

RESPONSE TO REQUEST
FOR ADDITIONAL REVIEW

AIRPORT MANAGEMENT QUALIFICATIONS,
RESPONSIBILITIES, AND COMPENSATION
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

August 28, 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 Airport management qualifications, responsibilities, and compensation.

Specifically, the Joint Legislative Select Committee asked us if the observations noted in its request were accurate and supported by the material in our preliminary review. Also, that Committee asked us to evaluate the qualifications of the newly appointed (i.e., current) Director of Airports.

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

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

AUDITOR GENERAL

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

OVERVIEW OF AIRPORT MANAGEMENT QUALIFICATIONS, RESPONSIBILITIES, AND COMPENSATION

The Detroit Metropolitan Wayne County Airport management consists of an appointed director, deputy directors, division directors, and assistant division directors who are responsible for managing the major divisions at the Airport. The major divisions include Public Safety, Operations, Maintenance and Power, Administration and Airport Affairs, External Relations, Concessions and Quality Assurance, and Properties and Facilities. Activities within the divisions include personnel and labor relations; security; fire and rescue; field maintenance; equipment repair; strategic planning; facilities and property management; airside, landside, and environmental operations; and public, media, and community relations.

The Director of Airports resigned effective May 1, 2000. The Wayne County Executive appointed a new Director of Airports effective May 1, 2000.

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 obtained and evaluated information relating to the current Director of Airports.

COMMENTS

Request:

Are the observations noted in the Joint Legislative Select Committee's letter accurate and supported by the material in the preliminary review?

Committee's Observations:

In its June 6, 2000 letter, the Joint Legislative Select Committee observed that the Preliminary Review of Airport Management Qualifications, Responsibilities, and

Compensation, Detroit Metropolitan Wayne County Airport, provides a brief overview of the 18 current Airport management positions. For each position, the preliminary review described each person's role and responsibilities, educational background, salary (not including fringe benefits) and salary range, date of hire, and status as a civil servant or political appointee. The Committee summarized the results of the preliminary review in a chart presented in Exhibit A.

Comment:

We generally concurred that the Joint Legislative Select Committee's observations are accurate and supported by the material in the preliminary review. However, we noted that certain observations contained incorrect data. We have presented the correct data. Our responses to the Committee's summary of the results of the preliminary review are presented in Exhibit A.

Request:

Include an evaluation of the qualifications of the newly appointed (i.e., current) Director of Airports in this review.

Procedure:

We obtained and evaluated information relating to the qualifications, salary, and salary range of Lester Robinson, the current Director of Airports.

Comment:

The Airport responded by submitting a resume, salary, and salary range for the Director of Airports (see Exhibits B-1 and B-2). The Director of Airports is an appointed position. The current Director of Airports has held the position since May 1, 2000. The following qualifications, as reported on the Director's resume, are presented according to experience type:

1. Airport-Related Experience Prior to Current Appointment

a. Deputy Director of Detroit Metropolitan Wayne County Airport:

- (1) Managed operating budgets of \$100 million (the Airport) and \$5.2 million (Willow Run).
- (2) Served as financial advisor for the Airport planning and construction projects.

- (3) Managed the issuance of bonded debt and financial reporting to federal and State agencies.
- (4) Served as administrator of airline relations and business development, including supervision of tenant lease agreements, for the Airport.
- (5) Supervised staff in charge of federal environmental impact study on Airport noise.
- (6) Managed concession agreements for the Airport and Willow Run.

2. Position-Related Experience

a. Chief Financial Officer, Wayne County:

- (1) Managed County budgets totaling \$1.5 billion.
- (2) Supervised a staff of 170 employees within the Department of Management and Budget.
- (3) Managed the Accounting, Budget, Purchasing, and Risk Management Divisions and Grants Administration, Department of Management and Budget.
- (4) Managed County bonded debt of approximately \$967 million.
- (5) Served as a member of board of trustees for \$800 million Wayne County Retirement Commission; chairman of investment subcommittee.
- (6) Served as chief liaison for the County Executive to the Wayne County Commission on Financial and Budgetary Policy Matters.

b. Chief of Staff, Office of the County Executive, Wayne County:

- (1) Provided management direction on administrative matters for all County staff under the direction of the County Executive.

(2) Developed and implemented legislative and management policy on behalf of the County Executive.

c. Assistant County Executive/Administration, Office of the County Executive, Wayne County:

(1) Advised the County Executive on various financial and managerial issues.

(2) Developed budget policies and implemented the County solvency plan negotiated with the State of Michigan.

(3) Implemented cost reduction for the County through a freeze policy on the hiring of personnel and capital equipment purchases.

(4) Negotiated the sale of bonds and a State loan to finance the deficit of the County.

