewal and Replacement/Discretionary Fund

The Airport used 1986 bond requisition certificates to effect payment of costs that were not funded with 1986 bond proceeds. Ordinance No. 319 does contain some restrictions on how Renewal and Replacement Funds are used.

Item 12 - Bond 1993, Sims Varner

The report was modified to reflect information brought forth in the Airport's response.

Item 13 - Bond 1998, Landrum & Brown

The requisition numbers for the disbursement were 677 and 677A.

Item 14 - Bond 1998, Orchard, Hiltz & McCliment, Wayne County Treasurer, and Parsons Brinckerhoff

The report has been revised to reflect that the projects were not listed "as funded" in the 1998 Bond Official Statement.

Items a. through e. have been condensed and are now presented as items a. through d. in the report. At the request of the Airport, we added: "The Airport stated that the payments described in items c. and d. were made with Series 1998 Bonds to 'cash flow' the South Access Road project."

Item 15 - Bond 1998, South Access Road

The Airport did not disclose in the bond official statement that it planned to fund this project from the Series 1998 Bonds and pay the bond fund back when the grant fund was received. Notwithstanding, as indicated in Item 14, we added: "The Airport stated that the payments described in items c. and d. were made with Series 1998 Bonds to 'cash flow' the South Access Road project."

Item 16 - Airport Response

The report was modified to reflect information brought forth in the Airport's response.

Item 17 - New Maintenance Facility, Project SF-805

The basis of the 163% cost increase description was the December 13, 2000 request from the Joint Legislative Select Committee on the Wayne County Detroit Metropolitan Airport.

Item 18 - 1990 Restatement for SF-805

The Airport correctly identified a typographical error contained in the draft report that was subsequently corrected. The phrase "by \$3,805,000" was changed to "to \$3,805,000."

Item 19 - PMT Statements

The report was modified to attribute statements to the CIP program manager (PMT).

Item 20 - Project IF-704

All three topics of the Airport's concern (construction component, budget formula, and DNR litigation) are discussed in the report comment.

Item 21 - 1990 Restatement

The Airport correctly identified a typographical error contained in the draft report that we also identified and corrected.

Item 22 - Use of Bond Proceeds

We have identified bond requisition certificates that were used to requisition funds for payment of loans to other bond funds, costs that were undocumented, or costs that may not have met applicable criteria.

EXHIBITS

SERIES 1986 BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by	Funding From	Forecasted	Over(Under)
			Series 1986 Bonds	All Sources	Cost of Completion	Project Budget
CC-301	EXPAND SMITH AND CONCOURSE A	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 0
A.00.0	U.A.L. Relocation (Northwest)		8,368,000	8,368,000	10,105,000	1,737,000
B.00.0	Concourse C Extension		7,840,000	7,840,000	8,006,000	166,000
B.01.0	Host Concessions @ Concourse C				67,000	67,000
C.00.0	Concourse G Elevator		73,000	73,000	42,000	(31,000)
D.00.0	TWA Move from C to B		265,000	265,000	265,000	0
E.00.0	American Airlines Consolidation		675,000	675,000	675,000	0
F.00.0	Delta Move from C to B		835,000	835,000	835,000	0
G.00.0	U.S. Air Relocation		136,000	136,000	136,000	0
H.00.0	Concourse C Buildout		201,000	201,000	201,000	0
I.00.0	Ramp Information Display System		1,193,000	1,193,000	1,193,000	0
Z.00.0	Undefined Work - NWA		2,743,000	2,743,000	804,000	(1,939,000)
AF-027.C.01.0	NWA - Demolition of Checkpoint 1		85,000	85,000	85,000	0
CC-308.L.01.0	NWA - Beautification		2,586,000	2,586,000	2,586,000	0
CC-306	CONSTRUCT CONNECTORS F, G, AND H	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000
CC-307	EXPAND CONCOURSE F AND CONCESSIONS	\$ 5,774,000	\$ 5,774,000	\$ 5,774,000	\$ 9,977,000	\$ 4,203,000
A.00.0	Concourse F renovation		952,000	952,000	1,128,000	176,000
C.00.0	Host Abatement		232,000	232,000	329,000	97,000
D.00.0	Throat Exp. @ D, E, F, and P House		2,655,000	2,655,000	2,851,000	196,000
E.00.0	Concession Expansion at Davey		531,000	531,000	4,301,000	3,770,000
F.00.0	Replaces AHU - 6T		190,000	190,000	161,000	(29,000)
G.00.0	Davey Baggage Claim Expansion (Reimb)		1,214,000	1,214,000	1,207,000	(7,000)
CC-308	CONVERT BERRY TERMINAL	\$ 8,860,000	\$ 8,860,000	\$ 12,264,000	\$ 12,682,000	\$ 418,000
A.00.0	Structural Investigation		15,000	15,000		(15,000)
B.00.0	Expanded F.I.S. Facility		7,050,000	7,050,000	7,421,000	371,000
C.00.0	Baggage Conveyor		724,000	724,000	634,000	(90,000)
D.00.0	I.T. Roof and Exterior Wall Renovations		1,067,000	1,067,000	1,253,000	186,000
E.00.0	Weather Protection @ I.T. Baggage Claim Area		4,000	4,000	26,000	22,000
F.00.0	NWA - US Air Gate Swap			528,000	528,000	0
G.00.0	NWA - Support Facility Relocation (711 and 514)			671,000	671,000	0
H.00.0	NWA - Door Modification at Hanger 715			157,000	157,000	0
I.00.0	NWA - Fillet Modification at Hanger 715			76,000	76,000	0
J.00.0	NWA - Recarpet International Terminal			80,000	80,000	0
K.00.0	NWA - Int'l Terminal Upgrade - Const			1,443,000	1,443,000	0
L.00.0	NWA - Beautify-Const/SEE CC-301					0
M.00.0	NWA - Int'l Terminal Bus Corridor			393,000	393,000	0
Z.00.0	Bal. Of Add'l Funds-NWA-1993B Bonds			56,000		(56,000)
TB-201	LANDSIDE IMPROVEMENTS - SMITH	\$ 7,885,000	\$ 7,885,000	\$ 11,725,000	\$ 8,448,000	\$ (3,277,000)
A.00.0	Pickering Abatement Survey		628,000	628,000	674,000	46,000
A.01.0	American Airlines Ticket Centers Abatement		183,000	183,000	249,000	66,000
A.02.0	Delta Airlines Ticket Counters Abatement		268,000	268,000	269,000	1,000
A.06.0	Concourse C Abatement		741,000	741,000	1,097,000	356,000
A.10.0	L.C. Smith A and B Tunnels Abatement		637,000	637,000	930,000	293,000
A.11.0	NW Ticket Offices @ Davey Abatement		974,000	974,000		(974,000)
A.17.0	Concs A and B - Apron and Main Level Abate		652,000	652,000	115,000	(537,000)
A.18.0	Concs D, E, F and Mech Room Abatement		1,224,000	1,224,000	1,051,000	(173,000)
A.19.0	Concs D, E, F Main Level Abatement		562,000	562,000	616,000	54,000
A.20.0	Central Services Tunnel / Mech Rm. Abate		245,000	245,000	980,000	735,000

