State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

Memorandum

Serious drought.
Help save water!

To: COCO BRISENO
Deputy Director
Planning and Modal Programs

Date: April 29, 2016

File: P1575-0048

From: WILLIAM E. LEWIS
Assistant Director
Audits and Investigations

Subject: **INCURRED COST AUDIT – ORANGE COUNTY, JOHN WAYNE AIRPORT**

The California Department of Transportation (Caltrans), Audits and Investigations (A&I), audited costs claimed by and reimbursed to Orange County, John Wayne Airport (JWA) totaling $4,929,693 for work performed under project BRLOZE-5955(037) with Caltrans. The audit was performed to determine whether the costs were supported and in compliance with the agreement provisions, and state and federal regulations. This audit was performed as a management service to assist Caltrans in fulfilling its fiduciary responsibilities to state and federal regulatory agencies. The final audit report, which includes JWA's response, is attached.

Based on our audit, we determined that project costs totaling $1,598,006 did not comply with respective agreement provisions, and state and federal regulations. In addition, JWA procurement procedures and documentations need improvement. We also found that JWA's grant management procedures need improvement.

Please provide our office with a corrective action plan addressing the recommendations in the report, including estimated timelines, by June 13, 2016.

This report is a matter of public record and will be placed on Caltrans' website.

If you have questions or need additional information, please contact MarSue Morrill, External Audits - Local Governments, at (916) 323-7105.

Attachment

c: Lawrence Serafini, Deputy Airport Director, Orange County John Wayne Airport
Kenneth Wong, Quality Assurance and Compliance Manager, Orange County John Wayne Airport
Michael Tritz, Deputy Secretary for Audits and Performance Improvement, California State Transportation Agency
Janice Williams, Director of Financial Services, Federal Highway Administration
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MarSue Morrill, CPA, Chief External Audits – Local Governments, Audits and Investigations, Caltrans

AUDIT REPORT

County of Orange

John Wayne Airport

Incurred Cost Audit

P1575-0048

April 2016

Prepared By:

Audits and Investigations

California Department of Transportation

"Provide a safe, sustainable, integrated and efficient transportation system to enhance California's economy and livability"

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Executive Summary, Background, Scope, Methodology, and Conclusion

EXECUTIVE SUMMARY

The California Department of Transportation (Caltrans), Audits and Investigations (A&I) audited reimbursed project costs totaling $4,929,693, to Orange County, John Wayne Airport (JWA) and found project costs totaling $1,598,006 did not comply with respective agreement provisions and state and federal regulations.

BACKGROUND

Caltrans A&I performs incurred cost audits to ensure Caltrans is meeting its legal and fiduciary responsibilities, and that state and federal funds are properly expended by local government agencies. This audit was performed to determine whether project costs claimed by and reimbursed to JWA were allowable, adequately supported, and in compliance with the respective agreement provisions, and state and federal regulations.

The audit included costs incurred on the Departure Viaduct Seismic Retrofit project, BRLOZE-5955(037), during the period of July 1, 2011, through December 31, 2013.

SCOPE

The scope of the audit was limited to financial and compliance activities. The audit of JWA's financial management system included interviews of JWA staff necessary to obtain an understanding of JWA's financial management system. The audit consisted of transaction testing of claimed costs to evaluate compliance with Title 2 Code of Federal Regulations (CFR) Part 225; Title 48 CFR Chapter 1 Part 31; Title 49 CFR Part 18; Title 23 CFR; Caltrans' Local Assistance Procedures Manual; and requirements stipulated in Orange County's Agreement with Caltrans. Our field work was completed on June 29, 2015, and transactions occurring subsequent to this date were not tested and, accordingly, our conclusion does not pertain to costs or credits arising after this date.

JWA is responsible for the claimed costs, compliance with applicable agreement provisions, state and federal regulations, and the adequacy of its financial management system to accumulate and segregate reasonable, allocable, and allowable costs. Because of inherent limitations in any financial management system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the financial management system to future periods are subject to the risk that the financial management system may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was less in scope than an audit performed to express an opinion on the financial statements of JWA. Therefore, we did not audit and are not expressing an opinion on JWA's financial statements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the data and the records selected. An audit also includes assessing the accounting principles used and significant estimates made, and evaluating the overall presentation.

CONCLUSION

Based on our audit, we determined:

- Reimbursed costs totaling $1,598,006 (see Attachment I) are questioned.
- Procurement procedures and documentation need improvement to comply with state and federal regulations.
- Grant management needs improvement.
- Contract provisions did not comply with state and federal requirements.
- Construction payment methodology was not adequately supported or in compliance with contract terms.

VIEWS OF RESPONSIBLE OFFICIALS

Our findings and recommendations consider JWA's response dated March 17, 2016, to our January 2016, draft report. Our findings and recommendations, JWA's response, and our analysis of the response are set forth in the Findings and Recommendations section of this report. A copy of JWA's full response is included as Attachment IV.

This report is intended as information for Caltrans management, the California Transportation Commission, The Federal Highway Administration, the Federal Transit Administration, and JWA. This report is a matter of public record and will be posted on Caltrans A&I website.

If you have questions, please contact Lisa Moreno, Auditor, at (916) 323-7885, or Cliff Vose, Audit Manager, at (916) 323-7917.

MarSue Morrill

MARSUE MORRILL, CPA
Chief External Audits – Local Governments
Audits and Investigations

April 29, 2016

FINDINGS AND RECOMMENDATIONS

FINDING 1 – Procurement Procedures, Practices and Policies Need Improvement

The County of Orange, John Wayne Airport (JWA) did not procure professional services in accordance with state and federal regulations, and its procurement policies need to be updated to comply with state and federal requirements.

The audit included testing JWA's procurement of two professional service contracts, T.Y. Lin/IDS and JOA. Specifically we found the following deficiencies:

Architectural Engineering (A&E) Contract – T.Y. Lin/IDS
Capital Improvement Project Management Services – JOA

JWA could not provide documentation to show that the required independent cost estimates were prepared prior to accepting proposals for both procurements as required by Title 49 Code of Federal Regulations (49 CFR) 18.36, and the Local Assistance Procedures Manual (LAPM) Chapter 10. JWA stated that a cost estimate was prepared for the A&E procurement but could not find it and that they saw no reason to prepare a cost estimate for project management procurement because it was going to be a contract with costs based on time and material.

In addition, JWA, could not provide documentation to show that they performed the required cost/price analysis, requested pre-award audits, negotiated cost to ensure fair and reasonable price, or negotiated profit as a separate item for either contract as required by 49 CFR 18.36, and the LAPM Chapter 10. JWA staff stated they negotiated the hourly rates for the project management procurement and that separate profit negotiations was not required since profit is part of the hourly rates and/or were unaware of the requirements.

Without an independent cost estimate, cost/price analysis, pre-award audit, or cost and profit negotiations JWA cannot support that the procurement met federal and state regulations or that the contracts were executed at a fair and reasonable cost.

Also, JWA did not maintain a complete record of when the proposals were received for the A&E procurement and for two of the six proposals received for the project management procurement as required by 49 CFR 18.36. Without adequate documentation of when proposals are received JWA cannot show if proposals were submitted by the due date and time identified in the RFP. JWA staff stated that proposal packaging was time stamped when received but did not know why the packaging was not in the contract file or concluded the documents may have been in boxes that were later destroyed.

As of August 31, 2013, Caltrans had reimbursed JWA for the TY Lin/IDS contract in the amount of $1,298,531 of which $72,023 were state funds and $1,226,508 were federal funds. Also Caltrans has reimbursed JWA for the JOA contract in the amount of $299,475 of which $34,349 were state funds and $265,126 were federal funds.

Procurement Policy
The County Contracting Manual §3.6-105 (3) sets the threshold for the use of informal procurements at $175,000 which JWA has adopted. Under 23 CFR 172 the current small purchase threshold for A&E services using federal funds is $150,000. For A&E services using only state funds the California Government Code 4529.12 does not identify any minimum threshold, and for all other service contracts California Public Contract Code sets the maximum amount at $5,000. JWA staff were unaware of the state and federal regulations and were following Orange County polices.

Without policies and procedures that reflect state and federal laws and regulations, the County has a risk of not procuring contracts in compliance with state and federal regulations which could result in questioned costs and/or invalid procurements.

See Attachment II for detailed criteria.