(5) Served as a representative for the County Executive at public speaking engagements. Served as chairperson of the Wayne County Electronic Data Processing Advisory Committee.

d. Wayne County Auditor General:

(1) Advised the Wayne County Commission on the County's financial reporting and budgeting practices.

(2) Was responsible for the review and evaluation of the soundness, adequacy, and application of systems of internal accounting, financial, and operation controls.

(3) Advised the Wayne County Commission on budget issues.

3. Education and Salary

The Director's resume shows that he possesses a Bachelor of Business Administration degree with additional graduate school level studies in public administration. As of October 2, 2000, the Director's salary is \$148,000 per year and the salary range for the position is from \$91,621 to \$148,273 per year.

Certain information and qualifications were not disclosed on the Director's resume. The resume does not contain employment dates for prior positions listed and it does not correlate positions held to experience obtained. The resume is vague and ambiguous in describing the Director's involvement and experience with projects directly related to Airport operations. While subtly describing much of the Director's airport-related experience, the resume does not describe in which positions the Director's experience was obtained. This information is necessary to understand when and what services the Director provided to the County as a County official versus when and what services he provided to the County as a contractor or subcontractor. For example, the resume does not describe the nature and timing of services that the Director provided to the Airport as a subcontractor to Booz-Allen & Hamilton or what airport-related experience the Director obtained as a subcontractor to Booz-Allen & Hamilton.

The resume identifies the Director as the managing member of Capital Financial Advisors International, L.L.C. (CFA), a firm he founded. Reportedly, CFA has several contracts with the Airport for financial consulting work. CFA was awarded 25% of a \$1.9 million consulting contract awarded to Booz-Allen & Hamilton in 1998. The extent of CFA's involvement, if any, as subcontractor on other annual Booz-Allen & Hamilton contracts is unclear. CFA served as financial advisor to the Airport's 1998 \$1.017 billion bond issuance for the Midfield Terminal Project. The extent of CFA's involvement, if any, as financial advisor on other Airport bond issuances is unclear. Yet, the Director's resume does not describe any of this experience ostensibly pertinent to the resume of a Director of Airports.

The Director's co-owner of CFA (who also owns Airport contractor Pierce, Monroe and Associates, Inc.) continues to contract with the Airport under an existing contract that pre-dates the Director's appointment.

On October 17, 2000, we sent a memorandum to the Director (see Exhibit C) requesting the following:

- a. Please list the employment dates for the prior positions listed on your resume.
- b. What is your current employment status with Capital Financial Advisors International?
- c. What airport related services did you provide to the Airport as a subcontractor to Booz-Allen & Hamilton?

- d. Do you have any other airport-related experience obtained as subcontractor with Booz-Allen & Hamilton that would help document your qualifications? If so, please indicate.
- e. What is your present subcontractor relationship with Booz-Allen & Hamilton?

The Director did not respond to our memorandum and did not respond to our follow-up telephone calls concerning our request. Finally, in April 2001, when the Airport's liaison asked us for a list of outstanding requests, we included the requests outlined in our October 17, 2000 memorandum to the Director. In response, the Director relayed to us that he had already answered our questions in his resume or in his public conflict-of-interest disclosure form.

We subsequently obtained and reviewed the Director's annual disclosure of potential conflicts-of-interest forms (see Exhibits D and E) and noted that nothing in the forms would answer most of the questions included in our October 17, 2000 memorandum.

However, we noted that the Director's annual disclosure of potential conflicts-of-interest forms did not disclose his relationship with Airport contractor Pierce, Monroe and Associates, Inc. The County's Ethics Ordinance requires that the Director of Airports shall not take part, directly or indirectly, in a procurement in which he has a conflict of interest. Under the Ethics Ordinance, a conflict of interest exists whenever a County employee and a County vendor maintain a substantial financial interest in a shared business venture. However, the Ethics Ordinance provides that having a substantial financial interest in a disclosed blind trust is not a conflict of interest.

The Director disclosed in March 2001 that on January 1, 2001, he assigned all his interest in CFA to a blind trust, subject to all the existing terms and conditions of a certain operating agreement that was not disclosed. Under the County's Ethics Ordinance, a "blind trust" is defined as follows:

An independently managed trust in which the employee-beneficiary has no management rights and is not given notice of alterations in, or other dispositions of, the property subject to the trust. The Wayne County Employee's Retirement System and commercially available mutual funds are deemed to be a qualified blind trust.

Further review would be necessary to determine whether the terms and conditions contained in the operating agreement met the criteria necessary to qualify as a blind trust under the Ethics Ordinance.

In response to this report, the Airport provided a revised resume for the Director (see Exhibit F). The revised resume contains significantly less detail regarding airport-related experience than was included in the prior resume. However, the revised resume includes the employment dates for the prior positions listed on the Director's resume, a detail that we have been pursuing since October 17, 2000.