SERIES 1986 BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by	Funding From	Forecasted	Over(Under)
			Series 1986 Bonds	All Sources	Cost of Completion	Project Budget
A.21.0	L.C. Smith Main Corridor Abatement	\$	\$ 313,000	\$ 313,000	\$ 285,000	\$ (28,000)
A.22.0	L.C. Smith Terminal 3rd Floor Abatement		700,000	700,000	1,009,000	309,000
B.00.0	Asbestos Management Program'		697,000	697,000	1,142,000	445,000
C.00.0	Cost Recovery Litigation 1987		61,000	61,000	31,000	(30,000)
Z.00.0	Additional Funds - 1993B Bonds			3,840,000		(3,840,000)
TB-202	REPAIR ROOFS - TERMINAL AND CONCOURSES	\$ 1,998,000	\$ 1,998,000	\$ 3,982,000	\$ 2,499,000	\$ (1,483,000)
A.00.0	Roof Condition Survey		4,000	4,000	9,000	5,000
A.04.0	Concourse C Interim Roof		186,000	186,000	176,000	(10,000)
A.05.0	Central Services Restaurant Roof		95,000	95,000	111,000	16,000
B.02.0	Temp. L.C. Smith Roof Puf-1 ply		307,000	307,000	330,000	23,000
B.02.a	Field Survey and Maint. L.C. Smith		11,000	11,000		(11,000)
B.03.0	Repair/Replace Term./Conc. Roofs		1,255,000	1,255,000	1,867,000	612,000
C.01.0	Powerhouse Roof Survey		140,000	140,000	6,000	(134,000)
Z.00.0	Additional Funds - 1993B Bonds			1,984,000		(1,984,000)
TB-300	EXISTING TERMINAL RENOVATIONS	\$ 0	\$ 0	\$ 9,789,000	\$ 9,789,000	\$ 0
B.00.0	NWA Conc G Modifications - designs			993,000	993,000	0
B.01.0	NWA Conc G Const-Site and Civil Work			721,000	721,000	0
B.03.0	NWA Conc G Const - New Building			8,075,000	8,075,000	0
IF-701	INSTALL NEW UTILITIES AT TERMINAL	\$ 41,483,000	\$ 40,683,000	\$ 44,370,000	\$ 30,093,000	\$ (14,277,000)
A.00.0	Boiler Controls / Burner Rept. 2, 3		1,347,000	1,347,000	1,545,000	198,000
B.00.0	Utility Study Phase A		261,000	261,000	335,000	74,000
B.01.0	Site Sanitary Study		657,000	657,000	31,000	(626,000)
B.02.0	Westinghouse Monit Equipment		278,000	278,000	286,000	8,000
B.02.a	Power Fail Emerg. Action Plan Study		84,000	84,000	110,000	26,000
B.03.0	Primary Switchhouse Addition		769,000	769,000	878,000	109,000
B.03.a	DECo 3rd Transformer (DECo Funded)					0
B.04.0	Emergency Power for Powerhouse		179,000	179,000	183,000	4,000
B.05.0	Elec. Sys. Protect. Devices Retrofit		655,000	655,000	1,332,000	677,000
B.06.0	Chiller Purchase		259,000	259,000	311,000	52,000
B.06.a	Chilled Water/Condsr Water Sys. Rev.		4,007,000	4,007,000	5,364,000	1,357,000
B.07.0	DTW-Pwhse Steam/Condensate Revisions		1,945,000	1,945,000	2,344,000	399,000
B.07.b	Steam and Condensate Revisions		162,000	162,000	159,000	(3,000)
B.08.0	Fire Protection System		461,000	461,000	329,000	(132,000)
B.09.0	Evaluate DECo Cogeneration		5,000	5,000	3,000	(2,000)
B.10.0	Prepurchase Primary Switchgear		419,000	419,000	501,000	82,000
B.11.0	Free Cooling Feasibility Study					0
B.14.0	Replace 12 Air Handling Units		759,000	759,000	1,367,000	608,000
C.01.0	Transformer Bank #6 Power Failure				11,000	11,000
C.02.0	Northwest Flight Kitchen Loop #3				2,000	2,000
E.00.0	Evaluate Elect. Defic. @ Host		219,000	219,000	2,000	(217,000)
F.00.0	Airfield Lighting Study/New Reg.		55,000	55,000	63,000	8,000
F.02.0	New Switchhouse/Regulator Room		7,802,000	9,950,000	4,490,000	(5,460,000)
G.00.0	Phase I Cooling Towers 1986-87		2,110,000	2,110,000	2,141,000	31,000
H.00.0	Replace Feeder Cable @ Powerhouse		150,000	150,000	58,000	(92,000)
I.00.0	Emergency Power Outage at Davey		162,000	162,000	234,000	72,000
J.00.0	Westinghouse Electrical Study		161,000	161,000		(161,000)
J.01.0	Westinghouse Study Validation		126,000	126,000	46,000	(80,000)
K.00.0	Additional Electrical Service - Lucas Drive		465,000	465,000	493,000	28,000