RECOMMENDATION

We recommend JWA implement procurement practices, and train staff accordingly, and maintain records sufficient to detail the significant history of the procurement process as required by 23 CFR 172 (which superseded 49 CFR 18.36), and the LAPM Chapter 10 to include but not limited to:

- Maintaining all procurement records for review.
- Prepare cost estimate prior to accepting proposals.
- Perform cost/price analysis.
- Negotiate price and profit as separate items and maintain documentation of negotiations.
- Document and maintain records of when proposals are received.
- Performing pre-award audits.

In addition we recommend Caltrans Division of Local Assistance (DLA) consult with the Federal Highway Administration (FHWA) to determine if the $1,491,634 in federally reimbursed costs associated with these procurements should be reimbursed. DLA also should determine if the $106,372 in state reimbursed costs associated with the procurements should be reimbursed.

JWA RESPONSE

JWA did not fully comply with federal regulations however the contracts were procured in accordance with state law and county policy. JWA indicated negotiations were held on the TY Lin contracts between March 22 and May 30, 2000, with a reduction in contract price on the signed June 27, 2000, contract. JWA indicated they believe their procurement policies are in accordance with state law and that the procurements we reviewed were not small purchase procurements. Also, all proposals that were submitted that resulted in the JOA contract were

kept and are on file. The files are open for review at any time. See Attachment IV for JWA's full response.

AUDITOR'S ANALYSIS OF JWA RESPONSE

The agreement between Orange County and Caltrans required adherence with federal regulations and the LAPM when using federal funds. Although the procurements that resulted in JOA and TY Lin/IDS contracts may have followed state law and county policy when initially procured, the failure of the procurements to meet federal law makes their costs ineligible for reimbursement using federal funds. JWA referenced meetings to negotiate the TY Lin/IDS contract but provided no documentation to support these meetings occurred.

The current policy on small purchases is not in compliance with state and federal regulations.

The auditors were in JWA's office for several weeks and were never given the proposals that resulted in the JOA contract. Since that time no additional support has been provided.

The finding remains.

FINDING 2 – Grant Management Needs Improvement

JWA did not submit a Request for Reimbursement (Invoice) to Caltrans at least once every six months as required by Program Supplement 12-5955-M023-R1- ISTEA, and billed for non-participating costs. Specifically we found the following exceptions:

JWA submitted Invoices from six and a half months to almost 14 months apart. If an Invoice is not submitted within six months of each other the project may be considered inactive and may lose allocated funds. In addition, submitting Invoices over six months apart could be considered a breach of contract which could result in the suspension of payments on the overdue Invoices and the project. Further, not submitting Invoices timely impacts the timeliness of Caltrans oversight and increases the risk of billing for unallowable or unreasonable costs. JWA staff thought that they could bill Invoice's annually.

In addition JWA submitted an Invoice, and was reimbursed, for $89,174 in costs that were not eligible for federal participation in invoice #2. The costs were incurred prior to the project's authorization date. Only costs incurred after a projects authorization date are eligible for federal reimbursement. Although JWA subsequently identified and corrected the error on invoice #4, the correction did not occur until 433 days after invoice #2. This resulted in JWA being reimbursed for unallowable costs and holding the unallowable funds for over a year. That the error occurred and wasn't identified in the next billing cycle (invoice #3) shows that JWA's internal controls should be strengthen.

See Attachment II for detailed criteria.

RECOMMENDATION

We recommend JWA update its grant procedures, and train staff accordingly, to ensure compliance with agreement provisions requiring that Invoices are submitted at least every six months and that grant management procedures are in place and followed to ensure that non-participating costs are not billed to Caltrans.

JWA RESPONSE

JWA agrees with the finding and stated they are instituting policy and procedures to address the finding. See attachment IV for full response.

AUDITOR'S ANALYSIS OF JWA RESPONSE

The JWA is addressing the finding.

FINDING 3 – Contract Provisions Needs Improvement

We reviewed three JWA third party contracts and found they did not include provisions required by state and federal regulations, LAPM, and Master Agreements. Without the required state and federal contract provisions JWA risks not being able to enforce contract requirements and risks billing for costs not in compliance with state and federal regulations. The missing required contract provisions are noted below (see Attachment III for details by contract):

- A provision that clearly identifies the end date of the contract.
- A provision which state that subcontractors/consultants are bound by all regulations of the contract.
- A provision stating that payments can only be made on costs incurred and paid by the consultant.
- A provision for a three year record retention period that identifies the start of the three year period is after the final voucher reimbursement.
- A provision that gives the right to audit to state and federal representatives for contracts funded by federal grant, or to state representative for contracts funded by state grants.

JWA was unaware of all provisions required by state and federal regulations, the LAPM, or the Master Agreement between the County and Caltrans. The above deficiencies are based on the requirements of 1998 federal-aid master agreement between the County and Caltrans, however, the current 2008 Federal-aid master agreement between the County and Caltrans includes additional contract provisions not noted above.

RECOMMENDATION

We recommend JWA update its contracting procedures, and train staff accordingly, to ensure all third party contracts comply with all current state and federal regulations, master agreement, and the LAPM as they pertain to third party contracts provisions.

See Attachment II for detailed criteria.

JWA RESPONSE

JWA agrees with the finding and stated they are instituting policy and procedures to ensure that the procedures in the LAPM are following in the future. See attachment IV for full response.

AUDITOR'S ANALYSIS OF JWA RESPONSE

The JWA is addressing the finding. JWA also needs to ensure that all state and/or federal regulations are also meet in the future.

FINDING 4 – Construction Management Needs Improvement

JWA made line item construction payments on an unsupported basis not called for in the contract. Further, the documents used to support costs claimed for a construction change order were inconsistent. Specifically we found these exceptions:

Measurable bid items not billed under contract terms and documentation provided did not support quantities billed.
We could not verify the reasonableness of line item quantities billed by JWA in progress payments for construction costs. JWA used a percentage of completion process on progress payments for construction line items that were bid on a measurable basis (i.e. pounds, tons, liner feet, etc.). We reviewed JWA's construction management documentation that should support the percentage of completion used to determine costs claimed for payment such as Field Daily reports, special inspection reports, photos, weekly meeting discussions, and monthly progress reports and schedules. Based on our review of the documentation provided we found nothing that mentioned a percentage of completion or specified quantities of measurable-bid-items used or completed for each progress payment period. Additionally there was no intermediary documents (calculation sheets, weight tags, and separate item sheets for each contract item) that reconciled and translated the work completed from measurable items to percentage completed or percentage completed to measurable items.

JWA staff said the payments were based on precise engineered quantities prescribed in the construction plans and the percentage of work completed was observed and confirmed in the field by the Construction Manager and Resident Engineer, however, we found no documentation

that supported staff statements. Further, JWA staff said the percentage complete was based on daily field observations, review of the contractor's daily report, special inspections, weekly meeting discussions, and monthly progress reports and schedules, however, nothing in these documents supported their statement or the percentages billed. Finally, JWA staff stated they determined that if the project was built as specified, it would require only the quantity of material identified in the bid documents and that the quantity would be billed as a percent complete, however, the bid documents and final contract do not stipulate this methodology.

As of August 31, 2013, Caltrans has reimbursed JWA for the contract with SEMA Construction Inc. in the amount of $4,143,862 of which $475,301 were state funds and $3,668,561 were federal funds.

Billing for costs not identified in the contract and cost variances between documents for contract change order #3:
We reviewed the contractor cost proposal and daily extra work reports prepared by JWA to support contract change order #3 and identified the following issues and inconsistencies between the two documents:

- Unallowable mark-up on sales tax was applied in the contractor cost proposal from costs forwarded from the daily extra work reports.
- The bond markup of one percent was included on the contractor cost proposal but not included in the daily extra work reports.
- Daily extra work reports were not signed by contractor.
- The contractors cost proposal included an overcharge of $32 due to charging sales tax on top of sales tax, but this overcharge was not included in the daily extra work reports.
- Allowable labor markup was not applied on the labor surcharge in the contractor cost proposal.
- Charges dated March 16, 2012, by subcontractor Penhall, were classified as labor in contractor cost proposal while it was broken down into equipment and labor in daily extra work reports.

The variance and errors appeared to be caused by staff mistakes and the contractor's staff being unfamiliar with JWA contractor cost proposal process. The issues and inconsistencies identified above increase the risk that costs claimed may not be supported or allowable.

See Attachment II for detailed criteria.

RECOMMENDATION

We recommend JWA implement policies and procedures, and train staff accordingly, to comply with the documentation requirement under LAPM, Chapter 16, Section 16.9 "Construction Records and Accounting Procedures."

In addition, we recommend Caltrans DLA review the JWA progress payment supporting documentation to determine the reasonableness of quantities billed and costs claimed on the project.

