RESPONSE TO REQUEST
FOR ADDITIONAL REVIEW

COMPETITIVE BIDDING OF CONTRACTS
MAINTENANCE ASSISTANCE SERVICES CONTRACT
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

27-629-00L

October 17, 2001

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 June 6, 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 competitive bidding of contracts regarding the Airport's maintenance assistance services contract.

Specifically, the Joint Legislative Select Committee asked us to provide a more detailed review of the circumstances surrounding Wayne County Commission Resolution No. 93-333. The Joint Legislative Select Committee also asked us to determine if this contract will be renewed, extended, or competitively bid after expiration. Finally, the Joint Legislative Select Committee asked us to comment upon the Airport's failure to provide records for this contract.

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.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

27-629-00L

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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.

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OVERVIEW OF THE MAINTENANCE ASSISTANCE SERVICES CONTRACT

On June 18, 1993, the Detroit Metropolitan Wayne County Airport executed a contract with American International, Inc. (American International), for maintenance assistance services. The contract granted American International the right, privilege, and obligation to provide supplementary, emergency, temporary, and on-call skilled trades maintenance assistance services at the Airport. The initial contract term was for a period of one year, commencing June 1, 1993 and terminating May 31, 1994. The terms of the contract provided that Wayne County could renew the agreement on an annual basis at its sole discretion. Wayne County Commission Resolution No. 93-333, dated June 17, 1993, approved the contract in the amount of $1,000,000, with an option to renew, as recommended by the County Executive (see Exhibit A).

After the one-year contract period expired on May 31, 1994, the contract was continued from June 1, 1994 through December 31, 1997. We identified five specific periods of continuation. For three of the five periods, the Airport issued purchase orders that extended (renewed) the contract for an additional period. The Airport stated that the original Wayne County Commission resolution (No. 93-333) that authorized the initial June 18, 1993 contract also constituted Wayne County Commission authorization for the subsequent extension/renewal periods.

The Airport executed a new agreement with American International for the period January 1, 1998 through December 31, 1999 and extended that agreement through April 30, 2000, during which time the Airport rebid and again awarded the contract to American International for the two-year period from May 1, 2000 through April 30, 2002.

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.

We reviewed documentation associated with this contract and with Wayne County Commission Resolution No. 93-333. We interviewed Airport Corporation Counsel and

Wayne County Commission Counsel regarding this contract and Resolution No. 93-333. We conducted additional review procedures to examine certain issues that came to our attention that merited further inquiry.

PREAMBLE REGARDING AIRPORT RESPONSES

Throughout this report, the Airport has been given the opportunity to respond to Office of the Auditor General (OAG) review comments. It has done so. In its responses, the Airport has repeatedly portrayed comments contained in this report as misleading, alleging that the OAG has undertaken "a deliberate effort to misrepresent the facts and to mislead the Legislative Committee." However, the Airport has provided no evidence of OAG intent to misrepresent the facts. Nor has the Airport provided evidence that the OAG presented erroneous information.

Part of the mission of the OAG is to improve the accountability for public funds and to assist the Michigan Legislature in serving the public. The OAG is committed to providing the Legislature and other interested parties with accurate and reliable information.

The OAG has no incentive to engage in efforts of misrepresentation. To do so would undermine the OAG's mission, credibility, and reputation. The OAG is a professional audit organization adhering to professional standards of competence, independence, due professional care, and integrity. The OAG regularly undergoes peer reviews, which are conducted in accordance with standards established by the National State Auditors Association and performed by a team of audit professionals from various audit offices of other states. The OAG has repeatedly received an unqualified opinion on its system of quality control, the highest level of assurance that can result from such a review.

The OAG's system of quality control is designed to ensure accurate and equitable representation of information supported by ample evidential matter.

The OAG undertook this review at the request of a duly empanelled Joint Legislative Select Committee and has continued this review at the continuing request of the subsequent Senate Detroit Metro Airport Review Committee and the House Subcommittee on Airport Review of the Standing Committee on Commerce. Throughout the review, the OAG has afforded the Airport an extensive level of due

process. By including the Airport's responses to OAG comments within the contents of its reports, the Airport has received ample opportunity to explain its actions as described in the reports. The Airport response also affords the Airport an opportunity to describe to the Senate Committee and House Subcommittee what corrective action the Airport plans to undertake to address the concerns expressed in OAG comments.

COMMENTS

Request:

Please provide a more detailed review of the circumstances surrounding Commission Resolution No. 93-333, which the Airport argued had authorized 4 of the 5 contract extensions for the period June 1, 1994 through December 31, 1997. Please include any evidence that supports or refutes the Airport's assertion that Resolution No. 93-333 permits the County to renew the contract, at the discretion of the County Executive, without obtaining additional Commission approval.

Procedure:

We reviewed Wayne County Commission Resolution No. 93-333 and internal Airport correspondence regarding the contract. We also discussed the interpretation and intent of the resolution with Airport Corporation Counsel and Wayne County Commission Counsel.

Comment:

In a March 15, 1996 memorandum to the Airport's Purchasing Manager (see Exhibit B), Airport Corporation Counsel explained the Airport's interpretation of Resolution No. 93-333 and the option to renew, concluding:

> It was intended that the County could renew the contract as long as there was money in the budget to specifically cover this contract without having to have additional county approval.

As we noted on page 14 of our Preliminary Review of Financial Information, Passenger Facility Charges, Bond Issuances, and Capital Outlays at the Detroit Metropolitan Wayne County Airport, the Airport did not budget by division prior to fiscal year 1997-98. The Airport's entire budget was contained under one general activity code called "Airport operations and maintenance." Without a detailed budget, it is unlikely that the Airport would have had the ability to attribute any particular segment of its budget to the

maintenance assistance services contract. The Airport could always allocate money from its overall "Airport operations and maintenance" budget to fund this contract as long as the Airport had a general operating budget in existence.

During a September 20, 2000 interview with Wayne County Commission Counsel, we asked if Resolution No. 93-333 approved, subject to the County Executive's discretion, what was essentially perpetual renewals of the one-year contract. Commission Counsel acknowledged that the Resolution did not contain a stated contract time period. Commission Counsel also recognized that the contract (on file with the Commission) contained contract terms stating that the County, at its sole discretion, may renew the agreement on an annual basis. Therefore, the Commissioners had the information necessary to know that their approval of the contract granted the Airport broad discretion and that the Airport did not need to come back to the Commission for approval of any subsequent renewals.

During our September 20, 2000 interview, we also asked Commission Counsel whether the Commissioners were aware that this contract was being renewed year after year without being rebid. Commission Counsel's recollection was that some Commissioners may have been aware because other potential vendors had voiced their discontent over the contract not being subsequently rebid. Commission Counsel also indicated that the Airport does not notify the Commission of expired contracts or those that have continued on a month-to-month basis. The County does not presently have a contract management system that would allow County officials to monitor the status of a contract's term or impending expiration.

Finally, we asked Commission Counsel whether the vague, nonspecific language of Resolution No. 93-333 was acceptable or common resolution language. Commission Counsel stated that this was not normal practice. Resolutions usually contain four requirements: a time period certain, a dollar amount, the parties to the contract, and budget accounts funding the contract.

Notwithstanding the Commission's intent or Airport Corporation Counsel's interpretation, the evidence that supports the Airport's authority to renew this contract at the discretion of the County Executive, and without further Commission approval, is contained in the text of Resolution No. 93-333. The Resolution states:

> . . . with an option to renew, as recommended by the Chief Executive Officer . . .

The Commission had the discretion to limit the period of renewal in the Resolution, but it either chose not to or simply overlooked the need. By approving Resolution No. 93-333 as worded, the Commission gave the County Executive broad discretion, which the Airport interpreted as including the authority to renew the maintenance assistance services contract perpetually each year.

Airport Response:

The Airport concurs with the OAG's assessment that prior to 1997 the Airport's annual operating budget was included as a division line item of the Wayne County Department of Public Services' annual departmental budget. However, the Airport strongly disagrees with the OAG's assertion that during the time in question the Airport did not maintain a detailed annual budget that specifically identified and monitored the budgeted to actual activity for the Maintenance and Power Division. Contrary to the OAG's report, it has been and remains the practice of the Airport to both prepare as well as maintain a detailed annual operating budget.

The Department of Airports' position in the County's organizational structure has undergone numerous changes, such as a former reporting division of the Road Commission and later the Department of Public Services, to its current position as an individually recognized County department. However, regardless of the Airport's position in the organizational structure, it has always strived to maintain a sound accounting system.

A major component of the Airport's accounting system is and has been its budget and reporting procedures. During the period when the airports (both the Detroit Metropolitan Wayne County Airport and the Willow Run Airport) were included as budget line items of other Wayne County departments, a detailed budget for the airports, consisting of both quantitative and qualitative analyses, was prepared and maintained (see Airport Exhibit C, 1995-96 Airport Maintenance Budget). Therefore, as an independent County department, the airports continue to maintain comprehensive budget and reporting procedures that are utilized by all airport divisions (see Airport Exhibit D, Budget Planning Narrative).

The airports have evolved from a small dual airport operation, which previously provided services primarily as a general aviation and passenger facility, into the world-class facilities of today. The Detroit Metropolitan Wayne County Airport is currently ranked as the sixth busiest airport in the world in terms of operations (landings and takeoffs), while Willow Run Airport is ranked as Michigan's third busiest airport.

In response to the tremendous growth in operations, the Department of Airports reengineered its internal control procedures to encourage divisional accountability as well as to enhance the infrastructure that supports the airports' flow of documentation and communication.

Epilogue:

The Airport's current response contradicts its prior response as described in our August 14, 2000 special report entitled Preliminary Review of Financial Information, Passenger Facility Charges, Bond Issuances, and Capital Outlays at the Detroit Metropolitan Wayne County Airport. As described in that preliminary review, the Airport did not dispute but acknowledged that it did not budget by division until it became a County department because it was a division itself under the Wayne County Department of Public Services.

The Airport's current response includes new information that was not provided to us during the preliminary review, even though page 14 of the preliminary review had specifically cited the lack of a detailed budget for the Airport's Maintenance and Power Division, stating:

> For example, prior to fiscal year 1997-98, we noted that the Airport's Division of Maintenance and Power (as well as other Airport divisions) had spent millions of dollars in total on such items as "computer supplies," vehicle supplies," "parts - other equipment," "bulk chemicals," "janitorial supplies," and "supplies - prop. repair." However, the Airport's budget did not allocate any budgeted amounts specifically to the Division of Maintenance and Power for these costs.

The Airport has never provided us with any of the information that it now presents in Airport Exhibits C and D.

However, the information contained in Airport Exhibits C and D does not represent documentation or evidence that the Airport monitored budget activity under the maintenance assistance services contract from 1993 through 1997. For example, Airport Exhibit C pertains to only one of the fiscal years in question, specifically fiscal year 1995-96. Airport Exhibit C does not indicate any management review or approval of a budget for the Maintenance and Power Division, nor does it provide a breakdown of the various contractual services (equipment repair, electrical, etc.). Airport Exhibit C provides no narratives or descriptions of the various budgeted items.

Similarly, as evidenced by the blank issue dates and control numbers, Airport Exhibit D represents little more than draft proposals yet to be implemented or promulgated. Nothing contained in Airport Exhibit D would suggest that budget procedures pertaining to the Maintenance and Power Division or the maintenance assistance services contract were promulgated or approved during the period in question (1993 through 1997) or thereafter.

The Airport's response also indicates that it has reengineered its internal control procedures to encourage divisional accountability. The Airport has presented no evidence to support this assertion. To the contrary, our Preliminary Review of Contractors, Detroit Metropolitan Wayne County Airport, found that the Airport did not monitor goods and services contractors under contracts such as the maintenance assistance services contract. Furthermore, after reviewing a draft copy of the Preliminary Review of Contractors and just 12 days before issuance of that preliminary review, the Airport responded by providing an additional 838 pages of written materials purported to pertain to the monitoring of Airport contractors and subcontractors (see pages 22 through 27 of the Preliminary Review of Contractors for a description of the additional materials).

As requested by the Joint Legislative Select Committee, we reviewed the 838 pages of additional materials. Only 29 of the 838 pages pertained to the Airport's monitoring of goods and services contracts and none pertained to budgeting for the maintenance assistance services contract under the Maintenance and Power Division.

Our review has considered extensive amounts of Airport and County documents. Our review has uncovered no evidence that would justify any conclusion except that the Airport did not budget by division prior to fiscal year 1997-98.

Request:

According to the Preliminary Review of Competitive Bidding of Contracts, Detroit Metropolitan Wayne County Airport, this contract expires on December 31, 2000. Please determine if this contract will be renewed or extended. If the Airport intends to renew or extend the contract, please determine how and by whom this decision was reached. If the contract will not be renewed or extended, please determine what action the Airport has taken to ensure that the contract will be competitively bid.

Procedure:

We reviewed the contract files provided by the Airport for the maintenance assistance services contract period commencing May 1, 2000. We examined the competitive bidding and award of this contract for the contract period commencing May 1, 2000.

Comment:

Originally, as reported on pages 51 through 53 of our Preliminary Review of Competitive Bidding of Contracts, the Airport informed us that it had issued a May 7, 1999 purchase order intended to be a one-year renewal (from January 1, 2000 through December 31, 2000) of the contract that expired December 31, 1999. Subsequently, the Airport informed us that the purchase order was not mailed to American International (see Exhibit E). Instead, the Airport decided to rebid the contract at the conclusion of the two-year contract period (December 31, 1999).

However, the Airport did not initiate the bid process until November 5, 1999, less than two months before the contract was due to expire. While completing the bid process, the Airport twice extended American International's contract (through April 30, 2000), when a new maintenance assistance services contract was bid and again awarded to American International, commencing May 1, 2000.

The Airport solicited new requests for proposal for the maintenance assistance services contract on November 5, 1999. A pre-bid meeting was held November 17, 1999, with a bid date of November 29, 1999. The Airport's files indicated that 11 companies and 1 Commissioner received a copy of the request for proposal for the contract, even though the contract files indicated that the Airport solicited 196 companies. Ultimately, only 2 companies responded to the request for proposal by submitting bids: American International and Angelo Iafrate Construction Company. Airport management's "collaborative review" of the proposals resulted in a January 31, 2000 recommendation that the maintenance assistance services contract again be awarded to American International (see Exhibit F).

On March 8, 2000, the Director of Airports and the County Executive subsequently recommended to the Commission that the contract again be awarded to American International (see Exhibit G). The recommendation indicated:

> In response to advertisements and direct solicitation from one hundred ninety-six (196), two (2) companies responded to Request for Proposals . . .

Regarding the direct solicitation of 196, the Airport provided us a Wayne County vendor listing (see Exhibit H). The listing contained 196 various County construction and contracting vendors. It appeared that the Airport sent these vendors unsolicited requests for proposal for the maintenance assistance services contract.