SERIES 1986 BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

Budget Information as Provided in the
Airport's March 2001 Cost Summary Report

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Funded by		Forecasted Cost of Completion	Over(Under) Project Budget	
			Series 1986 Bonds	Funding From All Sources			
L.00.0	4800 V Primary Dist System Design	\$	\$ 42,000	\$ 42,000	\$ 362,000	\$ 320,000	
L.01.0	4800 V Cable Repl - Phase 1 - Const.		1,069,000	1,069,000	903,000	(166,000)	
L.01.a	4800 Volt MH Asbestos Study Abate.		416,000	416,000	199,000	(217,000)	
L.02.0	4800 V Cable Repl - Phase 2 - Const.		1,000,000	1,000,000	759,000	(241,000)	
L.03.0	4800 V Cable Purchase Contract		1,946,000	1,946,000	2,022,000	76,000	
N.00.0	Temp Parking Lot Lighting (Green Lot)					0	
0.00.0	Wick Road Switchhouse		2,760,000	2,760,000	906,000	(1,854,000)	
R.00.0	Utility Review - Intl Ticket Counter				11,000	11,000	
S.00.0	Asbestos Abat Pwrhse. Chiller Bays		219,000	219,000	52,000	(167,000)	
T.00.0	Asbestos Abat Pwrhse. - Hot Deck		118,000	118,000	470,000	352,000	
U.00.0	Marriott Hotel HVAC Renovations			1,539,000	1,539,000	0	
V.01.0	PCB Transformer Upgrades		146,000	146,000	171,000	25,000	
W.00.0	Asbestos Abatement Exist Cooling Tower		244,000	244,000	81,000	(163,000)	
Z.00.0	Additional Projects		9,226,000	9,226,000		(9,226,000)	
IF-704	STORM WATER RETENTION	\$	5,414,000	\$ 5,414,000	\$ 6,848,000	\$ 8,117,000	\$ 1,269,000
A.00.0	Storm Water Study		272,000	272,000	334,000	62,000	
A.01.0	Dredge Retention Ponds 3 and 4		1,732,000	1,732,000	1,597,000	(135,000)	
A.02.0	Aerator Installation Ponds 3 and 4		508,000	508,000	521,000	13,000	
B.00.0	Retention Pond 5 Modifications		118,000	118,000	16,000	(102,000)	
C.00.0	Ethylene Glycol to WWWT 1998-89		99,000	99,000	135,000	36,000	
D.00.0	Ethylene Glycol to WWWT 1989-90		1,059,000	1,059,000	166,000	(893,000)	
E.00.0	Aerial Photo Mapping		265,000	265,000	591,000	326,000	
F.00.0	Miscellaneous Studies		105,000	105,000	416,000	311,000	
H.00.0	Apron Collection System Modify - Design		785,000	785,000	773,000	(12,000)	
I.00.0	Ethylene Glycol to WWWT 1990-91		35,000	35,000	39,000	4,000	
L.00.0	MDNR Litigation		436,000	436,000	3,433,000	2,997,000	
L.01.0	Redirected Discharges from R/W 9R and PS 7				96,000	96,000	
Z.01.0	Additional Funds - 1993B Bonds			1,434,000		(1,434,000)	
PK-503	REHABILITATE EXISTING STRUCTURE	\$	5,700,000	\$ 5,700,000	\$ 5,700,000	\$ 5,715,000	\$ 15,000
A.00.0	Parking Structure Study		434,000	434,000	172,000	(262,000)	
A.01.0	Phase I - Rehab. Parking Structure		2,924,000	2,924,000	3,248,000	324,000	
A.02.0	Expand 2nd/3rd Level Investigation				9,000	9,000	
A.03.0	Parking Structure Shoring/Monitoring		1,228,000	1,228,000	1,567,000	339,000	
C.00.0	Red Parking Lot at Delta Hanger		590,000	590,000	584,000	(6,000)	
C.00.a	Red Parking Lot Asphalt Paving		426,000	426,000	90,000	(336,000)	
C.01.0	Orange Parking Lot btw Delta and NW					0	
C.02.0	Green Lot on Goddard Road				36,000	36,000	
C.03.0	Future Lot @ Goddard and Vining				9,000	9,000	
Z.00.0	Additional Projects		98,000	98,000		(98,000)	
PK-504	CONVERT RENTAL CAR FACILITIES	\$	428,000	\$ 428,000	\$ 428,000	\$ 456,000	\$ 28,000
A.00.0	Facilities Abatement		116,000	116,000	37,000	(79,000)	
B.00.0	Facilities Demolition		312,000	312,000	419,000	107,000	
PK-505	NEW EMPLOYEE PARKING LOT	\$	1,668,000	\$ 1,668,000	\$ 1,668,000	\$ 1,350,000	\$ (318,000)
RS-401	MODIFY BERRY TERMINAL ROADWAYS	\$	1,026,000	\$ 1,026,000	\$ 2,177,000	\$ 467,000	\$ (1,710,000)
A.00.0	Modify Berry Term. Roadways and I.T. Lots		431,000	431,000	432,000	1,000	
A.01.0	Expand Yellow Lot for Valet					0	

SERIES 1986 BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by Series 1986 Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
A.02.0	Install Utilities for Valet lot	\$	\$ 35,000	\$ 35,000	\$ 35,000	\$ 0
Z.00.0	Additional Projects		560,000	560,000		(560,000)
Z.01.0	Additional Funds - 1993B Bonds			1,151,000		(1,151,000)
RS-402	RESURFACE ROGELL DRIVE	\$ 2,268,000	\$ 2,268,000	\$ 2,268,000	\$ 2,512,000	\$ 244,000
A.00.0	Resurface Rogell Drive		1,500,000	1,500,000	1,647,000	147,000
B.00.0	1988 Landscaping of Rogell		142,000	142,000	165,000	23,000
C.00.0	1989 Landscaping of Rogell		626,000	626,000	700,000	74,000
RS-407	IMPROVE BERRY INTERSECTION	\$ 436,000	\$ 436,000	\$ 925,000	\$ 0	\$ (925,000)
A.00.0	Improve Berry Intersection		436,000	436,000		(436,000)
Z.00.0	Additional Funds - 1993B Bonds			489,000		(489,000)
SF-802	BUY SNOW REMOVAL EQUIPMENT	\$ 2,078,000	\$ 602,000	\$ 3,174,000	\$ 3,860,000	\$ 686,000
SF-803	CONSTRUCT NEW ARFF FACILITY	\$ 9,977,000	\$ 7,046,000	\$ 11,677,000	\$ 13,229,000	\$ 1,552,000
A.00.0	New ARFF Facility		3,002,000	5,622,000	5,422,000	(200,000)
A.01.0	ARFF / FAA Mechanical Site Utilities		1,768,000	1,768,000	3,215,000	1,447,000
A.02.0	Tree Cutting Utility ROW/Access Road		28,000	28,000	132,000	104,000
A.03.0	FAA/ARFF Electrical Sites Utilities		2,248,000	4,259,000	4,460,000	201,000
SF-805	CONSTRUCT NEW MAINTENANCE FACILITY	\$ 9,684,000	\$ 3,805,000	\$ 14,480,000	\$ 15,303,000	\$ 823,000
A.00.0	New Maintenance Facility - Phase I		2,420,000	6,092,000	8,379,000	2,287,000
B.00.0	New Maintenance Facility - Phase II		1,385,000	2,903,000	6,703,000	3,800,000
C.00.0	New UST at Maintenance Facility Bldg. 703				221,000	221,000
Z.00.0	Additional Funds - 1993B Bonds			5,485,000		(5,485,000)
SF-806	FIRE PROTECTION AT PAGE	\$ 134,000	\$ 134,000	\$ 134,000	\$ 8,000	\$ (126,000)
SF-807	UPGRADE MID-FIELD SERVICE ROAD	\$ 650,000	\$ 650,000	\$ 650,000	\$ 554,000	\$ (96,000)
AF-002	INFILL WEST OF CONCOURSE B	\$ 0	\$ 223,000	\$ 1,032,000	\$ 1,128,000	\$ 96,000
AF-006	REVISE/REPLACE AIRFIELD LIGHTING SYSTEMS	\$ 0	\$ 800,000	\$ 1,132,000	\$ 523,000	\$ (609,000)
A.00.0	Runway Lighting System Study		800,000	1,132,000	523,000	(609,000)
AF-027	CONCOURSE G APRON	\$ 0	\$ 0	\$ 4,342,000	\$ 4,342,000	\$ 0
A.00.0	NWA - Concourse G Apron - Phase I			2,149,000	2,149,000	0
B.00.0	NWA - Concourse G Apron - Phase II			1,323,000	1,323,000	0
C.00.0	NWA - Concourse G Apron - Phase III			870,000	870,000	0
C.01.0	NWA - Demolition of Checkpoint 1 - See CC-301					0
AF-053	EXPAND R/W 3L HOLD APRON	\$ 1,626,000	\$ 380,000	\$ 1,619,000	\$ 1,700,000	\$ 81,000
AF-054	CONSTRUCT HOLD APRON WEST OF R/W 3	\$ 1,424,000	\$ 385,000	\$ 1,344,000	\$ 1,474,000	\$ 130,000
AF-059	CONSTRUCT T/W S	\$ 1,548,000	\$ 434,000	\$ 1,476,000	\$ 1,659,000	\$ 183,000