JWA RESPONSE

JWA agrees that line item payments were made on a different basis than contract terms however, accomplishments and payments were reviewed and accepted by project stakeholders that were independent from the construction company. JWA believes that the most efficient process was a monthly review and assessment by independent project stakeholders. See attachment IV for full response.

AUDITOR'S ANALYSIS OF JWA RESPONSE

No additional support was provided by JWA. The finding remains.

AUDIT TEAM

MarSue Morrill, Chief, External Audits – Local Governments
Cliff Vose, Audit Manager
Lisa Moreno, Auditor
Ramzi Mazhar, Auditor

ATTACHMENT 1

Audit Universe and Questioned Costs

County of Orange - John Wayne Airport

Projects Audited (July 2011 - December 2013)			
Project Name	**John Wayne Airport Departures Viaduct and Spurs**		**Total Audited / Questioned Costs**
Federal Project Number	BROLZE-5955(037)		
	Federal	State	
Total Cost During Audit Period	$ 4,364,257	$ 565,436	$ 4,929,693

Finding 1 Questioned costs			
TY Lin/IDSJOA	$ 1,226,508	$ 72,023	$ 1,298,531
JOA	265,126	34,349	299,475
Total	$ 1,491,634	$ 106,372	$ 1,598,006

ATTACHMENT

II

AUDIT FINDINGS CRITERIA

Finding 1

Title 49 Code of Federal Regulations (49 CFR), Part 18.36 (f) (1) states "Grantees and sub grantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals.

Local Assistance Procedures Manual (LAPM) Chapter 10.2, Estimated Cost of Consultant Work, states "An independent cost estimate is needed to ensure that consultant services are obtained at a fair and reasonable price…"

49 CFR 18.36 (b) (9) states "Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

49 CFR Part 18 Section 18.36 (f) (2) states "Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed…"

LAPM Chapter 10.1, Pre-Award Audit, states "Consultant contracts in excess of $250,000 require a pre-award audit. The pre-award audit examines the consultant's accounting, estimating, and administrative systems; proposed costs; quantities; and financial condition."

49 CFR Part 18, 18.36 (d) (1) states, " Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at $150,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources." California Government Code 4529.12 states "All architectural and engineering services shall be procured pursuant to a fair, competitive selection process…"

49 CFR 18.42 (b) states in part, "records must be retained for three years from the starting date specified in paragraph (c) of this section."

49 CFR 18.20 (b) (6) states, "Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

49 CFR 18.36 (b) (9) states, "Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

Federal Master Agreement 12-5955(R) – Article V, states in part "All of the above referenced parties shall make such AGREEMENT and PROGRAM SUPPLEMENT material available at their respective offices at all reasonable times during the entire PROJECT period and for three € years from the date of the final payment to ADMINISTERING AGENCY under any PROGRAM SUPPLEMENT."

LAPM Chapter 10, Section 10.7 , Subtitle "Review and Approval of Agreement", second paragraph states, " The "Consultant Agreement Reviewers Checklist" (Exhibit 10-C) and "Consultant Agreement Outline" (Exhibit 10-D) in this chapter shall be used to ensure that required documentation has been provided. A "Cost Proposal" (Exhibit 10-H in this chapter), must include the costs of materials, direct salaries, payroll additions, other direct costs, indirect costs, fees, and backup calculations."

LAPM Chapter 20, Section 20.2, Subtitle "Unrecoverable Project Deficiency "first paragraph states, "An Unrecoverable Project Deficiency is defined as "a deficiency of such magnitude as to create doubt that the policies and objectives of Title 23 of the USC (or other applicable federal codes) will be accomplished by the project," (quote from "PS&E Certification") and the project has proceeded to the point that the efficiency cannot be corrected. This level of deficiency shall result in the withdrawal of all or a portion of the federal and/or state funds from the project."

In addition, Examples of some of the most common (found by Caltrans and FHWA) Unrecoverable Project Deficiencies (Federal) and the forth example is not complying with A&E consultant contract pre-award audit requirement.

23 CFR, Chapter 1, Part 172, Section 172.5 (a) (2) states, "Small purchases. Small purchase procedures are those relatively simple and informal procurement methods where an adequate number of qualified sources are reviewed and the total contract costs do not exceed the simplified acquisition threshold fixed in 41 U.S.C. 403(11). Contract requirements should not be broken down into smaller components merely to permit the use of small purchase requirements. States and subrecipients of States may use the State's small purchase procedures for the procurement of engineering and design related services provided the total contract costs do not exceed the simplified acquisition threshold fixed in 41 U.S.C. 403(11)."

PCC 10335.5 (c) states in part, "The following consulting services contracts are exempt from the advertising and bidding requirements of this article: … (5) Contracts in an amount of less than five thousand dollars ($5,000)."

Finding 2

Program Supplement 12-5955-M023-R1- ISTEA (executed on June 29, 2011) for the project BRLOZE-5955(037), Provision No 3 states, " ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by Sate's approval of an applicable Finance Letter."

Master Agreement No. 12-5955 dated 2/20/1998 –Article IV-Point 2 states, "State and Federal funds will not participate in PROJECT work performed in advance of approval of the "Authorization to Proceed." The parties shall execute a PROGRAM SIJPPLEMENT between STATE and ADMIMSTERING AGENCY subsequently incorporating the "Authorization to Proceed."

LAPM Section 5.3 states, "Time period for which claimed Federal participating costs were incurred and paid for each phase of work. Costs incurred prior to the Federal authorization date (FNM 76) are not eligible for Federal reimbursement."

Finding 3

LAPM effective June 2001- Chapter 10-Exhibit 10-D "Consultant Agreement Outline"-Point B2 titled "Time of Beginning and Completion" states, "A time must be set for beginning work under the agreement."

LAPM Effective June 2001 and the one effective June 2008 , Chapter 10, Section 10.1 second paragraph under "Subcontracted Services" states, "If a subcontract for work or services to be performed by such firms exceeds $25,000, the subcontract shall contain all required provisions of the prime contract."

For current engineering contract, see current LAPM, Chapter 10-Section 10.1 – Title "Subcontracted Services" second paragraph states, "If a subcontract for work or services to be performed exceeds $25,000, the subcontract must contain all required provisions of the prime contract."

For current Construction Contracts, see LAPM Chapter 16-Section 16.6- Title "Procedures" , subtitle " 2- Subcontracting , first paragraph states, " All subcontracts shall be in the form of a written agreement and contain all pertinent provisions and requirements of the prime contract including all or a portion of the federal boiler plate specifications. "

Master Agreement No. 12-5955 dated 2/20/1998

- Article IV-Point 3 states "Administering Agency may submit invoices in arrears for reimbursement of participating PROJECT costs on a monthly or quarterly progress basis once the Project Program Supplement has been executed by STATE and the PR-2 has

been executed by FHWA. The total of all amounts claimed, plus any required matching funds, must not exceed the actual total allowable costs of all completed engineering work, right of way acquisition, and construction."

- Article V states, "... Administering Agency and any third party under contract with ADMIMSTERING AGENCY shall retain all original records to the project financed with Federal funds and shall make records available upon request by Federal and State representatives. Following final settlement of the project costs with FHWA entire records/documents may be microfilmed by the Administering Agency, but in any event shall be retained for a period of three years from STATE payment of the final voucher, or a four-year period from the dare of the final payment under the contract, whichever is longer. The Administering Agency shall retain records/documents longer if required in writing by State. Both Federal and State representatives has the right to audit."

For future engineering contracts, see current LAPM Section 10.8, Title "Invoices [or Progress Payments]" first paragraph states "Payments to the consultant are to be in arrears. In other words, the consultant must have actually incurred and paid the costs before invoicing the local agency."

Finding 4

2 CFR Part 225, Appendix A, C Basic Guidelines, states "1- Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria: ..... J. Be adequately documented."

