

RESPONSE TO REQUEST
FOR ADDITIONAL REVIEW

CONTRACTORS
CONTRACT FOR PROFESSIONAL,
ARCHITECTURAL/ENGINEERING, AND DESIGN SERVICES
FOR THE
EXISTING TERMINAL COMPLEX RENOVATION

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

August 31, 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 contractors related to the contract for professional, architectural/engineering, and design services for the renovation of the existing terminal complex.

Specifically, the Joint Legislative Select Committee asked us to review and comment on the chronology, contract provisions, competitive award, and Wayne County Commission approval of the contract. In addition, that Committee requested that we determine what services the Airport received from the contractor and if the contract contained any performance measures.

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 THE CONTRACT FOR PROFESSIONAL, ARCHITECTURAL/ENGINEERING, AND DESIGN SERVICES FOR THE EXISTING TERMINAL COMPLEX RENOVATION

The County of Wayne and Sims-Varner & Associates, Inc. (Sims-Varner), entered into a contract, dated October 19, 1992, in the amount of \$1,500,000, to provide professional, architectural/engineering, and design services for the renovation of the existing terminal complex (L.C. Smith, J.M. Davey, and I.M. Berry Terminals and Concourses A - G) at the Detroit Metropolitan Wayne County Airport. The Wayne County written policy/procedure statement requires the Airport to solicit prospective contractors by preparing a request for qualifications. Once a contractor is selected, a recommendation to award the contract is made to the County Executive. Final approval is required by the Wayne County Commission.

Our Preliminary Review of Contractors, Detroit Metropolitan Wayne County Airport, dated July 3, 2000, identified a number of contracting issues, including a lack of necessary documentation needed to evidence compliance with competitive bidding requirements for various Airport contracts. The contract for professional, architectural/engineering, and design services for the renovation of the existing terminal complex was not included in the preliminary review.

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 the Wayne County Charter, Appropriations Ordinance, Purchasing Ordinance, and General Purchasing Policies and Procedures Statement. We examined the contract for professional, architectural/engineering, and design services for the renovation of the existing terminal complex, the related amendments, and Wayne County Commission Resolutions. We examined documentation supporting the Airport's adherence to the County's competitive solicitation process. We reviewed the Capital Improvement Program (CIP) Status Report. We also analyzed all payments made to Sims-Varner in relation to the contract and the subsequent amendments.

COMMENTS

Request:

Please conduct a review and comment on the chronology, contract provisions, competitive award, and Wayne County Commission approval of the Sims-Varner contract. In addition, please determine what services the Airport received from this vendor and if the contract contained any performance measures.

Procedure:

We obtained and reviewed the contract for professional, architectural/engineering, and design services for the renovation of the existing terminal complex and the related amendments. We examined requests for qualifications, proposals, documentation of the evaluation committee make-up, the evaluation committee's recommendations for contract awards, and Wayne County Commission resolutions. We spoke with staff from the CIP program manager.

We examined a sample of the professional designs, blueprints, and construction documents prepared for the renovation of the existing terminal complex.

Comment:

Sims-Varner has been a contractor to the Airport since 1992 and a subcontractor to the Airport since approximately 1988. The contract for professional, architectural/engineering, and design services for the renovation of the existing terminal complex was approved in 1992 and was broad in scope. The renovation included modifications, upgrades, expansion, and demolition (see Exhibit A). The contract was terminated in July 1999.

Chronology:

June 24, 1991 - Request for Qualifications

The Wayne County Department of Public Services released a request for qualifications to 10 consulting firms. The proposals and credentials of the

responding consulting firms were reviewed by the CIP program manager and narrowed down to:

1. Sims-Varner
2. Smith, Hinchman and Grylls Associates, Inc.

April 24, 1992 - Selection Committee Interviews Completed

Wayne County's selection committee completed its interview and evaluation of consultants Sims-Varner and Smith, Hinchman and Grylls Associates, Inc. Based on the selection committee's evaluation scores, Sims-Varner was selected for the contract.

October 15, 1992 - Contract Approved

Wayne County Commission Resolution No. 92-594 dated October 15, 1992 (Exhibit B) approved awarding the contract to Sims-Varner. The initial contract was for general architectural services for architectural modifications, renovation, and demolition work related to the existing terminal complex in the amount of \$1,500,000. The contract was for a 10-year period from 1993 to 2003.

October 19, 1992 - Initial Contract

The contract execution date was October 19, 1992. The Airport and Sims-Varner signed the contract.

May 2, 1996 - Contract Amendment No. 1 Approved

Wayne County Commission Resolution No. 96-272 dated May 2, 1996 (Exhibit C) approved Contract Amendment No. 1.

June 27, 1996 - Contract Amendment No. 1 (Exhibit D)

The amendment, executed on June 27, 1996, provided \$666,000 for additional professional services for concourse beautification, the International Terminal bus corridor, the International Terminal bag recheck improvements, and design contingency.

May 7, 1998 - Contract Amendment No. 2 Approved

Wayne County Commission Resolution No. 98-297 dated May 7, 1996 (Exhibit E) approved Contract Amendment No. 2.

May 11, 1998 - Contract Amendment No. 2 (Exhibit F)

The amendment, executed on May 11, 1998, provided \$500,000 for additional professional, architectural/engineering, and design services related to renovations to the existing terminal complex, including access for the disabled.

June 2, 1999 - Contract Amendment No. 3 (Exhibit G)

Contract Amendment No. 3, initiated June 2, 1999, was not executed. However, the amendment would have provided an additional \$810,000 for professional services related to upgrading the existing terminal complex. The CIP program manager informed us that, in lieu of executing the amendment, the Airport re-evaluated the tasks remaining at this point and some of the items listed in the scope of the amendment were completed using funds from prior contract amendments.