SERIES 1986 BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by Series 1986 Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
AF-064	CONSTRUCT HOLD APRON WEST OF T/W F	\$ 7,898,000	\$ 2,387,000	\$ 8,162,000	\$ 8,829,000	\$ 667,000
A.00.0	Hold Apron and T/W U		2,186,000	7,479,000	8,172,000	693,000
B.00.0	Additional Apron Hardstand		201,000	683,000	657,000	(26,000)
AF-070	CONSTRUCT EXIT T/W CONNECTOR	\$ 1,472,000	\$ 462,000	\$ 1,458,000	\$ 1,545,000	\$ 87,000
AF-073	R/W LIGHTING CONTROLS AND MONITORING	\$ 350,000	\$ 350,000	\$ 350,000	\$ 816,000	\$ 466,000
0.00.0	Runway Lighting Control System				279,000	279,000
A.00.0	Field Lighting Monitoring Control		350,000	350,000	537,000	187,000
AF-074	CROSSWIND RUNWAY 9R/27L	\$ 3,500,000	\$ 3,500,000	\$ 5,297,000	\$ 3,884,000	\$ (1,413,000)
0.00.0	Crosswind Runway 9R/27L Design		2,300,000	3,071,000	3,239,000	168,000
A.00.0	Crosswind Runway South Bridge Design		1,200,000	2,226,000	645,000	(1,581,000)
AF-075	EDGE LIGHTING 3L/21 R AND SIGNAGE	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,132,000	\$ (168,000)
AF-077	CROSSOVER TAXIWAY	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 0
AF-103	CONSTRUCT NEW APRONS	\$ 1,000,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 0
AS-001	AIRPORT SIGNAGE	\$ 0	\$ 0	\$ 0	\$ 256,000	\$ 256,000
A.00.0	Airport Signage Evaluation				32,000	32,000
A.01.0	Rogell Drive Sign Entry (Airport)				21,000	21,000
A.02.0	International New FIS Signage				94,000	94,000
A.03.0	Concourse C Extension Signage				109,000	109,000
	Insurance - General Liability - Through 7/98	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 4,195,000	\$ 695,000
	Insurance - Worker's Compensation - Through 7/98	\$ 0	\$ 0	\$ 0	\$ 3,094,000	\$ 3,094,000
	GRAND TOTAL SERIES 1986 BONDS	\$ 156,081,000	\$ 133,101,000	\$ 194,048,000	\$ 184,640,000	\$ (9,408,000)