Regarding advertisements, the Airport provided us a prepared advertisement that contained the names of 5 publications to which the advertisement was purportedly sent. The Airport also provided us with unapproved purchase requisitions for 4 of the 5 listed publications (see Exhibit I).

The letter from the Director of Airports and the County Executive to the Commission (Exhibit G) recommended:

> After review of the Proposals, the Purchasing Division and the Wayne County Selection Committee recommends award to American International as the lowest and most qualified proponent . . . ."

The Commission subsequently voted on May 18, 2000 to approve the award of a two-year, $3.4 million maintenance assistance services contract, with a two-year renewal option to American International (see Exhibit J). The initial term of the contract was from May 1, 2000 through April 30, 2002, which overlapped the previous $1.2 million annual contract which the Airport informed us during the preliminary review was to run through December 31, 2000. The apparent overlapping time periods were explained by the Airport in its September 5, 2000 letter (Exhibit E).

Airport Response:

The OAG representatives have not reported the facts in their entirety. Both the contract amounts and renewals for the period January 1, 2000 through June 30, 2000 were authorized through Wayne County Commission Resolution No. 98-36 (see Airport Exhibit K). The Airport maintains that it had a Commission-approved contract with American International in place during the rebidding process because Resolution No. 98-36 contained a one-year renewal option. Purchase Order No. 993877 amended the contract, increasing the contract amount an additional $600,000 and extending the contract period by six months pursuant to the renewal option.

It is unfortunate that although the Airport was able to provide the OAG corroborating evidence supporting the solicitation of new prospective companies for the maintenance

assistance services contract, the OAG continues to allude that the Airport's policies and procedures were circumvented and therefore not followed. It is the County's policy to publicly advertise, to send bids to vendors requesting bids, and to solicit bids from other possible sources. All of these procedures were followed each time this contract was bid. The Airport solicited 196 companies and 11 responses were subsequently received.

Epilogue:

The OAG's comment has accurately portrayed the documentation submitted by the Airport to corroborate its efforts to solicit new prospective companies to bid on the maintenance assistance services contract. As Exhibit I illustrates, the Airport's corroborating evidence supporting the classified advertisement of the Airport's request for proposal for the maintenance assistance services contract consisted of little more than incomplete, unapproved purchase requisition forms. The Airport provided no purchase order or other proof that an advertisement was actually approved, sent, paid, or published.

The Airport's corroborating evidence supporting the solicitation of 196 prospective companies consisted solely of a County vendor listing containing the names of existing County vendors. The Airport did not provide any further documentation to support that the 196 prospective vendors were actually contacted to bid on the Airport's maintenance assistance services contract.

Notwithstanding, the names of the 196 vendors purportedly solicited to bid on the Airport's maintenance assistance services contract included business titles such as:

a. Paving
b. Aluminum and Architectural
c. Construction
d. Masonry
e. Excavating
f. Landscape
g. Concrete and Waterproofing
h. Dismantling
i. Asphalt
j. Hotel Supply
k. Electrical
l. Golf Course Construction
m. Painting

n. Commercial Diving
o. Pipe and Supply
p. Cabinet Makers
q. Trucking
r. Welding
s. Cement

It is possible that, despite their business titles, some of these 196 County vendors may have had the experience, resources, and desire to competitively bid on the Airport's maintenance assistance services contract. However, it is apparent that very little competition occurred for this contract because only two vendors actually bid on the contract.

Request:

The Preliminary Review of Competitive Bidding of Contracts, Detroit Metropolitan Wayne County Airport, indicates that the Airport failed to provide any documentation whatsoever regarding this contract for the periods June 1, 1995 through March 24, 1996 and December 1, 1997 through December 31, 1997. In addition, the Airport failed to provide any documentation indicating that the County awarded this contract through a competitive bidding process for a 3½-year period (June 1, 1994 through December 31, 1997). Please review and comment upon the Airport's failure to provide these records.

Procedure:

We reviewed the maintenance assistance services contract documents for the periods June 1, 1995 through March 24, 1996 and December 1, 1997 through December 31, 1997.

Comment:

The maintenance assistance services contract was difficult to analyze because the dates of the contract periods were unclear. For example, most purchase orders implementing the contract periods did not have contract effective dates or contract periods. In addition, one purchase order amended an effective date, and Airport personnel sometimes indicated different effective dates in their responses to our inquiries. See Exhibit L for a summary of Airport purchase orders extending/renewing the original June 1, 1993 through May 31, 1994 contract period.

According to the terms of the original contract, the initial contract effective date was June 1, 1993 through May 31, 1994 (see Exhibit M). However, neither the corresponding purchase order (No. 305551) that implemented the contract (see Exhibit N) nor the Wayne County Commission resolution (No. 93-333) authorizing the contract (Exhibit A) contained a contract effective date.

The subsequent first extension (one-year renewal) did not have a separate contract or Commission resolution. Purchase Order No. 501077, dated January 19, 1995, which implemented this first extension/renewal, did not contain a contract effective date (see Exhibit O). Because the purchase order was described as a renewal of one year, in the preliminary review we interpreted this as the next full year period (June 1, 1994 through May 31, 1995) after the stated term in the contract (Exhibit M), which commenced June 1, 1993 and terminated May 31, 1994.

The Airport's records also showed that Purchase Order No. 501077 (Exhibit O) was later amended at least twice, increasing the amount from $1,000,000 to $1,600,000 (on November 10, 1995), and to $1,760,000 (on April 24, 1996). This was $760,000 beyond what the Commission originally authorized in Resolution No. 93-333. The Airport produced Wayne County Commission Resolution No. 95-784 (Exhibit P), which authorized an amendment to what was then the second one-year extension/renewal to the original $1,000,000 contract approved in Resolution No. 93-333. Resolution No. 95-784 authorized an amendment of up to $600,000 in additional spending, as a result of a litigated settlement between the Wayne County Executive and the Wayne County Sheriff concerning the establishment of the Airport police. The Airport stated that a subsequent $160,000 amendment did not require separate Commission approval because it was authorized under Wayne County's Contracting Ordinance, which allows the County Executive to execute contractual change orders of up to 10% of the existing contract amount without additional Commission approval. The $160,000 amendment was 10% of the cumulative $1,600,000 total of the contract that combined the second one-year extension/renewal to the original $1,000,000 contract approved in Resolution No. 93-333, plus the $600,000 amendment that was approved by the Commission in Resolution No. 95-784.

The second extension (one-year renewal) also did not have a separate contract or Commission resolution. Purchase Order No. 602533, implementing this second extension/renewal, did not contain a contract effective date (see Exhibit Q). Purchase Order No. 602533 was dated March 18, 1996, which was 37 days before the Airport last

amended Purchase Order No. 501077 on April 24, 1996 for the previous extension/renewal period.

The Airport's records showed that Purchase Order No. 602533 was also amended twice. The first amendment to Purchase Order No. 602533 was dated April 24, 1996 (see Exhibit Q). This was the same date that the Airport had amended the previous extension/renewal period's Purchase Order No. 501077. The April 24, 1996 amendment added a stated contract extension/renewal period to Purchase Order No. 602533. The stated period was from March 25, 1996 through March 24, 1997.

Although Purchase Order No. 602533 was still described as a one-year renewal of the original contract, the extension/renewal period did not coincide with the original June through May contract period as stated in the contract. Thus, in our preliminary review, we described the agreement arrangement for the period June 1, 1995 through March 24, 1996 as "unknown." If Purchase Order No. 501077 was a one-year renewal of the previously expired period ended May 31, 1994, Purchase Order No. 501077 must have been in effect June 1, 1994 through May 31, 1995. However, because the subsequent Purchase Order No. 602533 was amended to have an effective date beginning March 25, 1996 through March 24, 1997, no formal agreement could have been in effect for the period June 1, 1995 through March 24, 1996.

We identified $984,539 in payments made by the Airport to American International for services rendered during the period June 1, 1995 through March 24, 1996, when no formal agreement was in effect.

A second amendment to Purchase Order No. 602533 was dated March 10, 1997 and increased the annual contract amount from $1,000,000 to $1,099,207 (see Exhibit Q). This was $99,207 beyond what the Commission authorized in Resolution No. 93-333.

Nine days after the second amendment to Purchase Order No. 602533 was initiated, a third contract extension (Purchase Order No. 702268) was prepared by the Airport, dated March 19, 1997, for the next contract period (see Exhibit R). An amendment to Purchase Order No. 702268 was dated November 10, 1997 and increased the contract amount from $1,000,000 to $1,100,000. This was $100,000 beyond what the Commission authorized in Resolution No. 93-333.

This third extension did not have a separate contract or Commission resolution. Although Purchase Order No. 702268 stated "renewal of one (1) year," it also denoted

that it was "for the period ending" November 30, 1997, which was less than one full year from the last contract period.

Because the following term of the newly bid contract did not commence until January 1, 1998, no formal agreement could have been in effect for the period December 1, 1997 through December 31, 1997. The Airport indicated during our preliminary review that it was possible that maintenance assistance services may not have been provided during this one-month period, until the new agreement became effective January 1, 1998.

Remarkably, the Airport could not conclusively state whether maintenance assistance services were performed during the December 1997 period. Therefore, we undertook procedures to determine whether such services were performed during this period.

We identified $33,060 in maintenance assistance services charges to the Airport by American International for the period December 1, 1997 through December 31, 1997, when no formal agreement was in effect. The December 1997 charges were not invoiced to the Airport until January 31, 1998 when a new contract was in effect and once again awarded to American International. The Airport's financial records show the December 1997 transactions were recorded with an effective date of February 1, 1998.

Based on the documents examined during this more detailed review, we determined that no formal agreement was in effect for the periods June 1, 1995 through March 24, 1996 and December 1, 1997 through December 31, 1997. Although the Airport did not concede this during the preliminary review, it is apparent that this is why the Airport was unable to provide us with records of a formal agreement for these periods.

Airport Response:

The Commission's approval and any additional caveats that the Commission may have deemed necessary were included in the Commission Resolution. It was not necessary or required that the terms and conditions of the contract be restated in the corresponding Commission Resolution and purchase order to effectively execute the contract. The Commission would receive a copy of the contract with the start and ending dates, which it approved by resolution. To make a statement about some other document not containing those dates is disingenuous and an attempt to mislead the Legislative Committee.

As previously noted, restating the terms and conditions of a Commission approved contract in the Commission Resolution or the corresponding purchase order is not

necessary; therefore, this information was not recapitulated in the aforementioned documents. No other interpretation is possible so why does this need to be interpreted? It is another attempt by the OAG to mislead the Legislative Committee into believing that the contract is ambiguous.

Therefore, by the authority granted to the Chief Executive Officer from Commission Resolution No. 93-333, the following purchase orders effectively renewed and/or extended the existing contract:

a. Purchase Order No. 501077
b. Purchase Order No. 602533
c. Purchase Order No. 702268
d. Purchase Order No. 993877

Due to several unpredicted events, there became an urgent need to have a few of the Airport's projects completed in an extremely short time frame. Therefore, the Airport deemed that a substantial increase in the current contract amount with American International would be necessary to begin the project. Since the $160,000 increase in the contract amount did not exceed 10% of the revised existing contract amount, the County Executive was granted authority through the County's Contracting Ordinance to increase the contract amount. According to the County's Contracting Ordinance, the Chief Executive Officer, through a purchase order, without additional Commission approval, may execute contractual changes that are within specified limits.

The renewal clause of Contracting Ordinance No. 84-143 grants the Chief Executive Officer the authority to execute or amend contracts that do not exceed specified limits. Section (3) of Contracting Ordinance No. 84-143 states:

> The Chief Executive Officer may execute contracts or amendments to purchase goods or services or to accept and expend grant or other third-party funds for additional periods of one year or less, if all of the following additional conditions are first fulfilled:
>
> (1) The option of probability of extension and renewal formed an express and prominent provision of the original solicitation or third-party offer.
>
> (2) The renewal contract does not vary more than 10 percent from the service, staffing or cost levels of the current contract.

(3) The renewal contract fulfills all requirements of Section 2 at the time of renewal.

(4) The County Commission has not adopted a resolution at least sixty (60) days before expiration of the current contract, which requires express approval of its renewal by the County Commission.

Despite the fact that the extension/renewal period in Purchase Order No. 602533 did not coincide with the original June through May contract period, the period June 1, 1995 through March 24, 1996 constituted a properly executed renewal and extension period. Restating the terms and conditions of a Commission-approved contract in the Commission Resolution or the corresponding purchase order is not necessary; therefore, this information was not recapitulated in the aforementioned documents. Furthermore, since a properly executed renewal and extension purchase order may amend an existing contract, upon execution of that purchase order the contract terms are renewed.

The OAG's assumption that there was no contractual agreement in effect between the County and American International for maintenance assistance at the Airport during the period June 1, 1995 through March 24, 1996 is incorrect. The Chief Executive Officer had authority to renew and/or extend the existing contracts through Commission Resolution No. 93-333. According to the following corroborating documents, an appropriately executed agreement between the County and American International was in effect for the period June 1, 1995 through March 24, 1996:

a. Purchase Order No. 305551
b. Purchase Order No. 501077
c. Purchase Order No. 602533
d. Wayne County Contracting Ordinance
e. Wayne County Commission Resolution No. 93-333

Regarding the OAG's comment that a second amendment to Purchase Order No. 602533, dated March 10, 1997, increased the annual contract amount from $1,000,000 to $1,099,207, or $99,207 beyond what the Commission authorized in Resolution No. 93-333, the renewal clause of Contracting Ordinance No. 84-143 grants the Chief Executive Officer the authority to execute or amend contracts that do not exceed specified limits (see Section (3) of the aforementioned Contracting Ordinance No. 84-143).

Since the requested net increase did not exceed 10% of the existing contract amount, the Chief Executive Officer may execute the contractual change through a purchase order without additional Commission approval. Therefore, the increase in the contract amount was properly executed through Purchase Order No. 602533. Similarly, the Chief Executive Officer executed an amendment to Purchase Order No. 702268, dated November 10, 1997, increasing the contract amount 10% from $1,000,000 to $1,100,000 under the authority granted to him in Resolution No. 93-333 and the County's Contracting Ordinance.

Purchase Order No. 702268 did state a "renewal of one (1) year," but denoted that it was "for the period ending" November 30, 1997, which was less than one full year from the last contract period. This was due to an error in the processing of Purchase Order No. 702268. An incorrect expiration date was inadvertently included, which did not reconcile with the indicated renewal terms. However, it was the intent of all known parties involved that the renewed contract term would consist of a "renewal of one (1) year," which would commence at the conclusion of the previous contract terms. Therefore, the renewed contract term would be for the one-year period from June 1997 through May 1998.

