



Program Evaluation and Audit

Environmental Services

Construction Contracts Review

31 December 2008

INTRODUCTION

Background

The Metropolitan Council's Environmental Services Division (ES) awards contracts for Professional Engineering Services and for Construction activities. This review is limited to Construction Contracts (CC) and is performed periodically, the last time in 2005. This report is the result of our review of Construction activities and the CC administration process from issuing the Contract Initiation Memo to receiving and evaluating contractor (Contractor) bids to obtaining insurance coverage certifications by the Contractor following completion of the project. Upon execution of the contract to the lowest responsive, responsible bidder a Notice to Proceed letter is sent to the Contractor authorizing it to begin work and also identifying the Council's Authorized Representative (CAR) who is responsible for administering the contract.

A Project Manager (PM), CAR, Assistant CAR (ACAR) and Inspector (when applicable) are assigned to each ES construction project. The PM manages engineering requirements of the project, including approving change order scope changes, and is the interface between the CAR and the engineering consulting firm that developed the drawings and specifications for the project.

The CAR and ACAR administer the contract; working together to assure that the project is built according to contract specifications. They review, adjust and approve Contractor monthly progress payment requests; negotiate and approve contract change orders; assure that equipment manuals are provided and that ES personnel are trained in operating and maintaining installed equipment; and verify the accuracy of project "as-built" drawings. The CAR and ACAR also coordinate construction with local community agencies and residents, conduct weekly progress meetings with the Contractor and major subcontractors, and administer warranty claims presented to the Contractor during the correction period following project acceptance.

Assurances

This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the U. S. Government Accountability Office's *Government Auditing Standards*.

Purpose

This review was conducted to assure that ES Construction Contracts are administered in accordance with contract provisions and Council policies and procedures, to determine the effectiveness of ES contract administration practices in limiting the Council's risk on fixed priced construction projects and to assess the extent to which prior audit recommendations were incorporated into actual practice.

Scope

The review was conducted using a sample of all construction contracts entered into between July 1, 2005 and June 30, 2008. It included a review of pre-contact award, contract award, construction period and post construction (one year warranty period) contract administration policies, procedures, Work Instructions and actual practices.

Methodology

To gain an understanding of ES Construction Contracts and contracting processes, the following methods of inquiry were used:

- ES Construction Contract bid and award process and documentation were reviewed.
- ES Construction Contract terms were reviewed.
- ES procurement and contract administration personnel were interviewed.
- ES Construction Contract award and administration files were surveyed and information analyzed.
- ES Work Instructions were reviewed.

OBSERVATIONS

Program Evaluation and Audit (Audit) reviewed a random sample of 25 CCs totaling \$49 million plus a judgmental sample of the five largest projects totaling \$83 million from a total of 51 CCs totaling \$188 million awarded during the period July 1, 2005 through June 30, 2008. This resulted in evaluating 30 CCs totaling \$132 million, representing 70% of the total value of all CCs, and awarded to 17 different Contractors.

Contracting Process

A Contract Initiation Memo (CIM) is an authorization to obligate funds. Once executed the CIM grants the Contracts & Procurement Unit (CPU) authority to solicit bids and award a contract. A Notice to Proceed (NTP) from the CPU identifies the CAR and authorizes the Contractor to begin work. The average time between CIM and NTP was just over 8 months, ranging from 2 to 19 months, the most common time being about 6 months. Most of this time is spent putting the solicitation together and giving the eligible contractors the required time to respond. Once bids were opened, it took an average of 51 days to award the contract and notify the Contractor to proceed with the work. According to construction field office management, these times for bid solicitation and contract award by CPU personnel meet the needs of the CARs and ACARs who are subsequently responsible for administering the contract during project construction.

At the beginning of the contacting process, engineering personnel develop an estimated range in which bids are expected to fall. Six contracts awarded were greater than the Council's estimated range while 24 were less. The total value of contracts reviewed was \$132.1 million, \$22.2 million (16.8%) less than the ES estimate.