SERIES 1990A AND 1990B BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report				Over(Under) Project Budget
			Funded by Series 1990A Bonds	Funded by Series 1990B Bonds	Funding From All Sources	Forecasted Cost of Completion	
LA-001	FOURTH PARALLEL R/W LAND ACQUISITIONS	\$11,615,000	\$11,615,000		\$59,611,000	\$60,706,000	\$1,095,000
A.00.0	Fourth Parallel R/W Land Acquis.		11,115,000		49,401,000	53,143,000	3,742,000
A.01.0	Replace Romulus DPW Facility				300,000	5,374,000	5,074,000
A.02.0	Replace Existing Rockway Facility					1,051,000	1,051,000
B.00.0	Fourth Parallel R/W Land - Demolition		500,000		608,000	1,078,000	470,000
C.00.0	Fourth Parallel R/W Demolition-Final Phase				34,000	60,000	26,000
Z.00.0	Additional Funds - 1993B Bonds				9,268,000		(9,268,000)
AF-074	CROSSWIND RUNWAY 9R/27L	\$89,200,000	\$20,854,000		\$84,317,000	\$97,879,000	\$13,562,000
0.00.a	Crosswind Runway 9R/27L Construction		8,614,000		31,960,000	38,059,000	6,099,000
A.00.a	Crosswind R/W South Bridge Construction		5,598,000		24,921,000	31,506,000	6,585,000
A.01.0	Duct Bank for 9R/27L and Bridge Design		453,000		453,000	389,000	(64,000)
A.02.0	Storm Water Pump Station #6A		1,790,000		4,299,000	4,596,000	297,000
A.03.0	Runway Tree Cutting		651,000		651,000	2,753,000	2,102,000
B.00.0	3L Wetland Mitigation		78,000		261,000	271,000	10,000
B.01.0	Wetland Mitigation Land Acquisition		1,337,000		7,157,000	8,100,000	943,000
B.02.0	9R/27L R.W. Wetland Mitigation		363,000		1,595,000	2,129,000	534,000
B.02.a	9R/27L R.W. Wetland - Demolition		187,000		434,000	604,000	170,000
B.02.b	9R/27L R.W. Wetland - Earthwork		1,619,000		4,610,000	5,060,000	450,000
B.02.c	9R/27L R.W. Wetland - Revegetation		164,000		624,000	767,000	143,000
B.03.0	9R/27LWetl Mit - Haggerty Rd. Imprv.					29,000	29,000
B.04.0	Wetl Mit - Disbrow Drain Clearing and Drainage				179,000	278,000	99,000
B.05.0	Wetl Mit - Maintenance Infrastructure				1,998,000	3,329,000	1,331,000
B.06.0	Wetland Mitigation - Carleton Gun Club				5,000	9,000	4,000
C.00.0	Runway 9R/27L NAVAIDS						0
Z.00.0	Additional Funds - 1993B Bonds				5,170,000		(5,170,000)
AF-007	WEATHER SENSOR SYSTEM	\$0	\$75,000		\$356,000	\$439,000	\$83,000
A.00.0	9R/27L Runway Surface Sensor System		75,000		356,000	439,000	83,000
AF-006	REVISE/REPLACE AIRFIELD LIGHTING SYSTEM	\$0	\$1,207,000		\$4,213,000	\$4,696,000	\$483,000
B.00.0	ALV-2 Modify and Duct Bank for RW 9R/27L		1,207,000		4,213,000	4,696,000	483,000
NB-001	NOISE BERMS	\$0	\$164,000		\$501,000	\$434,000	\$(67,000)
A.00.0	Noise Berms - Design		164,000		501,000	434,000	(67,000)
SS-001	SECURITY CARD ACCESS SYSTEM	\$9,309,000	\$2,327,000		\$15,339,000	\$14,696,000	\$(643,000)
A.00.0	Security Card Survey/Program		98,000		98,000	6,000	(92,000)
B.00.0	Security Card System		2,229,000		15,241,000	14,690,000	(551,000)
AS-001	AIRPORT SIGNAGE	\$500,000	\$500,000		\$500,000	\$426,000	\$(74,000)
B.00.0	Airport Signage Masterplan		500,000		500,000	426,000	(74,000)
WL-001	WETLAND MONITORING	\$0			\$481,000	\$823,000	\$342,000
PK-503	PUBLIC PARKING STRUCTURE (REHABILITATE EXISTING STRUCTURE)	\$34,500,000		\$34,500,000	\$34,500,000	\$31,273,000	\$(3,227,000)
B.01.0	New Repl Parking Structure - Phase 1A			14,250,000	14,250,000	13,855,000	(395,000)
B.02.0	New Repl Parking Structure - Phase 1B			14,250,000	14,250,000	13,979,000	(271,000)
E.00.0	Parking Admin. Facilities Expansion			650,000	650,000	838,000	188,000
F.00.0	Revenue Collection System			5,350,000	5,350,000	2,601,000	(2,749,000)
GRAND TOTAL SERIES 1990A AND 1990B BONDS		\$145,124,000	\$36,742,000	\$34,500,000	\$199,818,000	\$211,372,000	\$11,554,000

SERIES 1991A AND 1991B BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report					Over(Under) Project Budget
			Funded by Series	Funded by Series	Funding From	Forecasted Cost of		
			1991A Bonds	1991B Bonds	All Sources	Completion		
PK-503	REHABILITATE EXISTING STRUCTURE	\$ 37,990,000	\$ 37,990,000	\$ 0	\$ 39,926,000	\$ 46,748,000	\$ 6,822,000	
D.00.0	New Repl Parking Structure Phase II and III		37,990,000		39,926,000	46,748,000	6,822,000	
LA-002	EUREKA ROAD LAND ACQUISITION	\$ 2,800,000	\$ 0	\$ 2,800,000	\$ 5,719,000	\$ 4,372,000	\$ (1,347,000)	
A.00.0	Eureka Road Land Acquisition			2,725,000	3,846,000	4,261,000	415,000	
B.00.0	Eureka Road - Demolition			75,000	75,000	111,000	36,000	
Z.00.0	Additional Funds - 1993B Bonds				1,798,000		(1,798,000)	
SF-810	NEW COMMON USE AIR FREIGHT FACILITY	\$ 2,500,000	\$ 0	\$ 2,500,000	\$ 2,500,000	\$ 3,157,000	\$ 657,000	
A.00.0	Common Use Air Freight Facility			2,500,000	2,500,000	3,157,000	657,000	
AF-025	REPLACE GATE APRON PAVEMENT, PHASE I-VI	\$ 3,800,000	\$ 0	\$ 3,800,000	\$ 5,207,000	\$ 5,284,000	\$ 77,000	
A.00.0	Replace Gate Apron Pavement, Phase I			1,391,000	2,448,000	2,235,000	(213,000)	
A.01.0	Concrete Apron Evaluation Service (Design)			83,000	83,000	97,000	14,000	
B.00.0	Replace Apron Pavement Phase II (D-E)			2,326,000	2,676,000	2,952,000	276,000	
AF-010	EXTEND TAXIWAY P (FORMERLY X-X)	\$ 875,000	\$ 0	\$ 875,000	\$ 3,803,000	\$ 4,709,000	\$ 906,000	
AF-018	INCURSION PLAN IMPLEMENTATION	\$ 0	\$ 0	\$ 549,000	\$ 1,500,000	\$ 1,558,000	\$ 58,000	
IF-704	STORM WATER RETENTION	\$ 13,889,000	\$ 0	\$ 9,589,000	\$ 31,568,000	\$ 26,899,000	\$ (4,669,000)	
H.00.a	Apron Collection System Modification - Construction			3,402,000	3,402,000	2,788,000	(614,000)	
H.01.0	Diversion of Outfalls 001 and 002			20,000	20,000	13,000	(7,000)	
H.01.a	Pumpstation 1 Modification			1,810,000	1,810,000	2,460,000	650,000	
H.01.b	Pond 003 Linear						0	
J.00.0	Secondary Deicing Ponds 3C and 3L					472,000	472,000	
M.00.0	4/22 Storm Drain - Pre Design Study			87,000	393,000	393,000	0	
M.01.0	Parallel Frank and Poet Drain Pd 6 Modification			1,870,000	7,979,000	7,979,000	0	
M.02.0	Pumpstation 6B			2400000	12794000	12794000	0	
Z.03.0	Additional Funds - 1993B Bonds				5170000		(5,170,000)	
AF-061	HOLD APRON AND TAXIWAY EXTENSIONS	\$ 0	\$ 0	\$ 3,751,000	\$ 15,618,000	\$ 14,677,000	\$ (941,000)	
B.00.0	3C Hold Apron			1,800,000	7,819,000	6,757,000	(1,062,000)	
C.00.0	Taxiway PP and T Extensions			1,951,000	7,799,000	7,920,000	121,000	
CC-308	CONVERT BERRY TERMINAL	\$ 10,000,000	\$ 0	\$ 588,000	\$ 588,000	\$ 588,000	\$ 0	
K.00.0	International Terminal Upgrade - Design			196,000	196,000	196,000	0	
L.00.0	Beautification Project - Design			392,000	392,000	392,000	0	
TB-300	EXISTING TERMINAL RENOVATIONS	\$ 0	\$ 0	\$ 1,063,000	\$ 1,063,000	\$ 786,000	\$ (277,000)	
A.00.0	Compliance with ADA Act of 1991 - Design			350,000	350,000	251,000	(99,000)	
B.00.a	DTW Concourse G Modification - Design			535,000	535,000	535,000	0	
Z.00.0	Additional Projects			178,000	178,000		(178,000)	