Epilogue:

Although the Airport states that it was not necessary or required that the terms and conditions of the contract be restated in the corresponding Commission resolution, Wayne County Commission Counsel acknowledged that this was not normal practice and that resolutions usually contain four requirements:

a. A time period certain.
b. A dollar amount.
c. The parties to the contract.
d. Budget accounts funding the contract.

The difficulties in documenting these contract periods were the result of not having the terms and conditions of the contract contained in the corresponding Commission resolution and purchase orders that executed the Airport's repeated extensions/renewals of the original contract. Failure to coherently account for the contract periods resulted in the follow-up questions posed by the Joint Legislative Select Committee in response to our preliminary review.

The Airport asserts in its response that Purchase Order Nos. 501077, 602533, 702268, and 993877 effectively renewed and/or extended the existing contract. The Airport also asserts in its response that Purchase Order Nos. 305551, 501077, and 602533 effectively extended/renewed the existing contract for the contract period June 1, 1994 through December 31, 1997. In attempting to document the effective extension/renewal of the maintenance assistance services contract under Commission Resolution No. 93-333, the Airport has cited purchase orders that do not support its premise.

For example, although original Purchase Order No. 602533, dated March 18, 1996, did not contain a contract effective date, the subsequent amended Purchase Order No. 602533 dated April 24, 1996 clearly specified a contract effective date from March 25, 1996 through March 24, 1997 (see Exhibit Q). The sole purpose of the April 24, 1996 amendment to Purchase Order No. 602533 was to amend the language and add a contract period to original Purchase Order No. 602533. No other amendatory language or other modifications to the contract were made in the April 24, 1996 Purchase Order. Yet previous Purchase Order No. 501077, containing the prior contract renewal period, covered only a one-year contract renewal period through May 31, 1995. Therefore, there is no way that Purchase Order No. 602533, or any other purchase order cited by the Airport, could have effectively renewed or extended a contract period of June 1, 1995 through March 24, 1996. Purchase Order Nos. 501077 and 602533 simply left a gap of 10 months when there was no effective renewal or extension of the contract in place (see Exhibit L for the summary of purchase order extensions/renewals).

Similarly, Purchase Order No. 702268 was stated as a "renewal of one (1) year service contract . . . for the period ending 11/30/97." Clearly, extension of the contract period commencing with Purchase Order No. 702268 was not authorized beyond "the period ending 11/30/97." Nothing in Purchase Order No. 702268, or any other purchase order cited by the Airport, effectively renewed or extended the contract period through December 31, 1997. Purchase Order No. 702268 simply left a one-month gap for the month of December 1997 when there was no effective renewal or extension of the contract in place.

The Airport asserts that Purchase Order No. 702268 contained an incorrect expiration date of November 30, 1997, which was inadvertently included and did not reconcile with the previous renewal terms. The Airport maintains that it was the intent of all known parties involved that the renewed contract term would consist of a "renewal of one (1) year," which would commence at the conclusion of the previous contract terms.

Therefore, under the Airport's version of the facts, the renewed contract term would be for the one-year period from June 1997 through May 1998.

The Airport's response ignores the fact that the previous contract period (through Purchase Order Nos. 501077 and 602533) left a gap of 10 months when there was no effective renewal or extension of the contract in place for the original June through May contract periods. Therefore, a renewed contract term subsequent to Purchase Order No. 602533 could not have covered a one-year period commencing in June 1997.

The Airport's response also ignores the fact that if Purchase Order No. 702268 renewed the contract for the one-year period from June 1997 through May 1998, then the Airport would have been contractually obligated to continue contracting with American International until June 1998. However, the Airport instead rebid the maintenance assistance services contract during this period, with a contract period commencing January 1, 1998, six months before American International's purported last extended/renewed contract period of June 1997 through May 1998 would have been completed. The Airport's response, in essence, suggests that American International voluntarily relinquished its contractual rights six months early and subjected itself to the potential perils of a competitive rebidding process when it was not obligated to do so.

The Airport's response regarding the contract period December 1, 1997 through December 31, 1997 is also contrary to its earlier response to our March 16, 2000 Preliminary Review of Competitive Bidding of Contracts, pertaining to the maintenance assistance services contract. As described on page 52 of our preliminary review:

> The Airport acknowledged that the previous purchase order [No. 702268] 'renewing' this contract through November 30, 1997 had expired. However, the Airport indicated that service may not have been required during this one-month period, until the new agreement became effective January 1, 1998.

After it has been shown that services were performed during this period, but not invoiced until January 1998 when a new contract was in effect and once again awarded to American International, the Airport now denies that Purchase Order No. 702268 expired November 30, 1997 or that the contract was expired during the period December 1, 1997 through December 31, 1997.

Finally, the Airport cites Purchase Order No. 993877 in its response to support the effective extension/renewal of the contract under Commission Resolution No. 93-333.

Purchase Order No. 993877 (Exhibit E) did not implement the contract under Commission Resolution No. 93-333, rather it pertained to the subsequently awarded contract under Commission Resolution No. 98-36, dated January 27, 1998.

Procedure:

As previously described, we identified an amendment to Purchase Order No. 501077, dated November 10, 1995, which added $600,000 to the American International maintenance assistance services contract (see Exhibit O). Because this amendment represented a 60% increase in the original $1,000,000 maintenance assistance services contract, we incorporated an examination of the amendment in our review.

Comment:

The purpose of this amendment was to utilize the American International maintenance assistance services contract to fund fiscal year 1994-95 construction and renovation costs of a gun range and lock-up facility. The construction and renovation were pursuant to a 1993 Memorandum of Understanding between the Wayne County Executive and the Wayne County Sheriff (see Exhibit S).

The Memorandum of Understanding was the result of a litigated settlement intended to resolve all outstanding issues relative to the establishment of the Airport police and to provide for the continual cooperation between the Wayne County Sheriff's Department and the Airport police. The Memorandum of Understanding included agreement to the following:

> The Airport shall provide a gun range facility at 3100 Henry Ruff Road for joint use with the Sheriff . . . The cost to construct the range will be paid by the Airport.
>
> The Airport shall provide the Sheriff with a lock-up facility at 3100 Henry Ruff Road. The lock-up facility shall accept misdemeanor and/or felony prisoners from the Airport Police, subject to the right of the Sheriff to deny obviously injured prisoners. The cost to construct the lock-up will be paid by the Airport including an adequate communication base station. Acceptance of prisoners shall be consistent with existing court orders. The Sheriff's right to use the building shall be for a ten year period, subject to renewal thereafter. This agreement shall provide for immediate occupancy of the building and adjacent garage and parking areas.

On November 2, 1995, the Wayne County Commission authorized the $600,000 amendment in Wayne County Commission Resolution No. 95-784 "to provide for additional skilled trades maintenance services at Metropolitan Airport" (see Exhibit P). Funds were not used for maintenance services but to perform construction and renovation services at 3100 Henry Ruff Road. These construction and renovation services were not separately bid out pursuant to the Wayne County Contracting and Purchasing Ordinances.

Wayne County Commission Counsel indicated to us during a September 20, 2000 interview that the Commissioners were aware that this amendment was to fund the construction of a gun range and lock-up facility. Commission Counsel also indicated that the Commissioners considered this an appropriate expense under the existing agreement with American International.

ADDITIONAL REVIEW

During the course of our review of the Airport's maintenance assistance services contract, issues came to our attention that merited further examination. We conducted additional review procedures designed to examine these issues. A description of the issues we examined, the procedures we employed, and the results of our review of these issues follow:

a. Airport Administration of the Maintenance Assistance Services Contract

Procedure:
We reviewed American International's wage rate charges for third shift work.

Comment:
During the course of our review, we noted that American International charged the Airport higher rates for third shift work. Our review of the language of the 1998-99 contract did not disclose any provision for charging higher rates for different shifts.

Based on our comparison of the labor rates competitively bid by American International as contained in its contract with the Airport, American International had overcharged the

Airport for third shift work by the following amounts for the period January 1998 through December 1999:

1998	$ 65,959
1999	9,361
Total	$75,320

Procedure:

We reviewed American International charges for employee positions and equipment that were not provided for in the maintenance assistance services contract.

Comment:

American International charged the Airport for employee positions and equipment that were not included in its bid or in its contract with the Airport. For example, we identified charges for a Safety Officer that were routinely included in American International's invoices from January 1996 through March 2001. The Safety Officer charges to the Airport for this period totaled $541,102. Neither the Airport's competitive bid solicitation documents nor the contract provided for a Safety Officer position.

Similarly, American International charged for carpenters in its invoices from January 1996 through December 1997 and from June 2000 through March 2001. Carpenters were not included in American International's bid or in its contract with the Airport for these periods. The carpenter charges to the Airport for these periods totaled $524,443.

In addition, the maintenance assistance services contract did not specify separate levels of skilled trades classifications (e.g., foreman or journeyman) in the stipulated wage rates for electricians, plumbers, bricklayers, painters, and laborers. However, American International routinely billed the Airport for separate levels of classification. Further, the wage rates that American International billed for both the foreman and journeyman classifications were in excess of the rates stipulated in the contract for electricians, plumbers, bricklayers, painters, and laborers.

A comparison of the contracted labor rates for electricians, plumbers, bricklayers, painters, and laborers with the higher rates billed (including foreman and journeyman classifications) revealed that the Airport paid American International $225,127 more in labor charges than was established by contract.

Requiring adherence to the contract provisions would help Airport staff ensure the propriety of American International billings submitted for reimbursement. The breakdown in contract adherence by American International and the lack of contract enforcement by the Airport severely impair the integrity of the Airport's contractor selection process that, in this case, resulted in the Airport identifying American International as the lowest responsible bidder for the maintenance assistance services contract.

Airport Response:

Since the onset of the OAG's review process, it has been a demand from the OAG representatives that they be given unfettered access to Airport staff. It is and has been the Airport's position that, whenever possible, this request has been met. However, the Airport is certain that for the last 3½ months the OAG representatives have had complete and direct access to Airport staff, which is why the Airport finds it so disconcerting to once again see the facts of an Airport matter misrepresented and erroneously reported.

The aforementioned inaccuracies have resulted in an erroneous representation of the facts regarding the Airport's administration of the maintenance assistance services contract and its contractor American International. In particular, the OAG's claim that the contractual expenditures incurred by the contractor were outside of the scope of the contract agreement and the proposed competitive bidding documents is categorically untrue. There again seems to be a deliberate effort to misrepresent the facts and to mislead the Legislative Committee.

The Airport's request for proposal documents for maintenance assistance services clearly state, for the review of all prospective bidders, the following regarding labor classification:

> This is an example of skilled trade services that could be utilized under this contract; but it does not limit the contract to just these classifications. Further, the contract will include any semi-skilled trade personnel that are needed to assist the tradesmen.

In addition to the above explanation of contractual labor classifications, it also has been communicated to OAG representatives that the labor costs incurred by the contractor are reimbursed by the Airport to the contractor at the prevailing union labor rates. Since the maintenance assistance services contract is reimbursed on a contractor's cost/plus

basis, it is necessary that prospective bidders denote in their proposals for service their prevailing union labor costs at the time of preparation. It is the knowledge of these prospective bidders, as well as indicative of the industry that the labor costs provided in a bidder's proposal are not bid as set labor rates. All skilled trade rates are periodically negotiated June 30 during the term of the contract. Therefore, as the prevailing union rates for skilled trade workers increases, it is expected that the contractual expenditures and related Airport reimbursements will too experience the same incremental increases.

To fail to recognize that a contractor can be reimbursed for increased labor cost on a labor cost/plus basis contract is again an attempt to mislead the Legislative Committee.

Epilogue:

Although the Airport cites the contract's 1997 and 1999 bid documents, which contain language allowing the contractor to utilize an unlimited number of labor classifications, the Airport's response ignores the absence of such language from the actual contracts that govern these maintenance assistance services charges. Furthermore, the Airport never added the Safety Officer position in either its bid documents or its subsequent contracts in 1998 and 2000. Likewise, American International routinely charged the Airport for carpenters, yet the Airport never included a skilled trades classification for carpenters in either its bid documents or its contracts for 1993 and 2000.

Contrary to the Airport's response, prospective bidders would not have their own "prevailing union labor costs." Rather, prevailing union labor rates are established regionally through labor negotiations. If the Airport desired to incorporate such periodic prevailing union labor rate increases into the maintenance assistance services contract, the Airport could have provided for such increases specifically in its bid documents and in the subsequent contract.

Periodic increases in labor rates, based on prevailing union labor rates, were not established through the Airport's request for proposal, bid proposals submitted by prospective contractors, or the subsequent contract. There is no evidence of a common knowledge or mutual understanding amongst all prospective bidders that the maintenance assistance services contract would include regular labor rate enhancements based on prevailing union labor rate increases.

In addition, documentation pertaining to American International's bid on the 1998 and 2000 contracts shows that American International actually reduced its bid amounts for skilled trade services (from 2.7% to 20.3%) significantly below what it had been billing

under the previous contract. If bidders were basing their bids on prevailing union rates for skilled trade workers, as the Airport's response suggests, then it would follow that the prevailing union rates would have had to experience a similar decline. See Exhibit T for a summary of the wage rate decreases bid by American International in 1998 and 2000.

Further review would be necessary to determine whether prevailing union rates for skilled trade workers had actually declined as much as 20.3% between 1997 and 1998, or if there were other reasons why American International significantly reduced its bid for these prevailing union rates for skilled trade workers.

Comment:

American International also routinely charged a 7.5% (2% after the May 2000 contract) "special procurement" markup, in addition to the reimbursement rate charge, for pickup trucks, storage trailers, and change trailers used by its staff working at the Airport. Although the maintenance assistance services contract does provide for "special procurements," the contract does not specifically define what a "special procurement" is. In response to our request, the Airport described "special procurements" as "personal property and rentals of equipment from third parties."

Because American International's contract already provided for a reimbursement charge for the pickup trucks, storage trailers, and change trailers without the separate "special procurement" markup, it did not appear that American International should have been charging, and the Airport should not have been paying, an additional "special procurement" markup. We determined that the Airport spent an additional $19,496 in markups for pickup truck "special procurements." Similarly, the Airport spent an additional $1,563 in markups for storage trailer and change trailer "special procurements."

Airport Response:

The OAG's claim that the maintenance assistance services contract fails to give a definition for "special procurements" is untrue. The original maintenance assistance services contract of June 1993 as well as the two subsequent contracts all included specific language describing the contractual nature of a "special procurement." The appendix to these contracts clearly states "Expense of special procurement (i.e., acquisition purchases, third-party rentals)."

Airport Corporation Counsel gave a legal opinion as to the interpretation of the definition of "special procurements" as stated in the contract (see Airport Exhibit U). The OAG's failure to accept this legal opinion and to make its own interpretation, which ignores the language in the contract, is again an attempt to mislead the Legislative Committee.