LAPM Chapter 16, Section 16.9 Construction Records and Accounting Procedures states "On "State Administered" projects, the procedures outlined in the State's Construction Manual shall be followed. On "Locally Administered" projects, a similar accounting system should be used. The essential elements of the system are as follows:

1- It must contain a file of source documents supporting payments made to contractors. Source documents shall be any written record(s) prepared by the administering agency which clearly record:
    - To what specified portion of work it applies;
    - The necessary measurements and/or calculations by which the quantity is determined; and
    - The name of the individual who made the determination.
2- The calculations on source documents are to be checked in accordance with good engineering practice and the name of the checker included thereon. Checking should be performed as soon as practicable, but in any event prior to payment of a final estimate. Quantities from source documents must be entered in the appropriate project records.
3- Weighmaster certificates are source documents and must be validated by a representative of the administering agency at the point of delivery.
4- It should contain a separate item sheet for each contract item and each other appropriate accounting category such as; adjustments of compensation; extra work payments; payments for materials not yet incorporated into the work; and deductions. "

Attachment III
List of Contract Provision Exceptions
County of Orange, John Wayne Airport

	Contract Provisions														
Consultant / Contractor	Require that sub-consultants bound by all regulations in the contract	Right to Audit by state and federal government	Costs billed monthly / quarterly in arrears	Three Year Record Retention	Contract identifies a start and end date		Require to comply with 48 CFR, Ch 1, Part 31	Require to comply with 49 CFR Part 18	Maintain accounting system that accumulates and segregates costs	Accounting System conform with Generally Accepted Aaccounting Principles	Repayment of unallowable costs due to audit	Invoices must be on letterhead with address included	Travel & Subsistance billed at State DPA rates	Equipment Clause	Confidentiality of data clause
JOA	√	√	√	√			#	#	#	#	#	#	#	#	#
TY Lin	√		√	√	√		#	#	#	#	#	#	#	#	#
SEMA	√	√	√	√			#	#	#	#	#	#	#	#	#

√ - Identifies required provisions missing.

- Identifies missing provisons not required by the Master Agreement in place at the time of the contract award date; however, they are required by the subsequent Master Agreement.

ATTACHMENT IV

JOHN WAYNE AIRPORT
ORANGE COUNTY

Barry A. Rondinella,
A.A.E./C.A.E.
Airport Director

March 17, 2016

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1304 O Street, Suite 200
Sacramento, California 95814

Subject: Response to Draft Audit Report – County of Orange John Wayne Airport Incurred Cost Audit P1575-0048 January 2016

Dear Ms. Morrill:

Pursuant to your staff's request and in accordance with Section 19.5 in the California Department of Transportation's Local Assistance Procedures Manual, please find John Wayne Airport's response to the subject draft audit report.

If you have any questions, please contact Kenneth Wong at John Wayne Airport at (949) 252-6056.

Sincerely,

Barry A. Rondinella, A.A.E./C.A.E.
Airport Director

cc: William Lewis, Assistant Director, Caltrans/Audits & Investigations
Cliff Vose, Audit Manager, Caltrans/Audits & Investigations
Lisa Moreno, Auditor, Caltrans/Audits & Investigations
Ryan Chamberlain, Director, Caltrans/District 12
Jim Kaufman, District Local Assistance Engineer, Caltrans/District 12
Mark Denny, Chief Operating Officer, County of Orange
Courtney Wiercioch, Assistant Airport Director, John Wayne Airport
Lawrence Serafini, Deputy Airport Director, JWA/Facilities
Mariane Teschner, Deputy Airport Director, JWA/Finance & Administration
Samer Marei, Airport Development Manager, JWA/Facilities
Paul Albarian, Senior Deputy County Counsel, JWA/Legal Services
Kenneth Wong, Manager, JWA/Quality Assurance & Compliance

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COUNTY of ORANGE CALIFORNIA

Responses to Findings and Recommendations
California Department of Transportation
Audits and Investigations

County of Orange John Wayne Airport
Incurred Cost Audit P1575-0048
January 2016

Summary Response Statement

On January 20, 2016, representatives of California Department of Transportation (Caltrans) Audits and Investigations met with John Wayne Airport to discuss the draft audit report "County of Orange John Wayne Airport Incurred Cost Audit P1575-0048 January 2016." This report directed responses to findings and recommendations to John Wayne Airport, which are included below.

Findings, Recommendations and Responses

Finding 1 – Procurement Procedures, Practices and Policies Need Improvement

Caltrans Audits and Investigations: "The County of Orange, John Wayne Airport (JWA) did not procure professional services in accordance with state and federal regulations, and its procurement policies need to be updated to comply with state and federal requirements."

John Wayne Airport Response to Finding 1

JWA agrees in part and disagrees in part with Finding 1.

Explanation for Failure to Comply with CFR and LAPM

1. T.Y. Lin/IDS Contract:

JWA conducted its Request for Proposal (RFP) for Architectural-Engineer (A-E) services for the Seismic Retrofit design work on December 3, 1999 and presented a ranked slate of qualified A-E firms to the Board of Supervisors on March 7, 2000 wherein T.Y. Lin/IDS was selected as the highest ranked firm. Thereafter JWA was directed to enter into negotiations with T.Y. Lin/IDS. On June 27, 2000, upon completion of successful negotiations, the Board awarded T.Y. Lin/IDS a contract for design of the seismic remediation project.

JWA's original intent was to pay for the costs of the seismic retrofit project with Airport funds. However, after the contract was awarded, our contractor T.Y. Lin/IDS advised us that the project might be eligible for Caltrans grant funding. It was at this point, after JWA had awarded the contract to T.Y. Lin/IDS, that JWA submitted its application for the Caltrans grant funds.

JWA uses different contract language for federally funded and non-federally funded contracts. Because JWA originally planned to use Airport funds for the Seismic Retrofit project, it used its non-federally funded contract language for the T.Y. Lin/IDS contract. Similarly it did not comply with Caltrans's Local Assistance Procedures Manual requirements because the procurement process and

contract award had taken place before it decided to apply for the Caltrans grant. Therefore at the time of procurement JWA did not consider compliance with the Code of Federal Regulations (CFR) or Local Assistance Procedures Manual (LAPM). Instead, JWA's focus at the time was to comply with State law and County policy. Moving forward, JWA will be more diligent in its contracting practices to ensure compliance with the CFR and LAPM on its future federally funded and Caltrans grant funded projects.

2. JOA Contract:

Over the past 25 years, JWA has privatized a portion of its project management function by using private A-E firms to assist in project management of Airport projects. Firms are selected through a competitive selection process and used by the airport on an "on call" and "as needed" basis, providing services such as developing and administering design and construction contracts and inspection of design and construction work to ensure compliance with contract documents and building codes.

The JOA contract referenced in this audit was awarded in 2009. The selection process started in December 2008 and twelve (12) firms responded to the solicitation. Of the twelve firms, six (6) firms were selected by the evaluation panel to be interviewed. Scores were tallied and ranked to determine the top firms. JOA and Butier Engineering were selected as primary firms and Mendoza & Associates was selected as an alternate. On April 7, 2009 the Board of Supervisors approved the ranked list and authorized negotiations with the two primary firms. Upon conclusion of negotiations, contracts were awarded on June 23, 2009.

JWA agrees that it did not fully comply with the CFR and LAPM in connection with the award of contract to JOA. This oversight was based on the airport's historical practice of using A-E firms, such as JOA, on an "on call" basis to assist with project management services. However, JWA did comply with state law and County policy in its award of contract to JOA. (See Attached April 7, 2009 Agenda/Minute Order with ranking information and other documents from the SOQ selection process.) Moving forward, JWA will be more diligent in its A-E contracting practices to ensure compliance with the CFR and LAPM on future federally funded and Caltrans grant funded projects.

Lack of Documentation Pertaining to Independent Cost Estimates, Negotiation, and Maintenance of Procurement Proposals

1. T.Y. Lin/IDS Contract:

Independent Cost Estimates:

We are not aware of a requirement under state law that requires independent cost estimates for non-federally funded contracts. As discussed above, the T.Y. Lin/IDS contract was awarded before JWA knew it would be applying for the Caltrans grant funds, therefore JWA had no reason to comply with the CFR or LAPM at the time it procured the A-E services at issue in this audit.

California Government Code requires that selection of A-E firms be based not on price but instead on "demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required." (California Government Code §4526) JWA procured these A-E services pursuant to a "fair, competitive selection process" as required under California law. (See California Government Code §4529.12) JWA conducted a competitive process and evaluated a total

of seven firms. The top three firms were interviewed on February 3, 2000, based on the following criteria:

- Presentation/Communication Skills
- Technical Content
- Project Manager/Key Team Members
- Project Understanding
- Project Schedule

The top firm (T.Y. Lin/IDS) and an alternate firm (W. Koo & Associates) were selected by the Board of Supervisors and JWA was authorized to negotiate an agreement with T.Y. Lin/IDS for the project. (See Attached March 7, 2000 Agenda/Minute Order)

While we agree that we did not prepare independent cost estimates prior to entering into negotiations with T.Y. Lin/IDS, we recently conducted a review of rate averages for similar services and the rates negotiated with T.Y Lin/IDS are within national norms. (See Attached Rate Comparison Chart) The attached rate comparison chart provides support for JWA's claim that it received fair and reasonable prices for the services that T.Y Lin/IDS provided.