Except for the three contracts awarded under *Declarations of Emergency* (see below), construction contracts less than \$1 million require divisional approval and those over \$1 million require approval of the Environmental Committee and the full Council. All 12 contract files documenting projects valued at less than \$1 million contained the appropriate approvals; however, only 13 of 15 files documenting contracts exceeding \$1 million included evidence of Environmental Committee and full Council approval.

A summary of additional file documentation requirements and evidence of such is as follows:

Independent ES cost estimate	All 27 files
Solicitation	All 27 files
Tabulation of bidder responses	All 27 files
Notice of Award	26 of 27 files
Notice to Proceed	26 of 27 files
Summary of bidders	26 of 27 files
List of Contractors requesting solicitation	26 of 27 files
Copy of the contract	25 of 27 files
Contractor certifications	24 of 27 files
Evaluation of bidder responsibility	23 of 27 files

Declarations of Emergency

An emergency situation exists when:

- The health, safety or welfare of the public, including Metropolitan Council employees or facilities, is compromised or potentially compromised and requires immediate action to correct; or
- A significant cost savings is immediately available through circumstances previously unknown and requires immediate action to take advantage of the situation.

All three emergency CCs were initiated to repair or rebuild ES facilities that had been compromised.

When the declared public emergency situation requires construction services, the requestor should, if practicable, select the Contractor(s) and authorize the appropriate actions necessary to stabilize the situation. Under these circumstances, normal open competitive processes are waived, emergency contracts can be awarded to contractors that ES has requested to bid, and they can be executed without prior Environmental Committee or Council approval. However, the emergency actions and contracts are to be ratified as soon as possible by both Council bodies if the costs are expected to exceed \$25,000. All three contracts exceeded \$25,000, but the procurement files contained documentation that only one contract was ratified by both, one by the Environmental Committee only and one by neither. In addition, two files did not contain an evaluation of bidder responsibility, a summary of bidders or a list of those contractors requesting copies of the solicitation and one file did not contain the list of invited bidders.

Financial Risk (Insurance Coverage and Bonds)

Environmental Services CCs require that general liability and builder's risk insurance be maintained during construction and that general liability insurance be maintained for two years thereafter (Work Instruction 507.07.03). Liability insurance covers an array of possible risks including personal injury and property damage. Builder's risk insures against loss to buildings or structures during the course of construction.

Construction Contract insurance coverage reduces Council financial risk. If Contractors are not insured, ES Contract language also contains an indemnity clause whereby the Contractor would indemnify the Council for losses. However, if a loss is too great and insurance coverage has not been maintained according to Contract requirements, the Contractor may not have the funds to indemnify the Council. As a result, the Council may bear a financial loss. In most instances such a loss would be limited by Minnesota State Statute 466.04 to \$400,000 per person and \$1.2 million per occurrence.

Generally three types of bonds are required for each ES construction project. A bid bond in the amount of 10% of the Contractor's bid is required on all construction projects. This bond imposes a punitive penalty if a bidder pulls out of the procurement upon or after contract award. In such instances, the bond is retained and deposited by the Council.

Payment and performance bonds are required on all projects totaling \$75,000 or more. These bonds are required after the contract has been awarded but prior to final contract execution. Both the payment and the performance bonds represent 100 percent of the contract amount. The payment bond is a guarantee by a surety that prime Contractors who supply work and materials to a construction project will pay their suppliers and subcontractors. It can be used by the Council for payment of subcontractors and suppliers who look to the Council if they have not been paid by the Contractor. A performance bond guarantees that the contract will be performed by the Contractor and provides for a cover remedy; that another contractor can be hired to finish the work for the same cost as stated in the contract with the original Contractor.

Audit's review of CPU contract files disclosed that all liability insurance was provided prior to contract award. However, in 13 of 30 instances, no documentation was found to support that builder's risk, or a less broad equipment floater policy was provided when the project involved constructing or modifying only a few pieces of equipment. In six of the 13 instances, the nature of the project was such that risk was minimal and builder's risk insurance was not necessary to protect the Council's assets. That was not the case with the other seven projects.