Epilogue:

As described in our May 30, 2001 letter to Senate Majority Leader Dan DeGrow:

> On March 8, 2001, we met with the Director of Maintenance and Power, Vince Petitpren, and posed several verbal questions regarding maintenance operations. At that time, Mr. Petitpren could not answer many relatively simple questions. On April 10, 2001, a month later, the Airport provided a written response to a portion of the questions. Several of the questions remain unanswered to date.
>
> Some examples of the questions that received a slow or no response include:
>
> . . . .
>
> 2. How does the Airport define the 'special procurement' items that it routinely paid under the American International Maintenance Assistance contract? (Still unanswered)
>
> In an aside, [Airport Audit Liaison] Ms. Ridgeway later disclosed that this was something 'legal' was looking into, and they all had to get together to 'evaluate the intent of the contract' as it concerns our question. Based on this response, we are left wondering whether Mr. Petitpren [who is responsible for overseeing and approving payments under the maintenance assistance services contract] has been approving work orders for 'special procurements' when he does not know what a 'special procurement' is.

It is difficult to imagine how the Airport, in its response, could suggest that the maintenance assistance services contract included language that sufficiently defined a "special procurement" when the Airport itself could not provide such a definition for over four months. Furthermore, the Airport's response does not address the underlying purpose of our comment, namely that American International's contract already provided for a reimbursement charge for pickup trucks, storage trailers, and change trailers without provision for an additional "special procurement" markup.

Procedure:
We reviewed American International's charges for a full-time bricklayer position under the maintenance assistance services contract.

Comment:
Our review of American International's monthly invoices for the period January 1996 through March 2001 disclosed that, beginning in June 1997, American International consistently charged the Airport monthly for bricklaying work at wage rates in excess of the stated contract rate. For 42 of the 45 monthly invoices reviewed, American International charged the Airport from $7.11 per hour to as much as $17.33 per hour in excess of contracted bricklayer labor rates.

Additionally, American International's maintenance assistance work orders did not support the volume of bricklaying work that would justify the amount of bricklayer wage charges during the period. Based on the work orders issued between June 1997 and March 2001, identifiable work for bricklayers totaled $25,280 in estimated costs and over 491 estimated work hours. The Airport paid American International $370,418 for 7,042 hours of work charged at bricklayer rates during the period June 1997 through March 2001.

Airport Response:
The Work Ordered System utilized by the Airport's Maintenance and Power Division for the maintenance assistance services contract was developed with the intent that the work orders would be used as source documents for Airport-requested projects. It was never the Airport's intent to use the maintenance assistance work orders as a budgetary system. The work orders were merely used as reporting tools for requested Airport services. Therefore, the costs noted on the American International work orders represent estimated figures. The division requesting to have the services performed has the responsibility of verifying that the actual contractual work performed appears reasonable. Based on this understanding and practice, it is the Airport's position that the actual contractual expenditures for bricklaying services were properly incurred by American International and, therefore, reimbursed by the Airport.

Epilogue:
Our comment does not express or imply that the work orders were used as a budgetary system, as the Airport's response suggests, although a budgetary system would benefit this contract by helping to establish fiscal accountability and contain costs.

As described in the Airport's response, work orders are used as source documents for Airport-requested projects. As a source document, the work orders simply did not support the amount of bricklaying charges for these projects.

Procedure:

We reviewed the wage rate charges paid by the Airport under the maintenance assistance services contract.

Comment:

As previously described, the maintenance assistance services contract was first awarded in 1993. The contract continued through November 1997 through a series of purchase orders that effectuated renewals of the original 1993 contract. The contract was rebid in 1997 and again awarded to American International from January 1, 1998 through December 31, 1999. Two contract extensions extended the 1998 contract until a new contract was bid and again awarded to American International for the period May 1, 2000 through April 30, 2002.

Our review of the contract files disclosed that for the period January 1, 1996 through December 31, 1997, American International increased the wage rates it charged the Airport three times under the 1993 contract, beginning on June 1, 1996. For the period January 1, 1998 through April 30, 2000, American International increased the wage rates it charged the Airport two more times under the 1998 contract. For the period May 1, 2000 through present, American International increased the wage rates it charged the Airport one additional time under the 2000 contract. Neither the respective contracts nor the applicable Commission resolutions permitted the wage rate revisions.

We compared the contracted labor rates bid by American International and approved by the Commission to the labor rates charged by American International during the period

January 1996 through March 2001. This comparison showed that the Airport overpaid American International by the following amounts:

1996	$ 0
1997	24,501
1998	22,142
1999	119,622
2000	54,693
2001	7,550
Total	$ 228,508

The Airport's Maintenance and Power Division is responsible for overseeing the administration of the Airport's maintenance assistance services contract. We asked the Director of the Maintenance and Power Division to explain why the Airport paid wage rates above the contractual rates approved by the Commission. In response, the Director of the Maintenance and Power Division explained:

> The Contract recognizes the rates as bid, and therefore accepts that the rates will change each calendar year, when new labor agreements are negotiated with the unions.

We found no evidence that the Airport had the authority to increase labor rates beyond the contracted rates. The contract that was approved by the Commission did not provide for the rate increases. We also found no evidence that other prospective bidders for the maintenance assistance services contract were apprised that their bid rates could be increased several times throughout the contract period. Failing to disclose this rate increase arrangement to other prospective bidders may have put them at a competitive disadvantage. American International had knowledge from experience that they could raise their rates each year. This afforded American International the opportunity to bid lower rates to secure the contract and raise their rates later.

Airport Response:

The Airport has explained in its previous responses the circumstances regarding American International's wage rate increases, based on prevailing union labor rates.

Based on this and the other evidence described in the Airport's responses, the following OAG claims of improprieties are incorrect:

1998 - 1999	Third shift labor costs	$ 75,320
1996 - 2001	Unsupported employee positions	$ 541,102
1996 - 2001	Unsupported employee positions	$ 524,443
Not indicated	Unsupported employee classification and rate	$ 225,127
1996 - 2001	Increased labor rates	$ 228,508

Epilogue:
As described in our epilogues to the Airport's responses, the Airport has not explained how the identified overpayments and unauthorized charges were proper.

Procedure:
We reviewed the holiday pay benefits charges for American International employees.

Comment:
Our review of monthly invoices for the maintenance assistance services contract disclosed that American International routinely charged the Airport for holiday pay for American International employees. The maintenance assistance services contract recognized New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and Presidential Election Day as holidays.

For the period January 1996 through December 2000, American International time sheets showed that American International charged the Airport 8 hours per employee on contractually recognized holidays when the evidence showed that the employees may not have actually worked during the holidays. During the period, the Airport paid American International a total of $72,706 in holiday pay for these employees. See Exhibit V for a summary and related schedules describing American International employees paid for contractually recognized holidays.

Airport Response:
The Airport does not agree with the OAG's assessment regarding holiday compensation to American International staff members providing services to the Airport under the maintenance assistance services contract. Additionally, Airport Corporation Counsel has prepared for the OAG's review a legal opinion regarding this matter, which fully substantiates the Airport's actions (see Airport Exhibit U). Therefore, since the OAG has not produced any evidence that supports the fact that the Airport improperly

compensated American International for unearned holiday pay, the total of $72,262 was properly reimbursed to the contractor American International. The OAG's failure to agree with Airport Corporation Counsel, in order to build a case of misspending, is again a case of misrepresentation to the Legislative Committee.

Epilogue:

On June 27, 2001, we asked the Airport to produce documentation to support that American International employees actually worked on the holidays in question. The Airport has never responded to our question and has never produced evidence that any of these employees worked the holidays for which they were paid.

Instead of expressing concern or interest regarding potentially inappropriate holiday pay reimbursements for American International employees, taking action to determine a cause or remedy for the occurrence, or providing documentation to refute the prospect that holiday pay may have been inappropriately reimbursed, the Airport's response simply suggests that the OAG has not produced sufficient evidence to support that American International was inappropriately reimbursed for holiday pay for its employees.

The Airport's lack of concern in this regard is disconcerting. The so-called "legal opinion" cited by the Airport is nothing more than a memorandum responding to factual questions submitted to the OAG by Airport Corporation Counsel (see Exhibit U). The factual questions posed to Airport Corporation Counsel were designed to identify all holidays in which American International employees should not have been paid unless actually worked. The Airport Corporation Counsel's memorandum responded with only a listing of holidays and the rates and times in which premium pay would be entitled if actually worked, no legal opinions.

It appears unlikely that some of the American International employees would have consistently worked on so many holidays. For example, as Exhibit V shows, as many as 12 employees worked on a given holiday. On average, 6 American International employees were compensated for each holiday reviewed. This included American International's Superintendent/Program Manager, for which American International sought and received reimbursement for 28 of the 31 holidays occurring during the five-year period we examined. Records also showed that this Superintendent/Program Manager was routinely paid in excess of 40 hours a week during the five-year period we examined, with only four weeks of vacation in five years.

Our review also found that American International sought holiday pay reimbursement for its employees generally on an 8-hour basis. It appeared unusual that employees working holidays would almost always work exactly 8 hours. In addition, our review found that, with one exception, American International charged its holiday hours for employees on a straight-time pay basis. If American International employees were entitled to premium pay for holidays worked, as the Airport's "legal opinion" (Exhibit U) states, then it is unlikely that American International would have charged for its employees at the lower straight-time pay basis, contravening Airport Corporation Counsel's "legal opinion," when American International was entitled to charge (and presumably obligated to pay its employees) the higher premium pay for holidays worked. American International's practice of charging the Airport 8 hours of straight-time pay during contractually recognized holidays for its employees may be indicative of charging for holiday pay benefits for days not worked.

There is no provision in the contract allowing for reimbursement of holiday or any other pay for employees who did not work. Despite sufficient evidence and circumstances that this practice may have occurred, the Airport has not made further inquiry.

Procedure:

We examined billings submitted by American International to the Airport.

Comment:

Our review of American International invoices for the maintenance assistance services contract disclosed duplicate billings for goods and services. For the period January 1996 through March 2001, American International submitted 27 such duplicate billings for payment. As a result, the Airport made duplicate payments to American International totaling $41,751.

Invoices for goods and services included such items as hand dryers, architectural services, palm pilot accessories, and miscellaneous building supplies. However, in many instances, the invoices and supporting documentation were so vague or illegible that it was not discernible what goods or services were charged to the Airport (see Exhibit W for examples).

American International also submitted duplicate billings for labor expenses associated with the maintenance assistance services contract. The Airport administered the Toilet Room Renovations project in three phases. The first phase of the Toilet Room Renovations project (Phase 1) was handled separately by American International under

the maintenance assistance services contract. Phase 2 was completed under the terms of an August 17, 1998 agreement that was separately bid and awarded to American International as described on pages 64 through 66 of our Preliminary Review of Competitive Bidding of Contracts. Phase 3 of the project is currently on hold.

From September 9, 1998 through November 26, 1998, American International's time sheets supporting its billings under the Phase 2 Toilet Room Renovations contract included some of the same employee names that were included on American International's time sheets documenting separate billings for Phase 1 Toilet Room Renovations completed under American International's maintenance assistance services contract for the same period. We identified four American International employees whose names appeared on the time sheets for both the maintenance assistance services contract and the Phase 2 Toilet Room Renovations contract on the same days (see Exhibit X for a summary and Exhibit Y for sample time sheets).

As Exhibit X shows, American International charged work hours in excess of normal workday hours for each of the four employees (from a 9.5-hour workday to a 25-hour workday).

For the four weeks ended in 1999 on March 7, 14, 21, and 28, our review of time sheets documenting the maintenance assistance services contract billings also showed that American International employee names appearing in time sheets under the maintenance assistance services contract were also included under time sheet submissions as employees of an American International subcontractor, ARJAC, Inc. (ARJAC), under the separately bid and awarded Phase 2 Toilet Room Renovations contract. A total of five American International employees had work hours recorded under both American International and ARJAC time sheets for the same four workweek period. An analysis of the employees' time sheets showed workweeks far in excess of normal workweek hours, ranging from 64 work hours to as many as 106.5 work hours in one week (see Exhibit Z for a summary and Exhibit Y for sample time sheets).

One of the five American International employees on Exhibit Z, who was identified as the Superintendent (p.m.) on the maintenance assistance services contract, was also identified as the President of subcontractor ARJAC. As President, he certified the accuracy of ARJAC's payroll, including his own hours, in ARJAC employee time sheet submissions (see Exhibit Y).

We determined that American International overbilled the Airport a total of $33,438 as a result of the duplicate billings associated with the maintenance assistance services contract and the Phase 2 Toilet Room Renovations contract.

Airport Response:

It is the Airport's contention that the goods and services purchased through the maintenance assistance services contract were proper and in compliance with the acquisition requirements, outlined in the contract. The Airport agrees that there appears to be some minor discrepancies in the materials billings for the maintenance assistance services contract. However, it should be duly noted that the OAG's discrepancies of duplicate billings for goods and services represent approximately 0.4% of the contract's total amount for the period January 1996 through March 2001.

As previously noted, it is apparent that during their examination and evaluation of Airport documents OAG representatives failed to incorporate an adequate level of management inquiry to aid in their understanding. This insufficient level of comprehension regarding the facts has resulted in numerous OAG reporting errors.

The OAG's allegations of wrongdoings regarding the Airport's management of the contractual labor expenditures are untrue. In 1998, American International entered into a contract with Wayne County to renovate and improve the toilet rooms at the Davey and Smith Terminals. The 1998 contract for bathroom renovations represented the second phase of a three-phase project. The Existing Restrooms Renovations contract, due to the requested scope of contractual services, was deemed as a capital improvement project and, therefore, part of the Airport's Capital Improvement Program (CIP), unlike the maintenance assistance services contract, which is included in the Airport's annual operating budget. In addition, the CIP Existing Restrooms Renovations contract at the Airport was established as a "lump sum" payment contract, which means that the costs associated with the contract were reimbursed on a fixed fee basis, that was based on the percentage of work completed.

As a non-federally funded "lump sum" contract, the contractor is responsible to perform the agreed services detailed in the contract's scope of services, and the related reimbursements to the contractor are based on the percent of work completed at the time of inspection. The contractors are not required to submit standard periodic payrolls detailing the actual hours incurred on the project. However, at the contractor's discretion, a certified payroll, certifying the contractor's wages, can be provided but is not required.

In 1995, as an effort to maximize its labor costs, American International entered into a contract with an independent company to provide all of its skills trade labor force. This practice has become a cost-effective measure for companies within the industry that wish to maximize output. American International provided workers for both the Existing Restrooms Renovations and the maintenance assistance services contracts at the Airport.