SERIES 1991A AND 1991B BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

		Budget Information as Provided in the Airport's March 2001 Cost Summary Report					
CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Funded by Series 1991A Bonds	Funded by Series 1991B Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
TB-310	MIDFIELD TERMINAL DEVELOPMENT	\$ 0	\$ 0	\$ 8,349,000	\$ 9,976,000	\$ 9,456,000	\$ (520,000)
A.01.0	Design Midfield Terminal - Programming			2,318,000	2,318,000	2,318,000	0
A.02.0	Design Midfield Terminal - Schematics			5,167,000	6,794,000	6,274,000	(520,000)
B.00.0	Midfield Terminal - Site Development			864,000	864,000	864,000	0
GRAND TOTAL SERIES 1991A AND 1991B BONDS		\$ 71,854,000	\$ 37,990,000	\$ 33,864,000	\$ 117,468,000	\$ 118,234,000	\$ 766,000

SERIES 1993B BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

		Budget Information as Provided in the Airport's March 2001 Cost Summary Report					
CIP Number	Project Name/Description	Project Cost Per Bond Official Statement	Funded by Series 1993B Bonds	Grants-in-Aid (1993 Bond Official Statement)	Prior Bonds (1993 Bond Official Statement)	Funded by Prior Bonds From March 2001 CIP Status Report	Other Sources (1993 Bond Official Statement)
1986 Projects:		(From 1993 OS)					
TB-201	Construct landside improvements - Smith Terminal	\$ 13,669,000	\$ 3,840,000	\$	\$ 8,801,000	\$ 7,885,000	\$ 1,028,000
TB-202	Repair terminal and concourse roofs	4,649,000	1,984,000		2,134,000	1,998,000	531,000
IF-704	Construct storm water retention facilities	20,746,000	1,434,000		10,820,000	5,414,000	3,322,000
CC-308	Convert and upgrade International Terminal	25,433,000	56,000		7,357,000	8,860,000	3,818,000
SF-805	Construct new maintenance facility	18,531,000	5,485,000	3,400,000	8,177,000	3,805,000	1,469,000
RS-401	Modify International Terminal roadways	1,459,000	1,151,000			1,026,000	308,000
RS-407	Improve International Terminal intersection	620,000	489,000			436,000	131,000
AF-027	Concourse G apron	*	4,342,000			85,000	
TB-300	Existing terminal renovations	*	9,789,000				
Total 1986 Projects		\$ 85,107,000	\$ 28,570,000	\$ 3,400,000	\$ 37,289,000	\$ 29,509,000	\$ 10,607,000
1990A Projects:		(From 1990 OS)					
AF-074	Construct crosswind runway 9R-27L	\$ 92,343,000	\$ 5,170,000	\$ 58,383,000	\$ 26,191,000	\$ 20,854,000	\$ 2,599,000
LA-001	Acquire land for 4th Parallel Runway	38,458,000	9,268,000	20,260,000	4,271,000	11,615,000	4,659,000
Total 1990A Projects		\$ 130,801,000	\$ 14,438,000	\$ 78,643,000	\$ 30,462,000	\$ 32,469,000	\$ 7,258,000
1991B Projects:		(From 1991 OS)					
LA-002	Acquire land for Eureka Road	\$ 5,675,000	\$ 1,798,000	\$	\$ 2,800,000	\$ 2,800,000	\$ 1,077,000
IF-704	Construct storm water retention facilities	13,889,000	6,604,000			9,589,000	
Total 1991B Projects		\$ 19,564,000	\$ 8,402,000	\$ 0	\$ 2,800,000	\$ 12,389,000	\$ 1,077,000
GRAND TOTAL SERIES 1993B BONDS		\$ 235,472,000	\$ 51,410,000	\$ 82,043,000	\$ 70,551,000	\$ 74,367,000	\$ 18,942,000

* This project is not listed in the 1993 Bond Official Statement.

SERIES 1994A AND 1994B BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by Series 1994A and 1994B Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
AF-006	REVISE/REPLACE AIRFIELD LIGHTING SYSTEMS	\$ 20,628,000	\$ 20,628,000	\$ 38,269,000	\$ 30,822,000	\$ (7,447,000)
C.00.0	Airfield Signage Prepurchase-Design		33,000	82,000	82,000	0
D.00.0	ALV-2 Recircuit-Design		417,000	971,000	971,000	0
D.01.0	Revise/Repl Airfld Light and Signage-Const		11,889,000	27,766,000	27,766,000	0
D.02.0	Airfld Lighting-Design-Additions and Modif		105,000	249,000	249,000	0
D.03.0	Light Monitoring and T/W C.L. Lights		295,000	722,000	722,000	0
E.00.0	ALV-1 Recruit and Regul Design		275,000	691,000	691,000	0
F.00.0	Airfield Lighting Permanent Tagging		153,000	308,000	308,000	0
G.00.0	Multiple Misc. Project Coordination		14,000	33,000	33,000	0
Z.00.0	Additional Projects		7,447,000	7,447,000		(7,447,000)
AF-007	WEATHER SENSOR SYSTEM	\$ 81,000	\$ 0	\$ 81,000	\$ 81,000	\$ 0
B.00.0	Gen Airport R/W Surface Sensor System		81,000	81,000	81,000	0
AF-076	R/W LIGHTING CONTROLS AND MONITORING PH 1	\$ 291,000	\$ 0	\$ 702,000	\$ 702,000	\$ 0
A.00.0	Runway Edge Lights at 0-4		120,000	288,000	288,000	0
A.01.0	Signage Additions to Existing R/W's and T/W's		171,000	414,000	414,000	0
GRAND TOTAL SERIES 1994A AND 1994B BONDS		\$ 21,000,000	\$ 20,628,000	\$ 39,052,000	\$ 31,605,000	\$ (7,447,000)

1994 Projects per Bond Ordinance No. 94-159	Estimated Cost
3L Construction	\$ 2,500,000
3C Construction	1,750,000
3R Construction	1,750,000
9R Construction	1,500,000
New Field Wiring Construction	3,500,000
New Vault Modifications	5,000,000
Construction	\$ 16,000,000
A/E (20%)	3,100,000
Contingency	1,900,000
Total Project Cost	\$ 21,000,000