Records of Negotiations:

JWA records indicate that Airport staff met with representatives of T.Y. Lin/IDS to conduct contract negotiations on at least seven (7) occasions between March 22, 2000 and May 30, 2000. The Meeting Agenda for the March 22 meeting contains topics such as Schedule Overview, A-E Contract Negotiation Overview and Discussion of Scope. The Agenda and other documents contain notations and comments which provide evidence that negotiations between the parties took place.

Additionally, T.Y. Lin/IDS' April 21, 2000 documented fee proposal for A-E services totaled $473,920. After several rounds of negotiations, the parties agreed to a $50,210 reduction in the contract total and on June 27, 2000, the Orange County Board of Supervisors awarded T.Y. Lin/IDS a contract for $423,710. This reduction in contract total provides additional evidence that negotiations were conducted in good faith prior to award of contract to ensure a fair and reasonable price.

Records of Proposals:

While we agree that our records could be more complete, part of our difficulty in locating all the proposals associated with this procurement is based on the fact that the solicitation took place over fifteen (15) years ago. Many of the staff involved in the solicitation and ranking no longer work for the County. JWA's current practice is to maintain all proposals for at least seven (7) years from project completion and we will be reviewing our current practices with current staff to ensure proposals are properly maintained and filed.

2. JOA Contract:

Independent Cost Estimates/Records of Negotiations:

JWA agrees that it did not conduct an independent cost estimate prior to entering into negotiations with JOA and that it was not able to locate documentation related to its negotiations with JOA. However, JOA has consistently ranked highly in JWA procurements and the firm has provided exemplary service to JWA. Furthermore we recently conducted a review of rate averages for services similar to those provided by JOA and the rates negotiated with JOA are within national norms. (See Attached Rate Comparison Chart) The attached rate comparison chart provides support for JWA's claim that it received fair and reasonable prices for the services that JOA provided.

Records of Proposals:

JWA disagrees that it failed to maintain the proposals associated with the competitive procurement connected to the JOA contract in 2009. JWA currently has on file the proposals of all 12 firms that responded to the procurement and can arrange a review for Caltrans auditors at your convenience.

Procurement Policy Issues

Your audit references contracting monetary thresholds for "informal procurements" found in the County Contracting Manual §3.6-105, 23 CFR 172 and the California Government Code §4529.12, and states that "JWA staff were unaware of the state and federal regulations and were following Orange County policies."

JWA disagrees that staff was "unaware of the state and federal regulations…." As discussed above, in connection with the T.Y. Lin/IDS contract, JWA did not know that it would be subsequently applying for the Caltrans Grant. Therefore, it followed the County's contracting policies which complies with State law.

Furthermore, JWA did not follow an "informal" procurement process in its contracts with T.Y. Lin/IDS or JOA. Instead both contracts were entered into after a formal RFP or Request for Qualifications (RFQ) competitive process had been conducted. Final selection was based on a standardized formal ranking process in accordance with the Federal Brooks Act, California Government Code §4526, and County policy.

John Wayne Airport Response to Recommendation 1

JWA agrees that staff would benefit from additional training with regard to procurement of A-E services and that such training should include items such as:

- Records retention and filing;
- Preparation of cost estimates prior to accepting proposals;
- Performance of cost/price analysis;
- Retention of formal negotiation documentation;
- Documentation of receipt of proposals.

While we agree that aspects of the process could be improved and that airport staff should have kept and maintained better records, for the reasons outlined above, we do not agree with the recommendation that funds should be reimbursed. JWA's current practice is to maintain all proposals for at least seven (7) years from project completion and we will be reviewing our current practices with current staff to ensure proposals are properly maintained and filed. We will also be instituting policies and procedures to ensure that the procedures found in the LAPM are followed when seeking future grants from Caltrans.

Finding 2 – Grant Management Needs Improvement

Caltrans Audits and Investigations: "JWA did not submit a Request for Reimbursement (Invoice) to Caltrans at least once every six months as required by Program Supplement 12-5955-M023-R1-ISTEA and billed for non-participating costs."

John Wayne Airport Response

JWA agrees that reimbursement requests submitted to Caltrans were not six months apart and in one instance billed for non-participating costs. Caltrans Audits and Investigations noted that JWA self-reported and corrected the erroneous billing of reimbursed costs. In response to this Finding, we will be instituting policies and procedures to ensure that the procedures found in the LAPM are followed if and when JWA seeks future grants from Caltrans.

Finding 3 – Contract Provisions Need Improvement

Caltrans Audits and Investigations: "We reviewed three JWA third party contracts and found they did not include provisions required by state and federal regulations, LAPM, and Master Agreements."

John Wayne Airport Response

JWA agrees that certain provisions required by state and federal regulations, Caltrans' Local Assistance Procedures Manual, and Master Agreements were not shown in selected third party contracts. In response to this Finding, we will be instituting policies and procedures to ensure that the procedures found in the LAPM are followed when seeking future grants from Caltrans.

Finding 4 – Construction Management Needs Improvement

Caltrans Audits and Investigations: "JWA made line item construction payments on an unsupported basis not called for in the contract. Further, the documents used to support costs claimed for a construction change order were inconsistent."

John Wayne Airport Response

Basis of Construction Payments

JWA agrees that line item construction payments were made on a different measurable basis than the contract terms. However, JWA contends that line item construction payments were approved on a supported basis. The measurable lump-sum basis in the contract terms is stated on the units-of-

delivery method and JWA approved construction payments on a work-in-place basis. JWA did not approve payments on the units-of-delivery method because the uninstalled materials accumulated at the job site but were not physically installed in accordance with the construction specifications. The construction payments for all line items were contracted and paid on a lump-sum basis.

JWA agrees that daily field reports did not show a percentage of completion or intermediary documents cited by Caltrans Audits and Investigations. JWA's daily field reports were prepared and reviewed by project stakeholders independent of the construction company. The daily field reports described the daily construction tasks accomplished but did not state a percentage of work completed. JWA received a monthly payment request from the construction company reporting a percentage of work completed and a narrative of accomplishments. The monthly payment request and narrative of accomplishments were reviewed and approved by project stakeholders independent of the construction company prior to payment. The project stakeholders independent of the construction company included the construction manager, project engineer, project manager, and JWA management. JWA determined that the most efficient process was a monthly review and assessment by independent project stakeholders.

Construction Change Order No.3

JWA agrees that inconsistencies exist between the cost proposal prepared by the construction company and work reports prepared by JWA for change order no. 3. However, JWA noted that the value of change order no. 3 was $8,071 or 0.15% of the total paid to the construction company amounting to $5,338,800.

Claimed Project Construction Costs

JWA contends that the costs claimed for project construction are entirely consistent with what a reasonable grant recipient would pay in the same or similar circumstances. JWA advertised lump-sum bids for the construction contract and received seven bids. The County of Orange Board of Supervisors awarded the construction contract to the lowest responsive bidder. The other lump-sum bids received and not accepted by the County of Orange were between 8.47% and 109.91% greater than the original construction contract award.

Agenda Item

AGENDA STAFF REPORT

ASR Control 09-000373

MEETING DATE:	04/07/09
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	2
SUBMITTING AGENCY/DEPARTMENT:	John Wayne Airport (Approved)
DEPARTMENT CONTACT PERSON(S):	Alan L. Murphy 949-252-5183

SUBJECT: Select A-E - Project Management Services, P640 & P101

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approval Not Required	Discussion 3 Votes Board Majority

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** **Sole Source:** N/A
Current Fiscal Year Revenue: N/A
Funding Source: Airport Operating Fund 280 & 281

Prior Board Action: N/A

RECOMMENDED ACTION(S)

1. Select two primary firms and one alternate firm from the following ranked list: 1) Butier Engineering, Inc; 2) JOA Group (Jeff Oviedo & Associates, Inc dba JOA Group); and 3) Mendoza & Associates to provide Project Management Services to John Wayne Airport.

2. Authorize the Airport Director or designee to negotiate agreements with the primary firms and submit them to the Board of Supervisors for approval.

3. In the event an agreement cannot be negotiated with a primary firm, authorize the Airport Director or designee to negotiate an agreement with the alternate firm and submit it to the Board of Supervisors for approval.

SUMMARY:

Select two primary Architect-Engineer (A-E) firms and one alternate to provide Project Management services to John Wayne Airport from the following ranked list: 1) Butier Engineering Inc.; 2) JOA Group; and 3) Mendoza & Associates.