Of the 30 CCs reviewed for general liability coverage, 14 remain under construction while 16 have been completed. During construction, all 30 contract files included evidence of continuous liability insurance coverage. Fourteen of the 16 completed project files included evidence to support continuous liability insurance coverage for the two-year period subsequent to project completion. Discussions with the CARs disclosed that they were all aware of their responsibility for obtaining continued Contractor proof of liability insurance past that initially required for contract award.

A bid bond is required at the time a Contractor submits its bid to the Council. Performance and payment bonds and Contractor certifications are required prior to contract execution. Audit found that 28 contract files contained bid bonds, 29 contained contractor certifications and all 30 contained payment and performance bonds. One of the contracts was less than the \$75,000 minimum required for payment and performance bonds, yet they were also obtained.

Diversity

Seven of 10 CAR construction project files contained evidence of pre-construction goals and eight contained monthly DBE, MBE, SBRA Progress/Project Reports; however, only one project file contained evidence of continued monitoring as required by Environmental Services Work Instruction 507.07.10. On one project the lowest bidder was rejected because it did not include a WMBE submission with its proposal indicating that contracting with diverse firms is taken seriously by the Council.

Progress Payment Requests

Contractors submit progress payment requests to the CAR for review, approval and payment. Such requests are based upon a Schedule of Values (SOV) submitted by the Contractor shortly after contract award. The SOV is a detailed allocation of the Contractor's bid price to individual project elements. Each payment request includes a percentage of work completed for each of these elements. The sum of the individual elements represents the total work that the Contractor has completed to date. Subtracting that from the total for the previous month plus an additional five percent retention determines the current month payment request. The CAR reviews the percent complete as stated by the Contractor for each element and adjusts it based upon his review of the work. Depending upon project complexity, additional assistance may also be obtained from mechanical and electrical specialists and inspectors.

Environmental Services Work Instruction 507.07.08, states that "the CAR shall maintain adequate documentation to support both the review and changes (if any) made to Partial Pay Requests." Samples totaling almost \$53 million in requested payments were taken from the 29 projects under review (one project had not yet received any pay requests). Twenty-five project files included supporting documentation that the pay requests had been reviewed by the CAR. CAR reviews of these payment requests resulted in reductions totaling \$1.7 million (about 3.2%) of the requested amount.

Some projects, such as tunneling, rely on assigned unit values rather than percentage of completion calculations. Values such as linear feet are reliably determined, resulting in few exceptions to the Contractor's payment request. Some CARs also meet with the Contractor prior to receiving the pay request, agree on project progress and thereby reduce exceptions. In some instances, the CAR will actually develop the pay request for the Contractor. In other instances, to reduce the size of paper files, some CARs have retained only the final approved pay request. In these instances, there may not be supporting documentation and the CAR's signature on the pay request attests that the Contractor's pay request has been reviewed and approved.

Discussions with CARs and the results of Audit's invoice review indicate that CARs are aware of their responsibilities, and in two instances, invoice files contained evidence of retention payments being withheld and liquidated damages being charged. In these instances it is clear that the financial risk to ES is a concern to the CAR and that CARs withhold funds to assure the financial stability of the finished project.

Contract Change Orders

The ES construction contracts included in this review are fixed priced contracts awarded based upon the Contractor's bid in response to a detailed statement of work (SOW). A change to the SOW requires a contract change order (CO). The change in cost and/or time of completion and a concise description of the work are specified in the CO document. Environmental Services classifies change orders into three categories; (1) a change in conditions, (2) a change in project scope (design change) or (3) other unique miscellaneous conditions that have appeared requiring a change to the SOW.

When determined by the CAR that a CO is required, the Contractor and ES independently develop estimates for the work. If the Contractor's estimate was deemed reasonable, the CAR normally accepted it and wrote the CO accordingly. However, if it was deemed too high, ES would negotiate with the Contractor to arrive at a fair and reasonable price.