SERIES 1998A BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by Series 1998A Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
EXISTING TERMINAL PROJECTS:						
AF-030	RELOCATE T/W H CONCOURSE A EXPANSION	\$ 0	\$ 1,808,000	\$ 1,808,000	\$ 1,808,000	\$ 0
AS-001	AIRPORT SIGNAGE	\$ 0	\$ 1,958,000	\$ 1,958,000	\$ 150,000	\$ (1,808,000)
D.00.0	Overhead Road Signage		150,000	150,000	150,000	0
Z.00.0	Additional Projects		1,808,000	1,808,000		(1,808,000)
IF-701	INSTALL NEW UTILITIES AT TERMINAL	\$ 0	\$ 423,000	\$ 423,000	\$ 0	\$ (423,000)
X.00.0	Annunciator Integration at Powerhouse		423,000	423,000		(423,000)
TB-300	RENOVATION OF EXISTING TERMINAL COMPLEX	\$ 39,175,000	\$ 5,000,000	\$ 5,000,000	\$ 4,947,000	\$ (53,000)
A.01.0	Renovate Toilet Room - Phase 1		1,082,000	1,082,000	1,082,000	0
A.02.0	Renovate Toilet Room - Phase 2		1,181,000	1,181,000	1,181,000	0
A.03.0	Renovate Toilet Room - Phase 3		2,485,000	2,485,000	2,485,000	0
C.00.0	Airport Information Center		199,000	199,000	199,000	0
Z.01.0	Unassigned Contingency		53,000	53,000		(53,000)
TB-302	INTERIM IMPROVEMENT PROJECTS	\$ 56,000,000	\$ 14,064,000	\$ 18,100,000	\$ 467,000	\$ (17,633,000)
A.00.0	Smith Terminal Upper Level Curbside Improvements		221,000	221,000	221,000	0
A.01.0	Smith Terminal Lower Level Curbside Improvements		77,000	77,000	77,000	0
C.00.0	Smith Terminal Back Corridor Renovations		23,000	23,000	23,000	0
D.00.0	Pre-Design Services - Smith Terminal Interim Improv.		146,000	146,000	146,000	0
D.01.0	Smith Terminal Baggage Claim Addition		3,887,000	3,887,000		(3,887,000)
D.02.0	Smith Terminal and Concourses A, B, C Upgrade		3,745,000	3,745,000		(3,745,000)
D.03.0	Smith Terminal Curbside Improvements		5,722,000	5,722,000		(5,722,000)
Z.00.0	Unassigned Contingency		243,000	4,279,000		(4,279,000)
IF-705	MASTER UTILITIES PROJECT	\$ 0	\$ 2,119,000	\$ 2,119,000	\$ 1,275,000	\$ (844,000)
A.00.0	Replace Substations 5, 6, and 6A		1,195,000	1,195,000	1,195,000	0
A.01.0	Replace Substations CS-1 and CS-2		80,000	80,000	80,000	0
B.00.0	HVAC Renovations of Concourses		844,000	844,000		(844,000)
TB-353	CONCOURSE A EXPANSION	\$ 0	\$ 0	\$ 7,025,000	\$ 7,025,000	\$ 0
TB-400	RENOVATE NORTH TERMINAL COMPLEX	\$ 0	\$ 2,309,000	\$ 2,309,000	\$ 2,309,000	\$ 0
A.00.0	Master Planning - North Terminal Renovations		2,309,000	2,309,000	2,309,000	0
TB-201	LANDSIDE IMPROVEMENTS-SMITH TERMINAL	\$ 0	\$ 308,000	\$ 308,000	\$ 142,000	\$ (166,000)
D.00.0	Observation Deck Abatement		166,000	166,000		(166,000)
E.00.0	Mezzanine Asbestos Abatement		142,000	142,000	142,000	0
TB-202	REPAIR ROOFS - TERMINAL AND CONCOURSES	\$ 0	\$ 1,339,000	\$ 1,372,000	\$ 2,045,000	\$ 673,000
D.00.0	Reroof Smith, Concourses B and Powerhouse		1,339,000	1,372,000	2,045,000	673,000
TOTAL 1998A EXISTING TERMINAL BOND ISSUES			\$ 29,328,000	\$ 40,422,000	\$ 20,168,000	\$ (20,254,000)

SERIES 1998A BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by Series 1998A Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
OTHER CAPITAL IMPROVEMENT PROGRAM PROJECTS:						
AF-005	FOURTH PARALLEL RUNWAY 4/22	\$ 119,048,000	\$ 30,627,000	\$ 81,293,000	\$ 93,541,000	\$ 12,248,000
A.00.0	Runway 4/22 Design and Construction		19,881,000	50,099,000	62,347,000	12,248,000
B.00.0	Runway 4/22 Wetland Mitigation		2,777,000	8,493,000	8,493,000	0
B.01.0	Runway 4/22 - Cleaning and Grubbing		1,073,000	3,138,000	3,138,000	0
D.00.0	Runway 4/22 NAVAIDS					0
E.01.0	West Periphery Road South Segment		1,929,000	4,805,000	4,805,000	0
E.02.0	West Periphery Road North Segment		941,000	2,773,000	2,773,000	0
E.03.0	West Periphery Road Middle Segment		1,538,000	4,522,000	4,522,000	0
F.00.0	Public Utilities Relocation		2,315,000	6,942,000	6,942,000	0
G.00.0	Runway 4/22 Noise Berms		8,000	21,000	21,000	0
H.00.0	Relocate Existing FAA Equipment					0
I.00.0	Relocate County Equipment		165,000	500,000	500,000	0
LA-001	FOURTH PARALLEL R/W LAND ACQUISITION	\$ 0	\$ 3,000,000	\$ 4,637,000	\$ 14,637,000	\$ 10,000,000
A.00.0	Fourth Parallel R/W Land Acquisition		3,000,000	4,637,000	14,637,000	10,000,000
LA-005	LAND ACQUISITION - RUNWAY CLEAR ZONE	\$ 0	\$ 2,500,000	\$ 3,381,000	\$ 3,381,000	\$ 0
AF-025	REPLACE GATE APRON PAVEMENT	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ (2,000,000)
I.00.0	Various Apron Pavement Replacement		2,000,000	2,000,000		0
AF-071	21C KEEL SECTION REHABILITATION	\$ 8,441,000	\$ 8,442,000	\$ 8,442,000	\$ 8,442,000	\$ 0
B.00.0	Replace 21C Keel Section		8,442,000	8,442,000	8,442,000	0
AF-083	GRADE AND PAVE T/W K ISLAND	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 0
IF-704	CONSTRUCT STORM WATER RETENTION	\$ 12,199,000	\$ 19,420,000	\$ 33,586,000	\$ 34,180,000	\$ 594,000
K.00.0	Remote Primary De-icing @ 21C	11,000,000	9,863,000	9,863,000	10,086,000	223,000
K.01.0	21C De-icing Pad Operations Building		1,137,000	1,137,000	1,643,000	506,000
M.03.0	Relocate Frank and Poet Drain		2,774,000	7,924,000	7,924,000	0
M.04.0	Pump Station 11-Fourth Parallel Runway		4,447,000	13,463,000	13,463,000	0
N.00.0	Outfall Structures at Ponds 3 and 4	1,199,000	1,199,000	1,199,000	1,064,000	(135,000)
SF-801	UPGRADE UNDERGROUND STORAGE TANKS	\$ 450,000	\$ 450,000	\$ 450,000	\$ 395,000	\$ (55,000)
B.00.0	Upgrade UST's at Bldg. 278, 358, 603 and 802		395,000	395,000	395,000	0
Z.00.0	Unassigned Contingency		55,000	55,000		(55,000)
RS-001	SOUTH ACCESS ROAD	\$ 46,384,000	\$ 0	\$ 138,655,000	\$ 138,655,000	\$ 0
SF-822	AIRPORT EQUIPMENT/VEHICLE	\$ 4,000,000	\$ 1,500,000	\$ 3,134,000	\$ 3,134,000	\$ 0
A.00.0	Airport Equipment and Vehicles		1,500,000	3,134,000	3,134,000	0
PK-507	EXPAND GREEN PARKING LOT	\$ 1,500,000	\$ 1,500,000	\$ 1,726,000	\$ 1,726,000	\$ 0
A.00.0	Expand Green Parking Lot		554,000	554,000	554,000	0
B.00.0	Construct Green Lot #2		946,000	1,172,000	1,172,000	0