July 20, 1999 - Contract Terminated

The CIP program manager notified Sims-Varner that, effective immediately, all design work on projects administered by the CIP program manager at the Airport was to be terminated (see Exhibit H). The CIP program manager directed Sims-Varner to continue providing design and construction support per its proposals for the Smith Terminal mezzanine renovations and the Concourse A and B security checkpoint addition.

Further review would be necessary to reconcile the amounts paid to Sims-Varner to the actual work performed.

Contract Provisions:

The contract, initially in the amount of \$1,500,000, required Sims-Varner to provide professional, architectural/engineering, and design services for the renovation of the existing terminal complex (L.C. Smith, J.M. Davey, and I.M. Berry Terminals and Concourses A - G) at the Airport. Specific services included the development of design

and construction documents for the demolition, renovation, and expansion of certain portions of the existing terminal complex. The scope of services (detailed in Exhibit A) included:

- a. Develop project requirements.
- b. Develop and evaluate alternative design solutions and recommendation.
- c. Develop bid documents and evaluate bids.
- d. Provide support during construction administration.
- e. Provide project team monitoring/management/coordination.

The CIP program manager informed us that the initial contract for \$1,500,000 was a blanket contract as the full scope of the services to be provided had not been decided at the time that the contract was executed. Each of the subsequent amendments provided additional funding to complete projects that were the result of ongoing project development.

The contract required Sims-Varner to prepare a detailed scope-of-work, a project schedule, and a not-to-exceed fee for each project at initiation.

Competitive Award:

The documentation provided by the Airport to support the competitive award process included a request for qualifications, proposals from 10 contractors, selection committee evaluation forms, and selection committee scores.

A letter of recommendation from the Airport's project manager states that 10 companies submitted bids. The two highest ranked companies were Sims-Varner and Smith, Hinchman and Grylls Associates, Inc.

Four employees of the CIP program manager reviewed the credentials and qualifications of all consultants responding to the request for qualifications. The CIP program manager prepared a short list of 2 consultants for consideration and referred them to the selection committee, which was composed of two Wayne County Purchasing employees and two Airport employees. Based on the evaluation forms and the selection committee scores, Sims-Varner was selected for the contract.

The Airport did not provide published advertisements.

The Wayne County Purchasing Policy/Procedure Statement contains the following provision:

Purchasing will advertise all contract solicitations for major contracts by placing notices in the Detroit Legal News. Purchasing may also advertise contract solicitations in other trade journals and publications that the Director deems appropriate.

Although the Airport had no record in its file for published advertisements, the number of consultant responses to the request for qualifications appeared to be sufficient for a competitive process.

In response to our draft report, the Airport indicated that it and contractor Sims-Varner concur that the contract to provide professional, architectural/engineering, and design services for the renovation of the existing terminal complex was competitively procured, in accordance with the Wayne County Purchasing Policy/Procedure Statement. Additionally the Airport cited the aforementioned excerpt from the Wayne County Purchasing Policy/Procedure Statement.

Commission Approval:

Wayne County Commission Resolution No. 92-594 dated October 15, 1992 (Exhibit B) authorized the original contract. Wayne County Commission Resolution No. 96-272 dated May 2, 1996 (Exhibit C) authorized Contract Amendment No. 1. Wayne County Commission Resolution No. 98-297 dated May 7, 1998 (Exhibit E) authorized Contract Amendment No. 2.

Services Received by the Airport:

Services received by the Airport from Sims-Varner included professional designs, blueprints, and other construction documents for the renovation of and improvements at the L.C. Smith, J.M. Davey, I.M. Berry Terminals and Concourses A - G. Specific projects included improved access for disabled Americans, renovation of interior finishes, furniture, equipment, and public toilets in the Smith Terminal and Concourses A - G.

The March 31, 2001 CIP Status Report indicated that from January 1992 through March 2001 Sims-Varner provided professional, architectural/engineering, and design services for a total of 15 projects. A listing and status of the 15 projects is included in Exhibit I.

The CIP program manager informed us that, when designs go into the bidding process, the consulting contractor (Sims-Varner) has substantially completed its work. We examined the completed blueprints (bid sets) for the renovation of toilet rooms, Concourse G - phase 2, both in the Smith and Davey Terminals. The completed bid sets included the architectural design, the mechanical and electrical designs, and completed construction specifications.

Performance Measures:

The following performance measures were identified in the contract:

- a. The architect shall submit for the owner's approval a schedule for the performance of the architect's services. The architect or the owner shall not, except for reasonable cause, exceed time limits established by this schedule approved by the owner.
- b. The architect shall submit to the owner for approval schematic design documents consisting of drawings and other documents illustrating the scale and relationship of project components.
- c. The architect shall submit to the owner a preliminary estimate of construction cost.
- d. The owner must approve all adjustments to approved documents.
- e. The architect shall prepare, for approval by the owner, design development documents including drawings and other documents to fix and describe the size and character of the project as to architectural, structural, mechanical, and electrical systems.
- f. The architect shall prepare, for approval by the owner, construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the project.

In summary, the design process requires incremental approval of each completed phase by the Airport before the next phase starts. Each completed phase requires a set of documents, which are the basis for the completion of the next phase.

Airport Response:

On August 1, 2002, we shared a draft copy of this report and requested the Airport to respond by August 8, 2001. On August 14, 2001, we received the Airport's response. The Airport's response has been addressed and incorporated into this report.