Audit reviewed 110 standard COs written at a cost of \$1,533,071; \$6,138 more than the ES estimate, but \$132,393 less than the Contractor's proposals. Therefore, in the negotiating process for standard COs, the price was raised 4.4% more than ES desired, but 95.6% less than the Contractor desired. Under most conditions, ES and the Contractor meet to arrive at agreement on the scope of the change prior to the Contractor submitting its bid.

Seven additional COs were written at contract completion on projects which included contract adjustments for over or under use of material quantities included in the specifications. All seven COs resulted in contract credits which totaled a negative -\$569,812, or 1.56% of the initial \$36.6 million contracts amount.

In situations where the CAR and the Contractor cannot agree on a lump sum price adjustment for performing the extra work, or where the exact scope of the extra work is unpredictable or the cost cannot be determined, the work may be performed on a time and material basis. In this case a two-part CO would be written; the first part being an estimate so that work could begin and funds budgeted. Once the work was completed, actual cost would be the basis for finalizing the second part of the CO. Six two-part COs were also reviewed. The final actual cost to ES was \$269,807, a 2.3% reduction from the initial \$276,279 estimate. Eleven additional two-part COs with an estimated cost of \$350,250 remain unresolved.

Of the 110 COs reviewed, 20% represented changed conditions, 58% were for scope changes, and 22% for other reasons. Regarding dollar value, 58% of the dollar value was due to changed conditions, 35% was for scope changes, and 7% for other reasons. The average cost for the 110 COs was \$8,011.

Construction Project Close-Out

Sixteen of the 30 projects reviewed have been completed; the Contractor having submitted its request for final payment. As stated in Work Instruction 507.07.08, the following six items are required with the Contractor's final payment request. Of the 16 closed contract files requiring this documentation, the instances of non-compliance are stated below.

- | | |
|--|------------|
| ● Consent of Surety for Final Payment | 0 |
| ● Complete "As-Built" drawings | 0 |
| ● Compliance with Tax Withholding; Forms IC-134 | 0 |
| ● Certificate by Contractor that all bills have been paid | 2 (Note 1) |
| ● Final Inspection Certificate | 2 (Note 1) |
| ● Contractor Guarantee work was completed in compliance with specs | 4 (Note 2) |

Note 1: Construction contract admin personnel reviewed their files in an effort to locate these documents; however, the contract files for these two contracts had subsequently been sent to permanent storage. Due to the high compliance rate experienced regarding the other documents, the Auditor assessed the risk of non-compliance as minimal and did not ask ES to incur the cost of retrieving the files.

Note 2: ES management stated that this document is not needed for it restates aspects of the guarantees stated in the signed contract. The Auditor confirmed this and regards the absence of the documents, although not in compliance with ES Work Instructions, as being of minimal risk.

Comparison to 2005 Audit Results

Although as reported above, there is a need for tighter controls in some of the contract award and administrative process, ES has shown improvement in the following areas since 2005 when Audit conducted a similar review:

Characteristic	2008	2005
Time from CIM to NTP	8 months	11 months
Time from bid opening to contract award	51 days	67 days
Evidence of Liability insurance during construction	30 of 30	7 of 15
Evidence of Builder's Risk or equivalent insurance	17 of 30	2 of 13
Evidence of Liability insurance 2 yrs post construction	14 of 16	0 of 5
Supporting Documentation for CAR pay request reviews	25 of 29	6 of 12

The 2005 audit disclosed that none of the closed project files contained evidence of continuing liability insurance. In addition, none of the CARs believed it was their responsibility to verify insurance coverage. Audit recommended that ES establish a practice to ensure that Contractors maintain the required insurance coverage during and after project construction. ES responded by issuing Work Instruction 507.07.03 to ensure that CAR's understand that their responsibility includes maintaining proof of insurance following Notice to Proceed. Most of the CARs had a system of reminding them when to request updated evidence of continuing insurance coverage on both their open and closed projects.