SERIES 1998A BONDS
LIST OF PROJECTS AND BUDGET INFORMATION

CIP Number	PROJECT NAME Airport's Description of Project	Project Cost Per Bond Official Statement	Budget Information as Provided in the Airport's March 2001 Cost Summary Report			
			Funded by Series 1998A Bonds	Funding From All Sources	Forecasted Cost of Completion	Over(Under) Project Budget
AF-020	AIRPORT FIRE/RESCUE TRAINING FACILITY	\$ 3,754,000	\$ 3,754,000	\$ 6,492,000	\$ 5,833,000	\$ (659,000)
A.00.0	Airport Fire/Rescue Training Facility - Phase 1		1,103,000	3,278,000	3,278,000	0
B.00.0	Airport Fire/Rescue Training Facility - Phase 2		1,390,000	1,953,000	1,294,000	(659,000)
B.01.0	Site development of AARF Training Facility - Phase 2		1,261,000	1,261,000	1,261,000	0
	Insurance - General Liability				\$ 1,964,000	\$ 1,964,000
	Insurance - Worker's Compensation				\$ 37,000	\$ 37,000
	TOTAL 1998A OTHER CAPITAL IMPROVEMENT PROGRAM BOND ISSUES		\$ 73,543,000	\$ 284,146,000	\$ 306,275,000	\$ 22,129,000
NOISE MITIGATION PROGRAM PROJECTS:						
LA-004	NOISE MITIGATION LAND ACQUISITIONS	\$ 0	\$ 70,000	\$ 35,500,000	\$ 35,500,000	\$ 0
NS-001	RESIDENTIAL NOISE MITIGATION PROGRAM	\$ 55,100,000	\$ 8,680,000	\$ 21,679,000	\$ 21,679,000	\$ 0
B.00.0	Noise Mitigation - Purchase Assurance		331,000	331,000	331,000	0
D.00.0	Noise House			212,000	212,000	0
E.00.0	Sound Installation - Homes		8,349,000	21,136,000	21,136,000	0
X.00.0	Balance of Sound Insulation Program					0
NS-002	SCHOOL SOUND INSULATION PROGRAM	\$ 0	\$ 0	\$ 5,443,000	\$ 5,443,000	\$ 0
	MERRIMAN ELEMENTARY			310,000	310,000	0
	ST. STEPHENS AND MILLER			2,150,000	2,150,000	0
	HOOVER AND TREADWELL			1,421,000	1,421,000	0
	FEDERAL AND PEOPLES COMMUNITY			1,562,000	1,562,000	0
	TOTAL 1998A NOISE MITIGATION PROGRAM BOND ISSUES		\$ 8,750,000	\$ 62,622,000	\$ 62,622,000	\$ 0
PROJECTS NOT IN COST SUMMARY REPORT:						
	MIDFIELD TERMINAL PROJECT	\$ 1,080,057,000	*			
	SPECIAL NORTHWEST PROJECTS**	\$ 38,525,000				
	WILLOW RUN AIRPORT IMPROVEMENTS	\$ 14,000,000				
	GRAND TOTAL SERIES 1998A BONDS	\$ 1,480,983,000	\$ 111,621,000	\$ 248,535,000	\$ 250,410,000	\$ 1,875,000

* The Series 1998A Bonds include funding of \$719,958,000 for the Midfield Terminal Project, which is not included in the CSR.

** This is a special facility revenue bond and is paid by a lease given to Northwest Airlines.

SERIES 1991A BONDS
SOURCES AND USES OF BOND PROCEEDS

Sources and Uses of Funds:**Sources of Funds:**

Principal Amount of Series 1991A Bonds	\$ 45,775,000
Estimated Investment Income*	3,000,908
Accrued Interest	84,420
Total Sources	\$ 48,860,328

Uses of Funds:

Total 1991A Project Costs	\$ 37,990,000
Reserve Requirement	3,671,265
Capitalized Interest**	4,947,012
Original Issue Discount	987,095
Issuance Costs, including Underwriters' Discount and Bond Insurance Premium	1,264,956
Total Uses	\$ 48,860,328

Application of Series 1991A Bond Proceeds (exclusive of accrued interest):

Deposit to Construction Fund	\$ 35,292,117
Deposit to Capitalized Interest Account	4,559,567
Deposit to Bond Reserve Account	3,671,265
Original Issue Discount	987,095
Issuance Costs, including Underwriters' Discount and Bond Insurance Premium	1,264,956
Principal Amount of Series 1991A Bonds	\$ 45,775,000

* Investment income is estimated at 6.25% on the Construction Fund, 6.25% on the Capitalized Interest Account, and 7 % on the Bond Reserve Account.

** Interest is capitalized to March 1, 1993 and includes interest accrued to the date of delivery of the Series 1991A Bonds.

Source: 1991A Bond Official Statement.