BACKGROUND INFORMATION:

Two contract Architect-Engineering (A-E) firms currently provide Project Management (PM) services at John Wayne Airport (JWA). The current PM services contracts will expire on June 30, 2009. The project managers and field personnel to be provided by the proposed A-E firms will continue to manage ongoing and future projects at JWA. JWA's facilities inventory includes numerous buildings, parking structure equipment, systems, as well as paved surfaces and utilities. These facilities are maintained and augmented by an aggressive Airport Improvement Program (AIP). Projects include, but are not limited to, the rehabilitation and modification of building systems, design and construction of security improvements, design and construction of new structures, environmental projects, engineering studies and miscellaneous projects. These projects are primarily intended to maintain existing JWA facilities and ensure they are functionally efficient and in a good state of repair.

Project Management Services

Over the past seventeen (17) years, the Airport has privatized a portion of its project management function. The firms currently providing project management services to the Airport are Jeff Oviedo and Associates (JOA) and Butier Engineering, Inc (Butier). Services include developing and administering design and construction contracts in accordance with County, State and Federal laws, regulations, policies and procedures. Also, included is inspection of construction work to ensure compliance with contract documents and building codes. The typical contract term is for one year with two one year renewal options for a maximum of three years. At the end of the final contract year the Airport solicits requests for qualifications from interested firms for the next project management contract.

The firms recommended for selection in this ASR offer superior qualifications for JWA and, if selected, will allow the Airport flexibility in matching the project manager and field personnel with a specific project. Therefore, it is requested that the Board of Supervisors select two (2) primary firms and one (1) alternate firm to provide project management services at JWA. Airport staff will negotiate two (2) separate contracts with the selected firms and return said contracts to the Board for approval. In the event an agreement cannot be negotiated with either one of the primary firms, staff will negotiate an agreement with the alternate firm and return to the Board for approval.

Selection Process

A Request for Qualifications (RFQ) for project management services at JWA was solicited through JWA's website starting December 5, 2008. In addition, an advertisement requesting interested firms to submit Statement of Qualifications (SOQ) was placed in the Orange County Register on December 8, 9, 18 and 19, 2008. Twelve (12) firms responded with an SOQ. They are: 1) Butier Engineering, Inc; 2) Caltrop; 3) CNC; 4) DMc Engineering; 5) Hill International; 6) JOA Group; 7) Leo A Daly; 8) Mendoza & Associates; 9) RLB Rider Levett Bucknall; 10) Swinerton Management Consultants; 11) Titus; and 12) URS. Of the twelve, six (6) firms were selected by the evaluation panel to be interviewed. The six firms were interviewed on February 18, 2009, by a panel comprised of four Airport staff members and one member of the Airport Commission. The SOQ and interviews counted as fifty percent (50%) each of the final score. The scores were tallied and ranked to determine the top firms. A summary of the evaluation panel scoring of the written SOQ submittals and the interview performance is shown in Exhibit A. A summary of the top-ranked firms and their experience completing airport-related projects is shown in Exhibit B.

CEQA COMPLIANCE:

Recommended action is not a project as defined by CEQA Guidelines Section 15379 (B)(2).

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

EXHIBIT(S):

Exhibit A: A-E Selection Summary
Exhibit B: Architect-Engineer Slate
Exhibit C: Scoring Sheet for Written Proposal
Exhibit D: Scoring Sheet for Interviews

Exhibit A

EXHIBIT A
JOHN WAYNE AIRPORT
A-E SELECTION SUMMARY

Written SOQ Evaluation Summary (50% of Total)

Evaluator	Butier Engineering, Inc.	JOA Group	Mendoza & Associates	Leo A Daly	Caltrop	Swinerton Management Consultants
1	460	440	430	420	370	360
2	465	440	410	395	415	380
3	460	440	440	430	435	400
4	450	450	340	360	330	330
5	490	470	430	420	450	410
Subtotal	2325	2240	2050	2025	2000	1880

Interview Evaluation Summary (50% of Total)

Evaluator	Butier Engineering, Inc.	JOA Group	Mendoza & Associates	Leo A Daly	Caltrop	Swinerton Management Consultants
1	480	470	435	365	330	280
2	480	465	450	415	400	435
3	470	455	445	340	350	325
4	485	470	435	270	285	305
5	485	470	445	300	345	300
Subtotal	2400	2330	2210	1690	1710	1645

Combined Evaluation Summary

	Butier Engineering, Inc.	JOA Group	Mendoza & Associates	Leo A Daly	Caltrop	Swinerton Management Consultants
Total	4725	4570	4260	3715	3710	3525
Percentage of Total	95	91	85	74	74	71
Ranking	1	2	3	4	5	6

Exhibit B

ARCHITECT-ENGINEER SLATE
JOHN WAYNE AIRPORT PROJECT MANAGEMENT SERVICES
PROJECT NO. 280-280-4200-P640 AND 281-281-4200-P101

The review committee convened on January 28, 2009 to evaluate twelve (12) proposals. The top six (6) firms were selected for an interview on February 18, 2009. Below is a list of the three highest scoring firms (listed in ranked order). The review committee recommends that the Board of Supervisors select the two highest ranked firms as primary firms and the third ranked firm as an alternate.

1. **Butier Engineering, Inc. (staff of 35, Tustin)**
   17782 East 17th Street, Suite 107, Tustin, CA 92780

   Representative Projects

   - **Construction of Parking Lot C, John Wayne Airport**
     Provided construction management and inspection services for Parking Lot C which provides 1,100 parking spaces.

   - **Reconstruction of Landing Surfaces of Runway 1L-19R, John Wayne Airport**
     Provided construction management services for milling and replacing 3 ½ inches of Asphalt Concrete surface layer within the runway keel section and other aircraft high traffic areas.

   - **Martin Aviation Hangar and Museum Upgrade & Expansion, John Wayne Airport**
     Provided construction oversight and inspection for this project. The existing facility was refurbished to allow for the interior and exterior to tie into a new 32,000 square foot hangar expansion.

2. **JOA Group (staff of 8, Costa Mesa)**
   709 Randolph Avenue, Suite B
   Costa Mesa, CA 92626

   Representative Projects

   - **Perimeter Road Reconstruction Phase II, John Wayne Airport**
     Project management services provided for the design of pavement reconstruction, pavement rehabilitation, SIDA gate relocation and fence relocation for the North Perimeter Road project.

   - **JWA South Remain-Over-Night (RON), John Wayne Airport**
     Provided project management services for the design of full project management services for relocating the South RON farther south and east of its previous location.

- **Fire Station No. 33 Replacement, John Wayne Airport**
  Provided full-time project management services for the construction of the 16,500 square foot aircraft rescue and firefighting facility.

3. **Mendoza & Associates (Staff of 15, San Diego)**
   9444 Balboa Avenue, Suite 270
   San Diego, CA 92123

   Representative Projects

   - **McClellan-Palomar Airport Terminal Redevelopment & Improvements, Carlsbad, California**
     Providing construction management services for a new 18,000 square foot terminal building, baggage screening areas, new aircraft ramp and three parking lots.

   - **San Francisco International Airport Master Expansion Program, San Francisco, California**
     Provided project management and construction management services for Security and Special Systems expansion program and construction inspection of airport roadways and bridges.

   - **Oakland Airport Roadways Project, Alameda County Transportation Authority, Oakland, California**
     Provided program management services for Airport Roadways project which included construction of concrete taxiway bridges at Oakland Airport's FedEx terminal.

ORANGE COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

April 07, 2009

Submitting Agency/Department: JOHN WAYNE AIRPORT

Select two primary and one alternate firms from ranked list for project management services; and authorize negotiation of agreement for Board approval - District 2

The following is action taken by the Board of Supervisors:

APPROVED AS RECOMMENDED ☒ OTHER ☐

Unanimous ☐ (1) NGUYEN: Y (2) MOORLACH: Y (3) CAMPBELL: Y (4) NORBY: X (5) BATES: Y

Vote Key: Y=Yes, N=No; A=Abstain; X=Excused; B.O.=Board Order

Documents accompanying this matter:

- ☐ Resolution(s)
- ☐ Ordinances(s)
- ☐ Contract(s)

Item No. 34

Special Notes:

Copies sent to:
CEO 4/9/09
JWA: Alan Murphy 4/9/09
Airport Commission 4/9/09

I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California
DARLENE J. BLOOM, Clerk of the Board

By:_____
Deputy

1

AGENDA ITEM TRANSMITTAL

CONSENT ☐
DISCUSSION ☒
PUBLIC HEARING ☐

AGENCY/DEPT. USE
CEO REVIEW
☒ Concur
☐ Do Not Concur
☐ Exempt

CLERK USE ONLY
77
PROCESSED BY:

TO: BOARD OF SUPERVISORS, COUNTY OF ORANGE

FROM: JOHN WAYNE AIRPORT ADMINISTRATION

CONTACT FOR INFORMATION
Alan Murphy (949) 252-5183
Glenn Owens (949) 252-5126

MEETING DATE	SUBJECT	SUPV. DIST.
March 7, 2000	Selection of Architect-Engineer Seismic Remediation – Elevated Roadways Project Number 280-280-4200-P834	5

SUMMARY OF REQUEST (Description for Agenda):

Select an Architect-Engineer firm and an alternate for the design of seismic upgrades for the Elevated Roadways at John Wayne Airport

ADDITIONAL DATA:

See Page 2

CEQA COMPLIANCE:

Recommended action is not a project as defined by CEQA.