As part of its reporting requirements, American International, through its subcontractor, maintained and provided to the Airport separate billings for the contractual expenditures incurred on both projects. In accordance with the maintenance assistance services contract, American International provided to the Airport detailed monthly billings, which included weekly time sheets, maintained on an individual employee basis. The Existing Restrooms Renovations contract, due to the nature of the contracting terms, was not required to submit documents detailing the labor hours incurred. Instead, although it was not required, American International chose to supply to the Airport's Program Managers Team, certified payrolls, which included and certified the wage rates for all American International skills trade labor force. This being the case dispels the OAG's claims of improprieties because the certified payrolls included all American International skills trade workers, which also included those provided in the detailed time sheets for the maintenance assistance services contract.

The certified payroll prepared and certified by ARJAC did not represent the labor hours of contractual services incurred by American International workers on the Restrooms Renovations contract, but instead was merely provided as a reporting tool to aid the Airport's Program Managers Team in identifying American International's compliance with prevailing union wage rates. Therefore, the OAG's claim that the same American International contract workers were noted on both the maintenance assistance services contract and the Restrooms Renovations contract concurrently is incorrect. Because the OAG did not accurately assess the situation, it drew the wrong conclusion. Therefore, American International did not overbill the Airport a total of $33,438 by duplicating labor hours incurred in both of the American International contracts.

Epilogue:

The Airport's response does not address the fact that time sheets show the same American International employees working a full workday or workweek, under two separate contracts or for two separate employers, simultaneously during the same work period. The Airport's arguments that one of the American International contracts in question was part of the Airport's CIP rather than included in the Airport's annual operating budget and that the CIP contract was a non-federally funded, lump sum

contract reimbursed on a fixed fee basis that was based on a percentage of work completed are entirely irrelevant.

Also irrelevant is the Airport's suggestion that it has somehow dispelled any potential improprieties because American International was not required to submit documents detailing the labor hours incurred for the Existing Restrooms Renovations contract. Regardless of whether it was required, American International submitted documents detailing labor hours incurred under two separate contracts and projects, and those time sheets show labor hours incurred by the same workers under both simultaneously. Other time sheets also show labor hours incurred by the same workers for the same work period for both American International and its maintenance assistance services subcontractor ARJAC.

It is similarly both irrelevant and paradoxical for the Airport to suggest in its response that "as an effort to maximize its labor costs, American International entered into a contract with an independent company to provide all of its skills trade labor force [as a] cost-effective measure. . . ." In the request to the Wayne County Commission for approval of the 1998 maintenance assistance services contract (Exhibit AA), the Commission was told:

> American International provided a listing [of skilled trades] that exceeded all anticipated Airport needs. The other proponents indicated that trades would substantially be provided through arrangements with their subcontractors.
>
> . . . .
>
> American International
> (1) indicated that they would provide trades from within their own forces for most of the Airport's needs and that in most cases, all required trades were available in-house.
>
> (2) in unique cases, American International will subcontract for other trades, with a total 7.5 percent total markup in all such cases.

Despite the implication that directly providing trades was somehow more advantageous than subcontracting and assurances to the Commission that most trades would be provided from American International's own forces, the Airport's response now states to the contrary that "as an effort to maximize its labor costs, American International entered into a contract with an independent company to provide all of its skills trade labor force."

The Airport's response is even more troubling because it does not address the facts. The Airport contends that payrolls certified by ARJAC and included in the contract files did not represent labor hours, but were merely provided as a reporting tool to aid the Airport's Program Managers Team in identifying American International's compliance with prevailing union wage rates. This contention is suspect in and of itself. In addition, it does not address the fact that, regardless of the reason for including time sheets in the contract files, the time sheets show that the same worker names appearing on the ARJAC time sheets also appear on the American International time sheets for the same periods (see Exhibit Y for examples). The time sheets also show one hourly American International employee included in American International time sheets as the President of subcontractor ARJAC who certified ARJAC time sheets including his own hours. These facts alone should merit further inquiry.

Procedure:

We reviewed the Airport's payments to American International to determine compliance with the contractual requirement that payments not exceed certain maximum amounts in a given period.

Comment:

For the contract period January 1, 1998 through December 31, 1999, the Airport reimbursed American International in excess of the maximum amount allowable under the contract.

Section 3 of the 1998-99 contract states that Wayne County agrees to pay American International as follows:

> . . . on a cost/plus basis for skilled trade maintenance assistance services rendered pursuant to this Agreement in an amount not to exceed One Million Two Hundred Thousand Dollars ($1,200,000.00) in any fiscal year . . .

On January 27, 1998, the Wayne County Commission, in Resolution No. 98-36 (Exhibit K), subsequently authorized a two-year contract "in the amount of $2,400,000."

The Airport subsequently, and unilaterally, amended the contract amount by an additional $240,000 by purchase order. This amendment was not approved by the Wayne County Commission.

Including this amendment, the total contract amount was not to exceed $2,640,000. We determined that the Airport paid American International a total of $2,773,401 under the contract for services billed as provided between January 1, 1998 and December 31, 1999, or $133,401 (5%) more than the maximum allowed under the contract (including amendment) and Resolution No. 98-36.

To avoid exceeding the maximum amount allowed under the contract, payment for maintenance assistance services rendered in November and December 1999 was delayed until the following contract period. We determined that expenses for the months of November and December 1999 were not paid under Purchase Order No. 801148 for the appropriate contract period. Instead, in March 2000, using Purchase Order No. 993877 under the subsequent contract, the Airport recorded payment to American International for services rendered during November and December 1999.

In addition, the contract limited payment for services to no more than $1,200,000 in any one fiscal year. We determined that the Airport paid American International an additional $399,142 (33%) above and beyond the contractual limit in the Airport's fiscal year 1998-99. Furthermore, an additional $150,959 in services was billed as provided by American International during the last month (September 1999) of the Airport's fiscal year. The Airport delayed recording the September 1999 services as an expense until the following fiscal year. Otherwise, the total amount incurred above and beyond the contractual limit in the Airport's fiscal year 1998-99 would have been $550,101 (46%).

Airport Response:

The Airport's General Ledger System supports payments to American International totaling $2,623,103 for maintenance assistance services. These payments were made to American International during the period January 1, 1998 through December 31, 1999. Therefore, the Airport did not exceed the maximum annual contract amount of $2,640,000 allowed under the maintenance assistance services contract and the Wayne County Contracting Ordinance (an allowable 10% increase).

The renewal clause of Contracting Ordinance No. 84-143 grants the Chief Executive Officer the authority to execute or amend contracts that do not exceed specified limits (Section (3) of Contracting Ordinance No. 84-143).

Cullnet Software supported the Purchase Order System in place at the Airport during the period in question. A control feature of Cullnet Software is that, once a contract amount was established, the system would not allow any payments in excess of the original amount, unless an additional purchase order amending the previous amount had been issued. Therefore, the monitoring control feature of the Airport's Purchase Order System prevented the Airport from making a payment in excess of the contractual limit, without an amending purchase order.

Furthermore, according to the following corroborating documents, an appropriately executed agreement between the County and American International was in effect for the period January 1, 1998 through December 31, 1999, which corresponds to the contract's fiscal year of January through December:

a. Purchase Order No. 801148
b. Wayne County Contracting Ordinance
c. Wayne County Commission Resolution No. 98-363

Epilogue:

The figures contained in the Airport's response conflict with the information it has provided to us through information requests and through our review of American International's billings to the Airport. We have traced $2,773,401 of American International's maintenance assistance services billings to the Airport-provided financial transaction detail for the period January 1, 1998 through December 31, 1999. This is $133,401 more than allowed under the contract and Commission Resolution No. 93-36. Similarly, we have traced $1,599,142 of American International's maintenance assistance services billings to the Airport-provided financial transaction detail for the Airport's fiscal year 1998-99. This is $399,142 more than allowed under the contract.

The Airport's response exhibits a lack of budgetary control and fiscal accountability because it shows that contractual and Commission-imposed spending limitations were circumvented without consequence or notice.

In addition, the Airport's actions violated applicable governmental accounting standards. The *Codification of Governmental Accounting and Financial Reporting Standards*, published by the Governmental Accounting Standards Board (GASB), is the authoritative accounting and financial reporting guidance for state and local governmental entities, such as Wayne County.

The Airport's notes to its financial statements state that the Airport follows all GASB pronouncements. GASB Codification Section 1600 b. requires the Airport to recognize expenses on the accrual basis, i.e., in the accounting period in which they are incurred. However, as described in our comment, the Airport delayed payments and the recording of expenses for maintenance assistance services incurred during the month of September 1999 until the following fiscal year and recorded expenses incurred in November and December 1999 under a subsequent maintenance assistance services contract covering a subsequent period. The Airport similarly incurred expenses for maintenance assistance services during the month of December 1997, when no formal agreement was in effect. As described in our previous comment, the December 1997 charges were not invoiced until January 1998 when a new contract was in effect, and the Airport's financial records recorded the December 1997 expenses with a February 1, 1998 effective date.

Procedure:

We reviewed an Airport payment to American International for "charges for contract bonding costs."

Comment:

During our review of monthly invoices for the maintenance assistance services contract, we encountered American International invoices seeking reimbursement, plus 7.5% markup, for performance bond expense. Originally, American International sought reimbursement of $104,840 in March 1998 (2.1% of $4,644,090 = $97,526, plus 7.5%). The 1998 charges represented performance bond costs dating back to the beginning of the original agreement dated June 1, 1993.

American International's charge for bond costs was denied by the Airport for the March 1998 invoice period. However, in April 1998, American International again included the $104,840 charge in its invoice. The April 1998 charge was similarly denied by the Airport.

Subsequently, in an April 30, 1998 letter addressed to the Director of the Maintenance and Power Division, American International attempted to justify the denied charges, responding:

> The contract agreement, under article 3 entiled [sic] Compensation, states that 'The county agrees to pay contractor

> on a cost/plus basis for skilled trade maintenance assistance services rendered pursuant to this agreement . . . .'
>
> Article 10 entiled [sic] Performance and Payment Bonds Calls [sic] for the contractor to supply these bonds, which we have done at the above noted cost.
>
> Article 1 entiled [sic] Scope of Services, under item A1 designates the cost which the contractor is to incorporate his labor sharges [sic]; bonds are not itemized therein and were not therefor [sic] included in our calculations of the rates presented.
>
> . . . .
>
> In summary, Wayne County has indicated the need for bonding for this project but did not designate that their cost be incorporated in any pricing which was submitted with our bid. Therefor [sic], since the contract is awarded on a "cost/plus" basis, we look to Wayne County for reimbursement.

On June 24, 1998, the Airport requested that American International produce "supporting documents such as billings to American International, Inc., canceled checks, and current contract billings to support this invoice." There is no evidence that such supporting documents were ever produced. However, on September 1, 1998, American International revised its performance bond charges, seeking reimbursement of a lesser amount, $47,493, based on a different bond rate and contract amount (0.73% of $6,052,048 = $44,180, plus 7.5% markup).

Ultimately, the Airport accepted American International's interpretation of the contract and its eligibility for reimbursement of performance bond costs at a reduced rate. We confirmed through the Airport's accounting records that on October 7, 1998, American International was reimbursed for performance bond costs in the amount of $44,180.

No evidence was produced to support that American International incurred $44,180 in performance bond expenses or that American International ever had such performance bond insurance coverage pertaining to the maintenance assistance services contract.

b. Airport Use of the Maintenance Assistance Services Contract

Procedure:

We reviewed the Airport's use of the maintenance assistance services contract, the contract agreement, purpose, and services provided under the contract.

Comment:

The agreement for maintenance assistance services between the Airport and American International states:

> [F]rom time to time, it is necessary to provide supplementary, emergency, temporary and on-call skilled trades services for the safe and effective operations on the premises of the Airport . . .

For the period January 1, 1996 through April 16, 2001, our review of work orders associated with this contract disclosed that, in addition to "supplementary, emergency, temporary and on-call skilled trades services" at the Airport, the maintenance assistance services contract had been used for the following:

a. Procurement of 37 work orders issued for projects involving major construction and remodeling for a total of $2,108,139 (see Exhibit BB).

b. Procurement of 57 work orders issued for the purchase of equipment and supplies totaling $116,698 (see Exhibit CC), which resulted in actual costs incurred of at least $136,736, after sales tax and American International markup.

c. Procurement of 26 work orders, totaling $700,295, issued to purchase work that was performed by others (see Exhibit DD).

d. Procurement of 11 work orders, totaling $101,434 (excluding labor for 5 of the work orders), issued to perform work at Wayne County's Willow Run Airport (see Exhibit EE).

<u>Construction/Remodeling Projects</u>

The maintenance assistance services contract was routinely used for construction/remodeling projects at the Airport. In total, we identified 37 work orders issued for construction/remodeling projects under the maintenance assistance services contract worth $2,108,139 in estimated costs.

For example, we identified 9 separate work orders for 9 separate toilet room remodeling projects throughout the Airport. The 9 work order amounts ranged in price from $78,340 to $617,118 and totaled $1,588,464 in estimated costs. According to American International's production report, the Airport has paid $1,082,331 to American International for toilet room remodeling under the maintenance assistance services contract. The Airport used 1998A bond proceeds to pay American International for these toilet room remodeling projects under the maintenance assistance services project.

Other construction/remodeling projects completed under the maintenance assistance services contract included constructing offices, a storage area, and a pole barn; remodeling offices, rooms, and buildings; and fabricating and installing shelving, washroom equipment, Formica, ceramic tile, and countertops.

Under applicable Wayne County contracting and procurement ordinances, these construction/remodeling services may have required separate bid and award to the lowest responsible bidder.

Purchase of Equipment and Supplies

The maintenance assistance services contract was used to purchase equipment and supplies for various Airport departments. The purchases included reimbursing American International 6% sales tax as well as American International's 7.5% "markup," neither of which would have had to be paid if the Airport had made the purchases directly.

Our review disclosed that the maintenance assistance services contract was used to procure $116,698 in work orders, which amounted to actual charges of at least $136,736 after sales tax and American International's markup for the retail purchase of items including:

a. Computers and related equipment totaling $16,911.

b. A total of 68 palm pilots costing $23,545 (see Exhibit FF).

c. Ashtrays for Building 358 totaling $6,435.

d. Television and video equipment totaling $4,363.

Under applicable Wayne County contracting and procurement ordinances, these purchases may have required separate bid and award to the lowest responsible bidder.

Work Performed By Others

American International was used as a procurer of services for the Airport, acting as a middleman in acquiring services performed by others, then marking up the cost an additional 7.5%. We identified 26 work orders totaling $700,295 in estimated costs for work performed by others. Under applicable Wayne County contracting and procurement ordinances, some of this work may have required competitive bidding and award to the lowest responsible bidder. For example, maintenance assistance work orders showed that American International contracted with others to provide the following work for the Airport:

a. Roof repairs and replacement by various contractors at several Airport locations totaling $125,234.

b. Construction of a firing range at 3100 Henry Ruff Road at an estimated cost of $351,450.

c. Construction of jails cells at 3100 Henry Ruff Road at an estimated cost of $86,832.

d. Replacement of an elevator at an estimated cost of $29,429.

e. Installation of a controlled air animal crematory at an estimated cost of $18,353.