The Airport's August 14, 2001 response to a draft copy of this report also addressed the other follow-up questions we had been pursuing since October 17, 2000, which is more fully explained in the Airport Response section below.

The Detroit Metro Airport Review Committee or the Subcommittee on Airport Review of the Standing Committee on Commerce may wish to request Airport consultants to compare qualifications of the current Director of Airports with his counterparts at other comparable airports.

Airport Response:

The draft report was shared with the Airport on August 2, 2001. In response, the Airport provided additional information regarding Airport management qualifications, responsibilities, and compensation on August 14, 2001.

In response to comments regarding the subcontractor relationship between Booz-Allen & Hamilton and CFA, the Airport responded that the relationship was terminated prior to Director Robinson's acceptance of the position as Director of Airports. Furthermore, all invoicing for consulting services on CFA's behalf was discontinued after Mr. Robinson's appointment as Director of Airports.

The following represents the Airport's response to specific questions raised in the Office of the Auditor General's report, regarding the Director's experience:

- a. See revised resume (Exhibit F).
- b. As clearly indicated in Director Robinson's Wayne County Annual Disclosure of Potential Conflicts of Interest statement, he is not, and has not been, employed by CFA since his appointment as Director of Airports.

- c. CFA's scope of services as subcontractors to Booz-Allen & Hamilton on the Airport's consulting service contract included preparation of budget analyses; a passenger facility charge reconciliation as well as other pertinent financial analyses; and CFA's participation in the analytical review of the Airport's budget, resulting in recommended budget reductions, which saved the airlines approximately \$7 million in fiscal years 1998-99 and 1999-2000.
- d. No additional airport-related experience was obtained by Director Robinson as a subcontractor to Booz-Allen & Hamilton other than the aforementioned experience.
- e. As previously mentioned, Mr. Robinson's relationship with Booz-Allen & Hamilton was terminated prior to his appointment as Director of Airports.

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EXHIBITS

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT
Committee's Summary of the Results of the Preliminary Review and Related Auditor's Responses

JOINT LEGISLATIVE SELECT COMMITTEE'S SUMMARY OBSERVATIONS						AUDITOR'S RESPONSES TO OBSERVATIONS
Name	Position*	Year Appointed	Previous Airport Experience Prior to Appointment at Detroit Metropolitan Wayne County Airport	Education Completed	Current Salary and Pay Range for This Position**	Interpret "Prior to Appointment" as "Prior to Initial Appointment at Airport."
David Katz	Director of Airports	1998	None. Worked as Chief of Staff for the Wayne County Executive from 1991-1998. Previously served as a lobbyist for the County from 1987 to 1991, after having worked as an Administrative Assistant for the mayor of Livonia from 1984 to 1987.	B.A. Liberal Arts	\$128,558- \$91,621 to \$148,273	Concur
Susan Kopinski	Division Director - Airport Finance	1995	None. Worked as Financial Services Manager and Deputy Finance Director for Canton Township from 1986 to 1995.	M.A. and B.A. Public Administration	\$94,268- \$63,336 to \$102,482	Concur
Daniel Kerber	Deputy Director - Airport Operations and Public Safety	1985	None. Was a Deputy Sheriff in Wayne County (1973 - 1981) and Sarasota, Florida (1981 - 1984) before being appointed Assistant Director of Administration at the Airport in 1985.	M.A. and B.A. Liberal Studies	\$112,317 \$82,538 to \$133,449	Concur - except appointed Assistant Director of Administration at the Department of Public Service in 1985
Cornell Mays	Deputy Director - Administration and Airport Affairs	1998	Some. Was architect in Detroit prior to beginning work at the Airport in 1988. In 1979, he worked on a task force at the Atlanta Airport.	B.S. Architecture	\$106,224- \$82,538 to \$133,449	Concur
Robert Murphy	Airport General Counsel	1978	None. Began working for Wayne County in 1963 and has been attorney in charge of Airport matters at the Airport since 1978.	B.S. Engineering J.D. Law	\$116,613- \$70,285 to \$113,469	Concur
Alfred James	Division Director - Public Safety	1997	None. Has worked in law enforcement for the Detroit Police Department since 1965. Began working for the Airport police in 1993.	B.S. Business, B.A. Law Enforcement	\$96,440- \$70,285 to \$113,469	Concur - except began working for the Airport police in 1992.
Charles Sherrill	Division Director - Operations	1997	None. Began working in Airport security in 1981 after working 26 years with the Detroit Police Department.	B.S. Police Administration	\$96,440- \$70,285 to \$113,469	Concur
Vincent Petitpren	Division Director - Maintenance and Power	1997	None. Was a Maintenance Manager and Production Scheduler at GTE Unistrut Corp. in Wayne, Michigan, prior to 1990 employment with Wayne County.	B.S. Political Science, M.A. Interdisciplinary Technology	\$96,410 \$70,285 to \$113,469	Concur
Robert Biga	Division Director - Administration and Airport Affairs	1997	None. Worked for the City of Livonia and then worked for Wayne County as Director of Administration of Department of Public Service (DPS) and Deputy Director of Roads from 1986 to 1997.	B.A. Education	\$104,389 \$70,285 to \$113,469	Concur