PREVIOUS RELEVANT BOARD ACTION ON THIS SPECIFIC ITEM:

N/A

FUNDING SOURCES (S)	CURRENT YEAR COST	ANNUAL COST	BUDGETED? ☒ YES ☐ NO
Airport Operating Funds - 100%	N/A	N/A	

WILL PROPOSAL REQUIRE ADDITIONAL PERSONNEL?

☒ NO IF YES, STATE NUMBER___ PERMANENT___ LIMITED TERM

CONSISTENT WITH BOARD POLICY?

☒ YES ☐ NEW ITEM OR EXCEPTION

RECOMMENDED ACTION:

1. Select an Architect-Engineer firm and an Alternate from the following ranked list.
   1) T Y Lin International / Integrated Design Services, Inc. 2) W Koo & Associates, Inc. 3) Robert Bein, William Frost & Associates
2. Authorize the Airport Director, or designee, to negotiate an agreement with the primary firm and submit it to the Board of Supervisors for approval
3. In the event an agreement cannot be negotiated with the primary firm, authorize the Airport Director, or designee to negotiate an agreement with the alternate firm and submit it to the Board of Supervisors for approval.

CONCURRENCES (If Applicable)	ATTACHMENTS
County Counsel Airport Commission	Architect-Engineer Slate A-E Selection Summary A-E Interview Evaluation Summary A-E Written Proposal Evaluation Summary

DATE

AGENCY OR DEPARTMENT AUTHORIZED REPRESENTATIVE

ALAN L. MURPHY
AIRPORT DIRECTOR

AIT P834 AEselection doc

AGENDA ITEM TRANSMITTAL
PAGE 2

JWA ARCHITECT-ENGINEER SELECTION
SEISMIC REMEDIATION – ELEVATED ROADWAYS
PROJECT NO. 280-280-4200-P834

ADDITIONAL DATA:

Background

In March 1998, the Architect-Engineer firm of Parsons Brinckerhoff was contracted to conduct a seismic structural analysis of the elevated roadways and bridges at John Wayne Airport (Project No. 280-280-1900-P792). This performance based seismic analysis was undertaken due to recent significant changes to building codes and Caltrans bridge design guidelines. The analysis was based on Caltrans guidelines outlined in Bridge Design Specifications, Bridge Design Aids, Memo to Designers, ACI code, and AASHTO Bridge Design Guide. The Parsons Brinckerhoff January 2000 report revealed that certain structural elements of the elevated roadways and bridges did not meet the desirable strength and/or performance requirements during an extreme site specific earthquake. While the structures are safe for everyday use, it was recommended that a seismic retrofit be implemented in order to meet the "Immediate Occupancy" goal during a "10% in 50 years" earthquake.

Project

This project will correct the deficiencies described in the Parsons Brinckerhoff structural analysis of the elevated roadways and bridges The design will be performance based and will conform to the recent changes in the Caltrans guidelines, ACI Code, and AASHTO Bridge Design Guide. The seismic retrofit will be designed with the elevated roadways and bridges considered as "Essential Facilities" and the bridge performance level will be Immediate Occupancy for a "10% in 50 years" earthquake and Life Safety for a "2% in 50 years" earthquake. The range of structural retrofit items includes column jacketing, bent cap retrofit, limited foundation improvements and the strengthening of the connections for various non-structural elements

Review Process

Proposals for this project were received from seven firms on January 7, 2000. A review committee composed of three Airport staff members and the contract project manager was established to review the written proposals and identify the most qualified firms. The firms were rated on pre-established criteria including technical expertise, qualifications of key personnel, and project approach. The top three firms were invited for interviews on February 3, 2000. Based on the review of the written proposals and the interviews, a short list of three ranked firms was prepared for submittal to the Board of Supervisors for selection of a primary and alternate architect-engineer firm for this project

AIT P834 AEselection

JOHN WAYNE AIRPORT

P834; SEISMIC REMEDIATION – ELEVATED ROADWAYS

ARCHITECT-ENGINEER SLATE

The review committee convened on January 21, 2000. The committee evaluated a total of seven firms. The top three firms were interviewed on February 3, 2000. Below is a ranked list of the three top firms.

1. T.Y. Lin International / Integrated Design Services, Inc. – Staff of 100 (Santa Ana / San Bernardino)
   250 N. Golden Circle, Suite 105, Santa Ana, CA 92705

   Representative Projects:

   Route 241 Structures, Orange County, CA – Designed three major sections of the Foothill Transportation Corridor.

   Caltrans Seismic Retrofit, CA – Designed the seismic retrofit of over fifty bridges and overcrossings.

2. W. Koo & Associates, Inc. – Staff of 29 (Orange)
   600 The City Parkway West, Suite 310, Orange, CA 92868

   Representative Projects:

   Los Angeles International Airport, Los Angeles, CA – Designed the seismic retrofit of over 40% of the second level roadway structure.

   Carquinez Straits Bridge Seismic Retrofit, Solano County, CA – Designed the seismic retrofit for the two hook ramps of the South approach.

2. Robert Bein, William Frost & Associates – Staff of 305 (Irvine)
   14725 Alton Parkway, Irvine, CA, 92618

   Representative Projects:

   Caltrans Phase II On-Call Seismic Retrofit, CA – Performed seismic evaluation of 34 bridges.

   Mid-Valley Parkway Bridge, Palm Springs, CA – Designed the seismic retrofit for the structure.

The Review Committee recommends that the Board of Supervisors select a primary and an alternate from the above firms

AIT P834 AE Slate

JOHN WAYNE AIRPORT
P834; SEISMIC REMEDIATION - ELEVATED ROADWAYS
A-E SELECTION SUMMARY

Written Proposal Evaluation Summary (50% of Total)

Evaluator	T.Y. Lin / Integrated Design Services	W. Koo & Associates	Robert Bein, William Frost & Associates
1	490	460	430
2	500	490	455
3	480	435	405
4	465	395	400
Subtotal	1935	1780	1690

Interview Evaluation Summary (50% of Total)

Evaluator	T.Y. Lin / Integrated Design Services	W. Koo & Associates	Robert Bein, William Frost & Associates
1	495	325	380
2	415	340	365
3	495	455	260
4	495	400	370
Subtotal	1900	1520	1375

Combined Evaluation Summary

	T.Y. Lin / Integrated Design Services	W. Koo & Associates	Robert Bein, William Frost & Associates
Total	3835	3300	3065
Percentage of Total Available Points	96	83	77
Ranking	1	2	3

2/3/00

JOHN WAYNE AIRPORT

P834; SEISMIC REMEDIATION - ELEVATED ROADWAYS

A-E SELECTION - REQUEST FOR PROPOSALS (RFP)
Interview Evaluation Summary

		Firm:	W Koo & Assoc		T.Y Lin, IDS		RBF & Assoc	
Evaluator	Evaluation Criteria	Weight	Score (0-5)	W*S	Score (0-5)	W*S	Score (0-5)	W*S
1	PRESENTATION / COMMUNICATION SKILLS	15	3	45	5	75	3	45
	TECHNICAL CONTENT	25	3	75	5	125	4	100
	PROJECT MANAGER / KEY TEAM MEMBERS	30	3	90	5	150	4	120
	PROJECT UNDERSTANDING	25	4	100	5	125	4	100
	PROJECT SCHEDULE	5	3	15	4	20	3	15
	Subtotal:			325		495		380
2	PRESENTATION / COMMUNICATION SKILLS	15	4	60	5	75	5	75
	TECHNICAL CONTENT	25	4	100	4	100	3	75
	PROJECT MANAGER / KEY TEAM MEMBERS	30	3	90	4	120	4	120
	PROJECT UNDERSTANDING	25	3	75	4	100	3	75
	PROJECT SCHEDULE	5	3	15	4	20	4	20
	Subtotal			340		415		365
3	PRESENTATION / COMMUNICATION SKILLS	15	4	60	5	75	3	45
	TECHNICAL CONTENT	25	5	125	5	125	3	75
	PROJECT MANAGER / KEY TEAM MEMBERS	30	5	150	5	150	3	90
	PROJECT UNDERSTANDING	25	4	100	5	125	1	25
	PROJECT SCHEDULE	5	4	20	4	20	5	25
	Subtotal			455		495		260
4	PRESENTATION / COMMUNICATION SKILLS	15	4	60	5	75	4	60
	TECHNICAL CONTENT	25	4	100	5	125	3	75
	PROJECT MANAGER / KEY TEAM MEMBERS	30	4	120	5	150	4	120
	PROJECT UNDERSTANDING	25	4	100	5	125	4	100
	PROJECT SCHEDULE	5	4	20	4	20	3	15
	Subtotal			400		495		370
Total:			1520		1900		1375	
Percentage:			76		95		69	