These figures are "estimated" costs as quoted by American International on work orders and may not reflect actual costs. For example, we determined that the actual cost to construct a firing range at 3100 Henry Ruff Road was $577,019.

We have not seen any evidence that American International competitively bid out any of these projects. As a result, there is no accountability regarding the reasonableness of the project costs.

Some of these remodeling, construction, purchasing, and contracting activities may not be viewed as "supplementary, emergency, temporary, [or] on-call skilled trades services." Rather, they were significant procurements that may have required individual competitive bid and award of a separate Airport contract, based on applicable Wayne County contracting and procurement ordinances and policies.

Willow Run Airport Work Orders

We identified work performed at Wayne County's Willow Run Airport that was procured under the maintenance assistance services contract at the Detroit Metropolitan Wayne County Airport. The language contained in the maintenance assistance services contract and the Commission resolutions authorizing the contract provide for on-call skilled trades services at only the Detroit Metropolitan Wayne County Airport, not the Willow Run Airport.

Airport Corporation Counsel contended that performing work under the maintenance assistance services contract at the Willow Run Airport would be appropriate, provided that a recoverable work order was issued to recover the expenses incurred by the Detroit Metropolitan Wayne County Airport for Willow Run Airport expenses. Regardless of the appropriateness of such an arrangement, our review uncovered no evidence that any expenses were recovered from the Willow Run Airport. In a May 21, 2001 memorandum, the Airport acknowledged:

> From the records maintained there does not appear to be any evidence of reimbursements or interfund activity to Detroit Metropolitan Wayne County Airport (DTW) from Willow Run Airport, for contractual expenditures incurred by Willow Run through the A/I assisted maintenance contract.

We identified 11 work orders for work performed under the maintenance assistance services contract at the Willow Run Airport from January 1996 through March 2001. The work orders totaled $101,434. However, this amount did not include labor charges because:

a. Estimated labor charges were not included on the 5 work orders.

b. American International's time sheets for the period did not identify how much time employees worked on a specific work order during the month.

Thus, it is unknown how much additional cost was borne by the Detroit Metropolitan Wayne County Airport for the 11 Willow Run Airport work orders.

The Willow Run Airport expenses incurred under the maintenance assistance services contract, although relatively small in amount, in effect are a subsidization of the Willow Run Airport operation by the Detroit Metropolitan Wayne County Airport.

Exhibit GG summarizes the overpayments and unauthorized charges identified during this more detailed review.

Airport Response:

It has been since the execution of the original maintenance assistance services contract, the County's intention that all supplementary, emergency, temporary and on-call skilled trades services for small construction and renovation projects that may be deemed necessary, be performed in conjunction with this contract. Additionally, it is incumbent upon the contractor, American International, to ensure that all components of an Airport project are acquired and put in place so that the project is completed per the Airport's request. Therefore, based on the Airport's interpretation of the maintenance assistance services contract, the above OAG unallowable costs are deemed appropriate.

c. Airport Cost of Procuring Goods and Services Under the Maintenance Assistance Services Contract

Procedure:

We compared the "estimated costs" quoted by American International in its work orders to the actual charges submitted by American International for the work orders.

Comment:

Maintenance assistance services contract work orders included estimated costs as expressed by American International prior to commencing the work. We noted some significant variances in the actual cost of these work orders to the Airport when compared to the estimated figures provided by American International prior to commencement of the work. For example, the following 12 maintenance assistance

services work orders showed that actual charges exceeded estimated costs significantly:

Work Order	Estimated Cost	Amount Charged to Airport*	Amount Charged Over Estimated Cost	Percent Over Estimate
20-077	$ 27,500	$ 203,057	$ 175,557	638.4%
20-089	2,295	15,527	13,231	576.5%
20-096	8,054	27,231	19,177	238.1%
99-072	190	9,103	8,913	4,691.1%
99-049	48,487	79,582	31,095	64.1%
99-054	75,174	104,490	29,316	39.0%
99-009	420	3,373	2,953	703.1%
98-017	7,563	40,148	32,585	430.8%
97-054	18,730	242,788	224,058	1,196.3%
A-107	351,450	577,019	225,569	64.2%
96-047	2,100	83,175	81,075	3,860.7%
96-063	8,790	15,813	7,023	79.9%
Total	$ 550,753	$1,401,306	$ 850,553	154.4%

* Amount charged to Airport "does not include the labor portion of the charge. In comparing "estimated cost" to the actual charge for work orders, we could not determine the labor costs associated with most work orders because American International's time sheets did not detail worker time spent on each work order. Therefore, the "amount charged to Airport" and corresponding "amount charged over estimated cost" are understated.

EXHIBITS

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Exhibit L

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Summary of Purchase Orders
Extending/Renewing the Original June 1, 1993 through May 31, 1994
Maintenance Assistance Services Contract

Purchase Order No.	Date of Purchase Order	Amount of Purchase Order	Period Covered	Amendment/Renewal
305551	06/24/1993	$1,000,000	06/01/1993 - 05/31/1994	Implemented original contract
501077	01/19/1995	$1,000,000	06/01/1994 - 05/31/1995	Renewal of No. 305551
501077	11/10/1995	$1,600,000	06/01/1994 - 05/31/1995	Amendment to No. 501077
501077	04/24/1996	$1,760,000	06/01/1994 - 05/31/1995	Amendment to No. 501077
602533	03/18/1996	$1,000,000	06/01/1995 - 05/31/1996	Renewal of No. 305551
602533	04/24/1996	No Change	03/25/1996 - 03/24/1997	Amendment to No. 602533
602533	03/10/1997	$1,099,207	03/25/1996 - 03/24/1997	Amendment to No. 602533
702268	03/19/1997	$1,000,000	Period ending 11/30/1997	Renewal to No. 305551
702268	11/10/1997	$1,100,000	Period ending 11/30/1997	Amendment to No. 702268

Exhibit T

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~

Summary of Wage Rate Decreases With Advent of New Contracts

Position	Final Rates Charged Under the 1993 Contract (for the 1997 Renewal Period)	Subsequent Rates Bid for the 1998 Contract	Percentage Increase (Decrease) (From the 1997 Renewal Period)
Project Manager	$66.00	$66.00	No Change
Field Clerk	$36.00	$36.00	No Change
Carpenter Foreman	$52.72	$44.50	(15.6%)
Carpenter Journeyman	$50.66	$42.76	(15.6%)
Electrician Foreman	$60.14	$47.95	(20.3%)
Electrician Journeyman	$53.48	$42.88	(19.8%)
Laborer Foreman	$36.59	$34.44	(5.9%)
Laborer Journeyman	$35.14	$33.11	(5.8%)
Bricklayer Foreman	$49.05	$47.71	(2.7%)

* Skilled trade classification was not included in the bidding documents or contract rate schedule.

Exhibit T

Final Rates Charged Under the 1998 Contract (for the 1999 Period)	Subsequent Rates Bid for the 2000 Contract	Percentage Increase (Decrease) (From the 1999 Period)	Percentage Increase (Decrease) (From the 1997 Renewal Period)
$69.56	$45.00	(35.3%)	(31.8%)
$37.94	$15.00	(60.5%)	(58.3%)
$56.04	*	*	*
$53.93	*	*	*
$65.58	*	*	*
$58.30	$47.39	(18.7%)	(11.4%)
$39.25	*	*	*
$37.80	$35.66	(5.7%)	1.5%
$52.55	$45.59	(13.2%)	(7.1%)

Exhibit V

MAINTENANCE ASSISTANCE SERVICES CONTRACT
Summary of American International Employees
Paid for Contractually Recognized Holidays
1996 through 2000

	1996		1997	
Holiday	Date	Employees	Date	Employees
New Year's Day	01/01/1996	4	01/01/1997	5
Memorial Day	05/27/1996	7	05/26/1997	7
Independence Day	07/04/1996	8	07/04/1997	10
Labor Day	09/02/1996	6	09/01/1997	7
Presidential Election Day	N/A	N/A	N/A	N/A
Thanksgiving Day	11/28/1996	6	11/27/1997	4
Christmas Day	12/25/1996	5	12/25/1997	1

N/A = Not applicable.

Exhibit V

1998		1999		2000	
Date	Employees	Date	Employees	Date	Employees
01/01/1998	1	01/01/1999	6	01/01/2000	0
05/25/1998	9	05/31/1999	12	05/29/2000	6
07/04/1998	1	07/04/1999	0	07/04/2000	7
09/07/1998	11	09/06/1999	7	09/04/2000	9
N/A	N/A	N/A	N/A	11/07/2000	11
11/26/1998	8	11/25/1999	2	11/23/2000	9
12/25/1998	7	12/25/1999	0	12/25/2000	9

Exhibit V
(Continued)

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Schedule of American International Employees
Paid for Contractually Recognized Holidays by Holiday
~~1996~~

Holiday/Name	Position	Regular Hours	Regular Rate	Overtime Hours	Overtime Rate	Daily Total	Total
~~New Year's Day~~							
Hugo Giovannone	Superintendent	8	$ 55.00			$ 440.00	
Wendy Nowak	Clerk	8	$ 30.00			240.00	
Jeff Sordyl	Carpenter Foreman	8	$ 47.40			379.20	
Richard Marduce	Laborer Foreman	8	$ 34.07			272.56	
							$ 1,331.76
~~Memorial Day~~							
H. Giovannone	Project Manager	8	$ 55.00	0.5	$ 68.75	$ 474.38	
W. Nowak	Clerk	8	$ 30.00			240.00	
H. Schafer	Carpenter Foreman	8	$ 44.30			354.40	
D. Nichols	Electrician Foreman	8	$ 51.27			410.16	
R. Marduce	Laborer Foreman	8	$ 34.90			279.20	
G. Worth	Safety Officer	8	$ 48.74			389.92	
R. Heinrich	Plumber Foreman	8	$ 50.69			405.52	
							2,553.58
~~Independence Day~~							
H. Giovannone	Project Manager	8	$ 55.00			$ 440.00	
W. Nowak	Clerk	8	$ 30.00			240.00	
D. Nichols	Electrician Foreman	8	$ 56.96			455.68	
R. Vollbrecht	Electrician Journey	8	$ 51.00			408.00	
R. Marduce	Laborer Foreman	8	$ 34.90			279.20	
G. Worth	Safety Officer	8	$ 48.74			389.92	
J. Sordyl	Carpenter Foreman	8	$ 48.69			389.52	
R. Heinrich	Plumber Foreman	8	$ 50.69			405.52	
							3,007.84
~~Labor Day~~							
H. Giovannone	Project Manager	8	$ 55.00			$ 440.00	
W. Nowak	Clerk	8	$ 30.00			240.00	
D. Nichols	Electrician Foreman	8	$ 56.96			455.68	
R. Marduce	Laborer Foreman	8	$ 34.90			279.20	
G. Worth	Safety Officer	8	$ 48.74			389.92	
J. Sordyl	Carpenter Foreman	8	$ 48.69			389.52	
							2,194.32
~~Thanksgiving Day~~							
H. Giovannone	Project Manager	8	$ 55.00			$ 440.00	
W. Nowak	Clerk	8	$ 30.00			240.00	
R. Marduce	Laborer Foreman	8	$ 34.90			279.20	
G Worth	Safety Officer	8	$ 48.74			389.92	
J. Sordyl	Carpenter Foreman	8	$ 48.69			389.52	
H. Schaffer	Carpenter Journey	8	$ 46.69			373.52	
							2,112.16
Christmas Day							
H. Giovannone	Project Manager	8	$ 55.00			$ 440.00	
W. Nowak	Clerk	8	$ 30.00			240.00	
J. Sordyl	Carpenter Foreman	8	$ 48.69			389.52	
G. Worth	Safety Officer	8	$ 48.74			389.92	
R. Marduce	Laborer Foreman	8	$ 34.90			279.20	
							1,738.64
Total for Year							$ 12,938.30

Note: Names are spelled exactly as shown on time sheets.

Exhibit V
(Continued)

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Schedule of American International Employees
Paid for Contractually Recognized Holidays by Holiday
~~1997~~

Holiday/Name	Position	Hours	Rate	Daily Total	Total
~~New Year's Day~~					
H. Giovannone	Project Manager	8	$ 55.00	$ 440.00	
W. Nowak	Clerk	8	$ 30.00	240.00	
R. Marduce	Laborer Foreman	8	$ 34.90	279.20	
J. Sordyl	Carpenter Foreman	8	$ 48.69	389.52	
G. Worth	Safety Officer	8	$ 48.74	389.92	
					$ 1,738.64
~~Memorial Day~~					
Hugo Giovannone	Project Manager	8	$ 66.00	$ 528.00	
Wendy Nowak	Clerk	8	$ 36.00	288.00	
Jeff Sordyl	Carpenter Foreman	8	$ 52.72	421.76	
Donald Nichols	Electrician Foreman	8	$ 60.14	481.12	
Richard Marduce	Laborer Foreman	8	$ 36.59	292.72	
Ralhael Perales	Safety Officer	8	$ 58.49	467.92	
John Sytniak	Bricklayer Foreman	8	$ 49.05	392.40	
					2,871.92
~~Independence Day~~					
Hugo Giovannone	Project Manager	8	$ 66.00	$ 528.00	
Wendy Nowak	Clerk	8	$ 36.00	288.00	
Jeff Sordyl	Carpenter Foreman	8	$ 52.72	421.76	
Harld Schaffer	Carpenter Journey	8	$ 50.66	405.28	
Donald Nichols	Electrician Foreman	8	$ 60.14	481.12	
Ron Vallebrecht	Electrician Journey	8	$ 53.48	427.84	
Richard Marduce	Laborer Foreman	8	$ 36.59	292.72	
A Vallecoccia	Laborer Journey	8	$ 35.14	281.12	
Ralhael Perales	Safety Officer	8	$ 58.49	467.92	
John Sytniak	Bricklayer Foreman	8	$ 49.05	392.40	
					3,986.16
Labor Day					
Hugo Giovannone	Project Manager	8	$ 66.00	$ 528.00	
Wendy Nowak	Clerk	8	$ 36.00	288.00	
Jeff Sordyl	Carpenter Foreman	8	$ 52.72	421.76	
Donald Nichols	Electrician Foreman	8	$ 60.14	481.12	
Richard Marduce	Laborer Foreman	8	$ 36.59	292.72	
Ralhael Perales	Safety Officer	8	$ 58.49	467.92	
John Sytniak	Bricklayer Foreman	8	$ 49.05	392.40	
					2,871.92
~~Thanksgiving Day~~					
Hugo Giovannone	Project Manager	8	$ 66.00	$ 528.00	
Harld Schaffer	Carpenter Journey	8	$ 50.66	405.28	
Richard Marduce	Laborer Foreman	8	$ 36.59	292.72	
John Sytniak	Bricklayer Foreman	8	$ 49.05	392.40	
					1,618.40
~~Christmas Day~~					
Hugo Giovannone	Project Manager	8	$ 66.00	$ 528.00	
					528.00
Total for Year					$ 13,615.04

Note: Names are spelled exactly as shown on time sheets.