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Committee's Summary of the Results of the Preliminary Review and Related Auditor's Responses

(Continued)

JOINT LEGISLATIVE SELECT COMMITTEE'S SUMMARY OBSERVATIONS						AUDITOR'S RESPONSES TO OBSERVATIONS
Name	Position *	Year Appointed	Previous Airport Experience Prior to Appointment at Detroit Metropolitan Wayne County Airport	Education Completed	Current Salary and Pay Range for This Position**	Interpret "Prior to Appointment" as "Prior to Initial Appointment at Airport."
Michael Conway	Division Director - External Relations	1997	None. Worked in public relations for David Bonior and Wayne County before serving as Manager of Community Relations for the Airport from 1986 to 1997.	B.A. Education, M.A. Remedial Reading	\$96,410 \$63,336 to \$102,482	Concur
Colleen Pobur	Division Director - Concessions and Quality Assurance	1997	None. Worked in marketing for Xerox, Compuware, and Ameritech before taking over the Airport's noise mitigation program in 1997.	B.A. French	\$98,569 \$70,285 to \$113,469	Concur
Linn Day	Division Director - Properties and Facilities	1998	Yes. Worked in the planning and design of projects at 15 airports. Presently works for Sverdrup Facilities, Inc., in Detroit where he oversees the Midfield Terminal Project.	B.S. Architecture	\$96,410 \$70,285 to \$113,469	Concur - except presently works for the Airport, where he oversees the Midfield Terminal Project.
Ray Lambert	Assistant Division Director - Airport Finance	1998	None. Was a CPA with Plante & Moran for five years before being named Finance Director for the City of Hazel Park, which he was from 1993 to 1998.	B.S. Business (CPA)	\$69,770 \$54,406 to \$88,005	Concur
Mark DeBeau	Assistant Division Director - Public Safety	1997	None. Former police officer in Sarasota, Florida, and Tawas, Michigan. Began working in security at the Airport in 1987.	B.S. Business, M.A. Liberal Studies	\$89,266 \$60,297 to \$97,231	Concur
Hassen Makled	Assistant Division Director - Operations	1997	None. All employment has been at the Airport. Worked as an Airport police officer from 1974 until beginning work in 1986 as a Department Manager overseeing Airfield Operations.	B.S. Special Education	\$89,266 \$60,297 to \$97,231	Concur
Mahlon Cooks	Assistant Division Director - Maintenance and Power	1997	None. Worked with the County Road Commission from 1972 to 1987 and then worked as Deputy Director of Maintenance and Power for the Wayne County DPS from 1987 to 1997.	High School	\$89,266 \$60,297 to \$97,231	Concur
Gillian Tybinka	Assistant Division Director - Administration and Airport Affairs	1997	None. Worked for Wayne County in various human resources positions culminating in move from Wayne County DPS to the Airport in 1986. Was Assistant Director of Administration before assuming current duties.	B.S. (No area of study provided)	\$89,266 \$60,297 to \$97,231	Concur
Barbara Hogan	Assistant Division Director - External Relations	1999	None. Worked as an Administrative Assistant in the City of Livonia for five years before beginning work as an Executive Assistant/Press Secretary for the Wayne County Executive in 1987. Then worked in the County's External Relations Department until her current appointment.	High School	\$89,266 \$60,297 to \$97,231	Concur

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Committee's Summary of the Results of the Preliminary Review and Related Auditor's Responses
(Continued)

JOINT LEGISLATIVE SELECT COMMITTEE'S SUMMARY OBSERVATIONS	AUDITOR'S RESPONSES TO OBSERVATIONS
Notes and Explanation:	
* The Airport affirmed in writing that no formal job descriptions or qualifications existed for appointed positions and that the County does not require applications for employment for its appointed positions.	Concur
** These salary figures are projections based on the 1998 numbers provided by the Airport. The auditors applied a standard 5% increase to the 1998 figures for each of the last two years to arrive at the figures in this column. It is also worth noting that the Airport refused to release fringe benefit information to the Office of the Auditor General staff, claiming that such information is exempt from disclosure under the County Employees' Civil Service System, Act 370, P.A. 1941.	Concur - salary figures are current figures as of February 28, 2000.