2/3/00

JOHN WAYNE AIRPORT

P834, SEISMIC REMEDIATION - ELEVATED ROADWAYS

A-E SELECTION - REQUEST FOR PROPOSALS (RFP)
Written Proposal Evaluation Summary

		Firm:	HDR Engineering		W Koo & Assoc.		Parsons Brinckerhoff		URS Corporation		T.Y Lin. IDS		EQE Intl.		RBF & Assoc.	
Evaluator	*Evaluation Criteria*	*Weight*	*Score (0-5)*	*W*S*	*Score (0-5)*	*W*S*	*Score (0-5)*	*W*S*	*Score (0-5)*	*W*S*	*Score (0-5)*	*W*S*	*Score (0-5)*	*W*S*	*Score (0-5)*	*W*S*
1	TECHNICAL EXPERTISE	25	4	100	5	125	5	125	3	75	5	125	3	75	5	125
	KEY PERSONNEL & REFERENCES	30	4	120	5	150	3	90	3	90	5	150	3	90	4	120
	APPROACH / UNDERSTANDING	25	4	100	5	125	4	100	3	75	5	125	4	100	5	125
	CONTROL OF COST & SCHEDULES	10	3	30	3	30	3	30	3	30	4	40	3	30	3	30
	ADEQUATE STAFF AND AVAILABILITY	10	3	30	3	30	2	20	3	30	5	50	3	30	3	30
	Subtotal:			380		460		365		300		490		325		430
2	TECHNICAL EXPERTISE	25	4	100	5	125	4	100	4	100	5	125	4	100	5	125
	KEY PERSONNEL & REFERENCES	30	4	120	5	150	3	90	4	120	5	150	3	90	5	150
	APPROACH / UNDERSTANDING	25	3	75	5	125	3	75	3	75	5	125	3	75	4	100
	CONTROL OF COST & SCHEDULES	10	3	30	5	50	3	30	3	30	5	50	3	30	4	40
	ADEQUATE STAFF AND AVAILABILITY	10	3	30	4	40	3	30	3	30	5	50	4	40	4	40
	Subtotal:			355		490		325		355		500		335		455
3	TECHNICAL EXPERTISE	25	4	100	4	100	4	100	3	75	5	125	1	25	4	100
	KEY PERSONNEL & REFERENCES	30	1	30	4	120	1	30	2	60	5	150	2	60	5	150
	APPROACH / UNDERSTANDING	25	3	75	5	125	4	100	2	50	5	125	3	75	3	75
	CONTROL OF COST & SCHEDULES	10	3	30	4	40	3	30	2	20	4	40	2	20	4	40
	ADEQUATE STAFF AND AVAILABILITY	10	3	30	5	50	2	20	2	20	4	40	3	30	4	40
	Subtotal:			265		435	735	280		225		480		210		405
4	TECHNICAL EXPERTISE	25	4	100	4	100	4	100	5	125	4	100	4	100	4	100
	KEY PERSONNEL & REFERENCES	30	3	90	3	90	3	90	4	120	5	150	5	150	4	120
	APPROACH / UNDERSTANDING	25	5	125	5	125	5	125	3	75	5	125	3	75	4	100
	CONTROL OF COST & SCHEDULES	10	4	40	4	40	3	30	3	30	5	50	3	30	5	50
	ADEQUATE STAFF AND AVAILABILITY	10	3	30	4	40	4	40	3	30	4	40	3	30	3	30
	Subtotal:			385		395		365		380		465		385		400
	Total:		1385		1780		1355		1260		1935		1255		1690	
	Percentage:		69		89		68		63		97		63		85	

1/20/00

ORANGE COUNTY BOARD OF SUPERVISORS
MINUTE ORDER
March 07, 2000

Submitting Agency/Department: JOHN WAYNE AIRPORT

Select a primary and alternate architectural-engineering firm from ranked list for design of seismic upgrades for elevated roadways; and authorize negotiation of agreement for Board approval - District 5

The following is action taken by the Board of Supervisors:

APPROVED AS RECOMMENDED ☐ OTHER ☒

APPROVED AS RECOMMENDED; SELECTED T.Y. LIN INTERNATIONAL/INTEGRATED DESIGN SERVICES, INC. AS PRIMARY AND W. KOO & ASSOCIATES, INC. AS ALTERNATE

Unanimous ☐ (1) SMITH: Y (2) SILVA: Y (3) SPITZER: Y (4) COAD: X (5) WILSON: Y

Vote Key: Y=Yes; N=No; A=Abstain; X=Excused; B.O.=Board Order

Documents accompanying this matter:

☐ Resolution(s)
☐ Ordinances(s)
☐ Contract(s)

Item No. 77

Special Notes:

Copies sent to:
CEO
JWA / Alan Murphy
Airport Commission
Auditor
3/23

I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California
DARLENE J. BLOOM, Clerk of the Board

By _____
Deputy

John Wayne Airport
Rate Comparison Chart
Audit of Incurred Cost by the California Department of Transportation

TY Lin/IDS Employee Classification	Low GSA Contracted 2016 Rate	High GSA Contracted 2016 Rate	Low GSA CPI Adjusted 2000 Rate	High GSA CPI Adjusted 2000 Rate	TY Lin/IDS JWA Contracted 2000 Rate
Project Manager	$58.28	$202.10	$39.59	$137.29	$120.00
QA/QC Manager	$85.64	$151.73	$58.18	$103.07	$135.00
Project Structural Engineer	Not Reported	Not Reported	Not Reported	Not Reported	$105.00
Structural Engineer	$76.72	$196.37	$52.12	$133.40	$85.00
Civil/Traffic Engineer	Not Reported	Not Reported	Not Reported	Not Reported	$85.00
Architect	$80.80	$144.19	$54.89	$97.95	$80.00
Geotechnical Engineer	$59.05	$141.87	$40.11	$96.38	$85.00
MEP Engineer	Not Reported	Not Reported	Not Reported	Not Reported	$85.00
Construction Engineer	$126.26	$181.76	$85.77	$123.48	$85.00
Draftsperson	$34.56	$97.46	$23.48	$66.21	$60.00
Clerical/Support	$26.27	$67.00	$17.85	$45.52	$45.00

CPI January 2000 LA-Riv-OC	167.900
CPI January 2016 LA-Riv-OC	247.155
Percentage Increase	147.20%

JOA Group Employee Classification	Low GSA Contracted 2016 Rate	High GSA Contracted 2016 Rate	Low GSA CPI Adjusted 2009 Rate	High GSA CPI Adjusted 2009 Rate	JOA Group JWA Contracted 2009 Rate
Senior Project Manager	$62.07	$268.11	$55.43	$239.43	$141.00
Project Manager	$58.28	$202.10	$52.05	$180.48	$122.00
Associate Project Manager	$30.64	$133.32	$27.36	$119.06	$116.00
Field Representative 2	$79.62	$88.89	$71.10	$79.38	$115.00
Field Representative 1	$79.62	$88.89	$71.10	$79.38	$108.00
Engineering Technician	$38.25	$112.27	$34.16	$100.26	$90.00
Word Processor	$23.56	$70.63	$21.04	$63.08	$62.00
Principal Project Manager	$89.58	$232.67	$80.00	$207.78	$174.00
Construction Administrator	$134.41	$134.41	$120.03	$120.03	$135.00

CPI January 2009 LA-Riv-OC	220.719
CPI January 2016 LA-Riv-OC	247.155
Percentage Increase	111.98%

Note - The consumer price index was used to translate hourly charge rates into inflation-free dollars. The analysis used the consumer price index for the Los Angeles-Riverside-Orange County region as a deflator of the consumer's dollar value to find the comparable purchasing power.