Exhibit V
(Continued)

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Schedule of American International Employees
Paid for Contractually Recognized Holidays by Holiday
~~1998~~

Holiday/Name	Position	Regular Hours	Regular Rate	Overtime Hours	Overtime Rate	Daily Total	Total
~~**New Year's Day**~~							
Hugo Giovannone	Project Manager	8	$ 66.00			$ 528.00	
							$ 528.00
~~**Memorial Day**~~							
Hugo Giovannone	Project Manager	8	$ 66.00			$ 528.00	
Anne Witt	Clerk	8	$ 36.00			288.00	
Harld Schaffer	Carpenter Foreman	8	$ 54.78 *			438.24	
Donald Nichols	Electrician Foreman	8	$ 62.40 *			499.20	
Ron Vallebrecht	Electrician Journey	8	$ 55.44 *			443.52	
Richard Marduce	Laborer Foreman	8	$ 38.85 *			310.80	
KD Bullock	Safety Officer	8	$ 58.49			467.92	
Richard Massey	Laborer Journey	8	$ 37.41 *			299.28	
John Sytniak	Bricklayer Foreman	8	$ 58.18 *			465.44	
							3,740.40
~~**Independence Day**~~							
Hugo Giovannone	Project Manager			8	$ 69.75	$ 558.00	
							558.00
~~**Labor Day**~~							
Hugo Giovannone	Project Manager	8	$ 66.00	2	$ 69.75	$ 667.50	
Anne Witt	Clerk	8	$ 36.00			288.00	
Bruce Lang	Carpenter Journey	8	$ 46.52			372.16	
Harld Schaffer	Carpenter Foreman	8	$ 48.22			385.76	
Donald Nichols	Electrician Foreman	8	$ 62.40			499.20	
Ron Vallebrecht	Electrician Journey	8	$ 55.44			443.52	
Richard Marduce	Laborer Foreman	8	$ 37.98			303.84	
KD Bullock	Safety Officer	8	$ 58.49			467.92	
Richard Massey	Laborer Journey	8	$ 36.54	2	$ 50.20	392.72	
John Sytniak	Bricklayer Foreman	8	$ 50.90			407.20	
Raphael Paralez	Laborer Journey	8	$ 36.54			292.32	
							4,520.14
Thanksgiving Day							
Hugo Giovannone	Project Manager	8	$ 66.00			$ 528.00	
Anne Witt	Clerk	8	$ 36.00			288.00	
Harld Schaffer	Carpenter Foreman	8	$ 48.22			385.76	
Donald Nichols	Electrician Foreman	8	$ 62.40			499.20	
Richard Marduce	Laborer Foreman	8	$ 37.98			303.84	
KD Bullock	Safety Officer	8	$ 58.49			467.92	
John Sytniak	Bricklayer Foreman	8	$ 50.90			407.20	
Raphael Paralez	Laborer Journey	8	$ 36.54			292.32	
							3,172.24
~~**Christmas Day**~~							
Hugo Giovannone	Project Manager	8	$ 66.00			$ 528.00	
Anne Witt	Clerk	8	$ 36.00			288.00	
Harld Schaffer	Carpenter Foreman	8	$ 48.22			385.76	
Richard Marduce	Laborer Foreman	8	$ 37.98			303.84	
KD Bullock	Safety Officer	8	$ 58.49			467.92	
John Sytniak	Bricklayer Foreman	8	$ 50.90			407.20	
Raphael Paralez	Laborer Journey	8	$ 36.54			292.32	
							2,673.04
Total for Year							$ 15,191.82

Note: Names are spelled exactly as shown on time sheets.

Exhibit V
(Continued)

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Schedule of American International Employees
Paid for Contractually Recognized Holidays by Holiday
~~1999~~

Holiday/Name	Position	Regular Hours	Regular Rate	Overtime Hours	Overtime Rate	Daily Total	Total
~~New Year's Day~~							
Hugo Giovannone	Project Manager	8	$ 66.00			$ 528.00	
Anne Witt	Clerk	8	36.00			288.00	
Harld Schaffer	Carpenter Foreman	8	48.22			385.76	
Richard Marduce	Laborer Foreman	8	37.98			303.84	
KD Bullock	Safety Officer	8	58.49			467.92	
John Sytniak	Bricklayer Foreman	8	50.90			407.20	
							$ 2,380.72
~~Memorial Day~~							
Hugo Giovannone	Project Manager	8	$ 66.00	2	$ 69.75	$ 667.50	
Anne Witt	Clerk	8	36.00			288.00	
Ron Ogles	Carpenter Journey	8	46.52			372.16	
Harld Schaffer	Carpenter Foreman	8	48.22			385.76	
Donald Nichols	Electrician Foreman	8	62.40			499.20	
Darrell Goolsby	Electrician Journey	8	55.44			443.52	
Richard Marduce	Laborer Foreman	8	37.98			303.84	
KD Bullock	Safety Officer	8	58.49			467.92	
Richard Massey	Laborer Journey	8	36.54			292.32	
John Sytniak	Bricklayer Foreman	8	50.90			407.20	
Raphael Parales	Laborer Journey	8	36.54			292.32	
Clifford Eastman	Painter Foreman	8	43.37			346.96	
							4,766.70
~~Labor Day~~							
Hugo Giovannone	Project Manager	8	$ 69.56			$ 556.48	
Anne Witt	Clerk	8	37.94			303.52	
Harld Schaffer	Carpenter Foreman	8	56.04			448.32	
Donald Nichols	Electrician Foreman	8	65.58			524.64	
Richard Marduce	Laborer Foreman	8	39.25			314.00	
KD Bullock	Safety Officer	8	61.65			493.20	
John Sytniak	Bricklayer Foreman	8	52.55			420.40	
							3,060.56
~~Thanksgiving Day~~							
Hugo Giovannone	Project Manager	4	$ 69.56			$ 278.24	
Anne Witt	Clerk	8	37.94			303.52	
							581.76
Total for Year							$10,789.74

Note: Names are spelled exactly as shown on time sheets.

Exhibit V
(Continued)

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Schedule of American International Employees
Paid for Contractually Recognized Holidays by Holiday
2000

Holiday/Name	Position	Hours	Rate	Daily Total	Total
Memorial Day					
Hugo Giovannone	Superintendent	8	$ 47.70	$ 381.60	
Anne Witt	Clerk	8	26.50	212.00	
Ron Ogles	Carpenter Foreman	8	58.63	469.04	
Donald Nichols	Electrician Foreman	8	66.71	533.68	
Richard Marduce	Laborer Foreman	8	40.10	320.80	
KD Bullock	Safety Officer	8	62.00	496.00	
					$ 2,413.12
~~Independence Day~~					
Hugo Giovannone	Superintendent	8	$ 47.70	$ 381.60	
Anne Witt	Clerk	8	26.50	212.00	
Ron Ogles	Carpenter Foreman	8	58.63	469.04	
Donald Nichols	Electrician Foreman	8	66.71	533.68	
Richard Massey	Laborer Foreman	8	40.10	320.80	
KD Bullock	Safety Officer	8	62.00	496.00	
John Sytniak	Bricklayer Foreman	8	52.70	421.60	
					$ 2,834.72
Labor Day					
Scott Meredith	Superintendent	8	$ 47.70	$ 381.60	
Anne Witt	Clerk	8	26.50	212.00	
Ron Ogles	Carpenter Foreman	8	58.63	469.04	
Donald Nichols	Electrician Foreman	8	66.71	533.68	
Richard Krali	Electrician Journey	8	62.37	498.96	
KD Bullock	Safety Officer	8	62.00	496.00	
John Sytniak	Bricklayer Foreman	8	52.70	421.60	
Clifford Eastman	Painter Foreman	8	44.35	354.80	
Raphael Paralez	Laborer Journey	8	38.34	306.72	
					$ 3,674.40
Presidential Election					
Hugo Giovannone	Superintendent	8	$ 47.70	$ 381.60	
Anne Witt	Clerk	8	26.50	212.00	
Donald Nichols	Electrician Foreman	8	66.71	533.68	
Richard Krali	Electrician Journey	8	62.37	498.96	
KD Bullock	Safety Officer	8	62.00	496.00	
Richard Massey	Laborer Foreman	8	40.10	320.80	
John Sytniak	Bricklayer Foreman	8	52.70	421.60	
Clifford Eastman	Painter Foreman	8	44.35	354.80	
Tom Henderson	Laborer Journey	8	38.34	306.72	
Kevin Sims	Laborer Journey	8	38.34	306.72	
Raphael Paralez	Laborer Journey	8	38.34	306.72	
					$ 4,139.60
~~Thanksgiving Day~~					
Hugo Giovannone	Superintendent	8	$ 47.70	$ 381.60	
Anne Witt	Clerk	8	26.50	212.00	
Ron Ogles	Carpenter Foreman	8	63.50 *	508.00	
Donald Nichols	Electrician Foreman	8	66.71	533.68	
KD Bullock	Safety Officer	8	62.00	496.00	
Richard Massey	Laborer Foreman	8	40.10	320.80	
John Sytniak	Bricklayer Foreman	8	52.70	421.60	
Clifford Eastman	Painter Foreman	8	45.72 *	365.76	
Raphael Paralez	Laborer Journey	8	38.67 *	309.36	
					$ 3,548.80
~~Christmas Day~~					
Hugo Giovannone	Superintendent	8	$ 47.70	381.60	
Anne Witt	Clerk	8	26.50	212.00	
Ron Ogles	Carpenter Foreman	8	63.50 *	508.00	
Donald Nichols	Electrician Foreman	8	66.71	533.68	
KD Bullock	Safety Officer	8	62.00	496.00	
Richard Massey	Laborer Foreman	8	40.10	320.80	
John Sytniak	Bricklayer Foreman	8	52.70	421.60	
Clifford Eastman	Painter Foreman	8	45.72 *	365.76	
Richard Marduce	Laborer Foreman	8	40.10	320.80	
					$ 3,560.24
Total for Year					$ 20,170.88

Note: Names are spelled exactly as shown on time sheets.
* Midnight shift.

Exhibit X

MAINTENANCE ASSISTANCE SERVICES CONTRACT
Comparison of American International Employees
With Hours Listed on the Same Day for Maintenance Assistance Services Contract
and Phase 2 Toilet Room Renovations Contract

Employee	Date	Maintenance Assistance Services Contract Hours	Phase 2 Toilet Room Renovation Contract Hours	Total Workday Hours	Hourly Rate	Duplicate Cost
Ron Ogles	09/16/1998	10	8	18	$ 46.52	$ 372.16
Ron Ogles	09/17/1998	8	8	16	$ 46.52	372.16
Richard Massey	09/18/1998	15	10	25	$ 36.54	365.40
Richard Massey	09/19/1998	8	8	16	$ 36.54	292.32
Richard Massey	09/23/1998	8	1.5	9.5	$ 36.54	54.81
Richard Massey	10/05/1998	8	10	18	$ 36.54	292.32
Richard Massey	10/06/1998	8	10	18	$ 36.54	292.32
Richard Massey	10/07/1998	8	13	21	$ 36.54	292.32
Richard Massey	10/08/1998	8	10	18	$ 36.54	292.32
Richard Massey	10/09/1998	8	10	18	$ 36.54	292.32
Richard Marduce	10/16/1998	8	10	18	$ 37.98	303.84
Bruce Lang	10/21/1998	9	8	17	$ 46.52	372.16
Bruce Lang	10/22/1998	9	8	17	$ 46.52	372.16
Bruce Lang	10/23/1998	8	8	16	$ 46.52	372.16
Bruce Lang	10/26/1998	8	8	16	$ 46.52	372.16
Bruce Lang	10/27/1998	8	8	16	$ 46.52	372.16
Bruce Lang	10/28/1998	8	8	16	$ 46.52	372.16
Bruce Lang	10/29/1998	8	8	16	$ 46.52	372.16
Bruce Lang	10/30/1998	8	8	16	$ 46.52	372.16
Bruce Lang	11/05/1998	8	8	16	$ 46.52	372.16
						$ 6,571.73
Total From ARJAC, Inc., Payroll (Exhibit Z)						26,866.32
Total						$33,438.05

Source: Certified payrolls for American International's Maintenance Assistance Services Contract and Phase 2 Toilet Room Renovations Contract

Exhibit Z

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~
Comparison of American International Employees
With Hours Listed for Maintenance Assistance Services Contract
and Subcontractor's Phase 2 Toilet Room Renovations Contract

Employee	Week Ending Date	American International, Inc., Maintenance Assistance Services Contract Hours	ARJAC, Inc., Phase 2 Toilet Room Renovations Contract Hours	Total Workweek Hours	Hourly Rate	Duplicate Cost
Ron Ogles	03/07/1999	32	40	72	$ 46.52	$ 1,488.64
Clifford Eastman	03/07/1999	40	40	80	$ 36.54	1,461.60
Rick Marduce	03/07/1999	40	40	80	$ 37.98	1,519.20
(Time & 1/2)	03/07/1999	0	8	8		
Rick Massey	03/07/1999	40	40	80	$ 36.54	1,461.60
(Time & 1/2)	03/07/1999	3	3	6	$ 50.20	150.60
Ron Ogles	03/14/1999	32	32	64	$ 46.52	1,488.64
Clifford Eastman	03/14/1999	36	36	72	$ 36.54	1,315.44
Rick Marduce	03/14/1999	40	40	80	$ 37.98	1,519.20
(Time & 1/2)	03/14/1999	0	8	8		
Rick Massey	03/14/1999	40	40	80	$ 36.54	1,461.60
(Time & 1/2)	03/14/1999	3	3	6	$ 50.20	150.60
Ron Ogles	03/21/1999	32	32	64	$ 46.52	1,488.64
(Time & 1/2)	03/21/1999	0	8	8		
(Double Time)	03/21/1999	0	2.5	2.5		
Clifford Eastman	03/21/1999	32	32	64	$ 36.54	1,169.28
Rick Marduce	03/21/1999	40	40	80	$ 37.98	1,519.20
(Time & 1/2)	03/21/1999	16	8	24	$ 52.24	417.92
(Double Time)	03/21/1999	0	2.5	2.5		
Rick Massey	03/21/1999	32	40	72	$ 36.54	1,169.28
(Time & 1/2)	03/21/1999	4	21	25	$ 50.20	200.80
Harold Schaffer	03/21/1999	40	40	80	$ 48.22	1,928.80
(Time & 1/2)	03/21/1999	0	8	8		
(Double Time)	03/21/1999	0	4	4		
Ron Ogles	03/28/1999	40	40	80	$ 46.52	1,860.80
Clifford Eastman	03/28/1999	40	24	64	$ 36.54	876.96
Rick Marduce	03/28/1999	40	34	74	$ 37.98	1,291.32
(Time & 1/2)	03/28/1999	3	8	11	$ 52.24	156.72
(Double Time)	03/28/1999	0	9	9		
Rick Massey	03/28/1999	40	40	80	$ 36.54	1,461.60
(Time & 1/2)	03/28/1999	3	9	12	$ 50.20	150.60
Harold Schaffer	03/28/1999	40	24	64	$ 48.22	1,157.28
(Third Shift)	03/28/1999	0	16	16		
(Double Time)	03/28/1999	0	2	2		
						$ 26,866.32

Source: Certified payrolls for American International's Maintenance Assistance Services Contract and Subcontractor ARJAC, Inc.

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~

Summary of Work Orders for Construction/Remodeling Projects

Count	Work Order Number	Work Order Date	Estimated Cost	Description
1	A-122	10/27/1994	$ 73,560	Construct 1 office and 1 storage area with 2 floors
2	96-003	12/22/1995	16,046	Remodeling of security office on third floor of Smith Terminal
3	96-004	01/02/1996	25,077	Remodeling of training room on third floor of Smith Terminal
4	96-010	03/04/1996	4,254	Remodel accounting office on third floor of Smith Terminal
5	96-014	03/25/1996	1,063	Remove wall in customs office
6	96-016	03/25/1996	6,774	Various repairs at building 358
7	96-023	05/16/1996	6,080	Remove and Replace Sluice gate at storm pond 6
8	96-063	12/13/1996	8,790	Remodel Dispatch Control Center in Building 358
9	97-004	01/24/1997	42,810	Install 3 additional offices on Mezzanine of Smith Terminal
10	97-005	01/26/1997	27,780	Remodel offices located North end Mezzanine of Smith Terminal
11	97-054	09/24/1997	18,730	Remodeling of building 358
12	98-005	01/03/1998	126,891	Remodel Men's and Women's Bathrooms near Innkeepers Lounge
13	98-008	01/18/1998	2,609	Remodel Gun Range
14	98-009	02/16/1998	99,652	Remodel Restrooms in Northwest Baggage
15	98-012	03/19/1998	130,345	Remodel AA Restrooms in Smith Terminal
16	98-017	05/11/1998	7,563	Renovations to Communications Offices
17	98-020	05/22/1998	5,150	Roof Repairs at various locations
18	98-022	03/17/1998	148,458	Remodel Restrooms at Concourse E-9
19	98-024	05/26/1998	1,996	Remodeling of office in parts cage in building 704
20	98-026	05/13/1998	617,118	Remodel Restrooms at Concourse A Satellite
21	98-030	05/16/1998	104,976	Remodel A2 Restrooms in Concourse A
22	98-033	06/25/1998	4,280	Removal of Wall, Install door
23	98-034	06/02/1998	78,340	Remodel Restrooms for C-14
24	98-035	06/04/1998	158,905	Remodel Restrooms for C-4
25	98-043	06/25/1998	123,779	Remodel Restrooms for C-8
26	98-061	09/19/1998	29,284	Construct pole barn
27	99-013	01/29/1999	2,120	Remodel locker room at Midfield fire station
28	99-042	05/20/1999	18,014	Installation of metal inclosure for emergency generator @ bldg 358
29	99-049	06/03/1999	48,487	Fabricate and install countertops, washroom equip and electrical
30	99-054	06/28/1999	75,174	Fabricate and install ceramic tile and countertops, replace exhaust fan
31	20-002	01/09/2000	20,639	Fabricate and install countertops, shelving, lan lines, et al
32	20-005	01/24/2000	8,774	Remodeling of storage area in Landside Operations
33	20-031	06/05/2000	4,509	Installation of two section window, fabricate and install formica sill
34	20-054	08/04/2000	13,901	Construct new office in Ameritech room, 3rd floor Smith terminal
35	20-077	09/19/2000	27,500	Renovation of training area and badging office
36	20-094	10/30/2000	9,840	Remodel offices located near control center in bldg 358
37	21-024	02/14/2001	8,870	Construction in communications area in bldg 358
			$2,108,139	Total for construction/remodeling work orders

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~

Summary of Work Orders for Equipment/Supply Purchases

Count	Work Order Number	Work Order Date	Estimated Cost	Description
1	96-011	03/07/1996	$ 3,032	Emergency obtainment of specialized computer equipment
2	96-013	03/26/1996	169	Emergency obtainment of unit to support documents and reference materials
3	96-018	04/08/1996	3,427	Comp USA software and books
4	96-021	05/01/1996	1,212	RAM for various computers in administrative offices
5	96-038	07/29/1996	444	Purchase computer equipment
6	96-039	08/12/1996	223	Stilts for Security Dept
7	96-046	08/27/1996	191	Color Ink Cartridges, MS office books and misc
8	96-053	09/16/1996	15,291	Purchase light fixtures for Electrical Dept
9	96-058	10/23/1996	296	Lap top repair and spare battery
10	96-064	12/10/1996	423	Video equipment for snow removal operations (Sony 8mm camcorder)
11	96-065	12/10/1996	32	Video equipment protective casing (camcorder carry case)
12	96-066	12/17/1996	318	Upgrade video equipment for snow removal ops (Sony 8mm camcorder)
13	97-007	02/03/1997	148	Computer program PC Anywhere
14	97-030	06/05/1997	464	Equipment to aid snow removal ops.
15	97-050	08/21/1997	1,500	Comp USA camera, printer, etc.
16	97-051	08/11/1997	500	Safety glasses and Raincoats
17	98-010	04/23/1998	267	File Cabinets
18	98-018	04/03/1998	438	Ink Cartridges and Misc for managers office
19	98-031	05/29/1998	988	Misc Computer Equipment for Managers office
20	98-032	05/27/1998	6,435	Ashtrays for building 358
21	98-039	07/19/1998	3,513	Training equip - chairs, shelving unit
22	98-045	01/03/1998	378	Purchase various computer equipment
23	98-052	08/14/1998	788	Misc Computer Equipment for Intern
24	98-057	10/19/1998	275	Misc Equipment for Managers Office
25	98-077	12/12/1998	254	Misc materials for Security Dept
26	99-003	01/13/1999	49	Dollies for security department
27	99-007	01/22/1999	12,525	Hand held computers used for airport managers
28	99-020	02/25/1999	2,422	Backup Software and Equipment for Security Dept
29	99-022	03/04/1999	435	Refrigerator for Manager office
30	99-023	03/05/1999	2,491	Video equipment for managers office in Smith Terminal
31	99-032	03/18/1999	7,526	Misc equipment for airport managers
32	99-047	06/02/1999	53	Equipment used in bldg 703
33	99-057	07/29/1999	800	Video Equipment relocation
34	99-058	07/29/1999	300	TV mounts
35	99-065	08/31/1999	314	Security Equipment
36	20-010	02/25/2000	350	Cutter, Roller attachments
37	20-026	05/15/2000	640	Palm V PDA equipment for managers at Smith Mezzanine
38	20-032	06/12/2000	14,742	Electrical supplies for Wayne Cty Electricians
39	20-042	06/14/2000	1,087	Misc equipment for security dept
40	20-050	07/18/2000	53	DC Voltage adapter
41	20-070	08/31/2000	305	Polaroid cameras for maintenance dept
42	20-084	10/02/2000	212	Bar coding equipment
43	20-087	10/11/2000	710	Copies of Operating Procedures manuals
44	20-090	10/23/2000	1,819	Bar coding equipment
45	20-092	10/25/2000	1,550	Palm Pilots
46	20-099	12/05/2000	975	Materials for Wayne Cty Electricians
47	20-102	12/05/2000	1,070	Computer Equipment for Wayne Managers
48	20-103	12/07/2000	1,327	13 boxes of Index markers
49	21-001	01/02/2001	8,482	Hot water heaters for International Terminal
50	21-002	01/05/2001	239	Printer Ink cartridges
51	21-003	01/10/2001	1,643	Palm Pilots
52	21-005	01/19/2001	1,397	Tube Heater
53	21-009	01/27/2001	750	Air Compressor
54	21-010	01/30/2001	7,283	Index markers
55	21-017	02/02/2001	1,293	Palm Pilots
56	21-025	02/15/2001	337	Microsoft Project 98 instruction manuals
57	21-027	02/28/2001	2,512	Aluminum scaffolding and guard rail for power house
			$ 116,698	Total for equipment/supply work orders

Exhibit DD

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~

Summary of Work Orders for Work Performed by Others

Count	Work Order Number	Work Order Date	Estimated Cost	Description
1	A-107	09/26/1994	$ 351,450	Firing Range at 3100 Ruff Rd. - RangeTech Int'l
2	A-108	09/26/1994	86,823	Jail Cells at 3100 Ruff Rd. - Security Systems of MI
3	A-136	01/26/1994	18,353	Controlled Air Animal Crematory - JAR Incinerators
4	A-145	03/30/1995	9,822	Purchase Guard Booth - Par-Kut Int'l
5	96-020	04/08/1996	1,209	Wright Brown Roofing
6	96-025	05/10/1996	1,475	Wright Brown Roofing
7	96-031	06/06/1996	385	Wright Brown Roofing
8	97-011	03/17/1997	15,580	Replacement of boiler stacks -- Great Lakes Power
9	97-013	04/14/1997	1,862	Roof Repair at building 358 -- Wright Brown Roofing
10	97-017	04/03/1997	500	Roof Repair at Concourse C, gate 14 -- Wright Brown Roofing
11	97-021	04/25/1997	12,400	Carpet for British Airways - A. R. Kramer Flooring
12	97-038	06/27/1997	7,000	Exhaust fans - R W Mead
13	97-044	07/23/1997	1,267	Roofing on building 355 - Thomas Matelic
14	98-006	01/04/1998	29,429	Replace Elevator in North Terminal - Mathisen Mechanical
15	98-021	04/12/1998	14,236	Roof repairs at Willow Run - Tom Matelic
16	98-038	07/19/1998	31,500	Roof Replace at Signature Flight - Tom Matelic
17	99-015	02/03/1999	22,500	Roof Repairs - Matelic Co
18	99-019	02/22/1999	6,800	Install Ceramic Tile - Musante Tile
19	99-052	06/23/1999	13,700	Roof Repairs - Matelic Co
20	99-055	07/27/1999	18,700	Roof Replacement - Matelic Co
21	99-056	07/27/1999	17,900	Roof Repairs - Matelic Co
22	20-078	09/21/2000	6,200	Install metal flashing - Matelic Co
23	20-095	10/30/2000	14,550	Install decorative concrete coating - Toledo design
24	20-096	11/01/2000	8,054	Installation of gas, elec, venting - Bradley plumbing
25	21-013	02/02/2001	1,200	Installation of carpeting in front office of 358
26	21-019	02/13/2001	7,400	Install new tile in men's shower room in 358
			$ 700,295	Total for subcontractor work orders

Exhibit EE

MAINTENANCE ASSISTANCE SERVICES CONTRACT
Summary of Costs Under
the Maintenance Assistance Services Contract for Willow Run Airport

Count	Work Order Number	Work Order Date	Cost	Description
1	20-089	10/18/2000	$ 15,527	Install 4 Network Cables & 1 Dedicated Microwave Circuit
2	99-055	07/27/1999	21,002	Replace Roof at Maintenance Office at Willow Run
3	99-052	06/23/1999	14,886	Repairs to Parapet Wall, New Insulation, Rubber Torch Down
4	98-072	12/10/1998	1,371	Demo and Install New Door at Willow Run Airport
5	98-050	08/03/1998	11,652	Various Roof Repairs at Willow Run Airport
6	98-051	08/26/1998	7,038	Repair Brick that has Buckled, Various Buildings at Willow Run
7	98-021	04/12/1998	15,303	Roof Repairs at Willow Run
8	97-049	08/06/1997	6,979	Roof Repair at Willow Run
9	97-043	07/23/1997	3,712	Repair Brick at Willow Run Airport
10	97-036	06/11/1997	3,942	Repair Damaged Brick in Various Areas at Will Run Airport
11	97-029	06/05/1997	22	Replacement of Various Windows at Willow Run Airport
			$ 101,434	

Exhibit FF

~~MAINTENANCE ASSISTANCE SERVICES CONTRACT~~

Summary of Palm Pilot Purchases

Work Order Number	Cost	Description	Palm Pilot Count
21-003	$ 1,676	Palm pilots purchased from Best Buy on January 2001 invoice	5
21-017	887	Palm pilots purchased from Office Max on April 2001 invoice	2
21-017	432	Palm pilots purchased from Comp USA on April 2001 invoice	1
20-026	912	Palm pilots purchased from Office Max on May 2000 Invoice	2
20-026	688	Palm pilots and accessories purchased from Buy.com on May 2000 invoice	2
20-092	1,676	Palm pilots purchased from Comp USA on October 2000 invoice	5
99-007	1,447	Palm pilots, video card, other related items purchased from Comp USA on January 1999 invoice	3
99-007	820	Palm pilots purchased from Staples on January 1999 invoice	2
99-007	422	Palm pilots purchased from Staples on January 1999 invoice	1
99-007	1,686	Palm pilots purchased from Comp USA on February 1999 invoice	4
99-007	285	Palm pilots purchased from Comp USA on February 1999 invoice	1
99-007	444	Palm pilots purchased from Staples on February 1999 invoice	1
99-007	3,002	Palm pilots and accessories purchased from Buy.com on February 1999 invoice	10
99-007	2,610	Palm pilots and accessories purchased from Buy.com on April 1999 invoice	10
99-007	547	Palm pilot equipment purchased from Best Buy on April 1999 invoice	1
99-007	1,453	Palm pilots and accessories purchased from Buy.com on July 1999 invoice	3
99-032	1,981	Palm pilots and accessories purchased from Buy.com on September 1999 invoice	5
99-032	2,577	Palm pilots and accessories purchased from Buy.com on November 1999 invoice	10
	$23,545		68

Exhibit GG

MAINTENANCE ASSISTANCE SERVICES CONTRACT
Summary of Overpayments and Unauthorized Charges

Description	Overpayment	Unauthorized Charge	
Third shift work overcharges	$ 75,320		
Safety Officer charges		$ 541,102	
Carpenter charges		524,443	
Foreman and Journeyman overcharges	225,127		
Pickup truck and trailer overcharges	21,059		
Bricklayer overcharges	345,138		
Periodic labor rate increases	228,508		
Holiday pay overcharges	72,706		
Duplicate goods and services	41,751		
Duplicate labor costs	33,438		
Bond cost reimbursement		44,180	
Willow Run Airport work		101,434	
	$ 1,043,047	$ 1,211,159	
Total Overpayments and Unauthorized Charges			$ 2,254,206