CONCLUSIONS

1. *Contract and project files contained most of the required documentation. However, there is room for improvement.*

Except for the three contracts awarded under *Declarations of Emergency* (see 2, below), the 12 contract files documenting projects valued at less than \$1 million contained the appropriate divisional approvals. However, two of the 15 files documenting contracts exceeding \$1 million did not include evidence of the required Environmental Committee and full Council approval.

All 27 files contained independent cost estimates, solicitations and tabulations of bidder responses and all but one contained Notices of Award and Notices to Proceed. However, two files were missing copies of the contract and three did not contain contractor certifications. Four contract files did not have Evaluations of Bidder Responsibility, one did not have a Summary of Bidders and one did not have a list of those contractors that had requested copies of the solicitation.

2. *Contract files for contracts awarded under Declarations of Emergency are not adequately documented.*

Procurement files contained documentation that only one of the three contracts awarded under *Declarations of Emergency* was ratified by both the Environmental Committee and the full Council, one by the Environmental Committee only and one by neither. Two files did not contain an Evaluation of Bidder Responsibility, a summary of bidders or a list of those contractors requesting copies of the solicitation. Finally, one of the contract files did not contain the list of invited bidders.

3. *Environmental Services receives proof that Contractors are obtaining and maintaining required liability insurance coverage during contract performance. However, documentation of builder's risk insurance during construction and of continuing liability insurance coverage for two years after project completion needs to be improved.*

Contract and project files contained documentation that all liability insurance was provided prior to contract award and during construction. However, in 13 of 30 instances, no documentation was found to support that builder's risk, or a less broad equipment floater policy was provided when the project involved constructing or modifying only a few pieces of equipment.

Sixteen of the 30 projects have been completed. Two of these project files did not include evidence to support continuous liability insurance coverage for the two-year period subsequent to project completion. Discussions with CAR personnel disclosed that they were all aware of their responsibility for obtaining continued Contractor proof of liability insurance past that initially required for contract award.

4. *Some construction project files do not contain evidence of monitoring activities as required by Environmental Services Work Instruction 507.07.10.*

Ten of the 30 contracts were PFA funded, contained WMBE/DBE goals and required continuous monthly or quarterly monitoring involving the CAR, the Contractor and a Council Diversity representative. However, only one project file contained evidence of such monitoring as indicated in the weekly progress meeting minutes.

5. *Council Authorized Representatives review monthly Contractor pay requests, and negotiate changes to ES construction contracts in an effective manner.*

Twenty-five of 29 projects audited for supporting documentation of CAR review of Contractor monthly pay requests contained such documentation. Some projects, such as tunneling, rely on assigned unit values rather than percentage of completion calculations. Values such as linear feet are reliably determined, resulting in few exceptions to the Contractor's payment request. Some CARs also meet with the Contractor prior to receiving the pay request, agree on project progress and thereby reduce exceptions. In some instances, the CAR will actually develop the pay request for the Contractor. In other instances, to reduce the size of paper files, some CARs have retained only the final approved pay request. In these instances, there may not be supporting documentation and the CAR's signature on the pay request attests that the Contractor's pay request has been reviewed and approved. Based upon Discussions with CARs and the results of Audit's invoice review it is clear that CARs are aware of and effectively carry out their responsibilities regarding reviewing Contractor monthly pay requests.

Audit reviewed 110 standard COs written at a cost of \$1,533,071; \$6,138 more than the ES estimate, but \$132,393 less than the Contractor's proposals. Therefore, in the negotiating process for standard COs, the price was raised 4.4% more than ES desired, but 95.6% less than the Contractor desired. Seven additional COs were written at contract completion on projects which included contract adjustments for over or under use of material quantities included in the specifications. All seven COs resulted in contract credits which totaled a negative -\$569,812, or 1.56% of the initial \$36.6 million contracts amount. Six two-part COs were also reviewed in which the final actual cost to ES was \$269,807, a 2.3% reduction from the initial \$276,279 estimate.

6. *Council Authorized Representatives effectively obtain the required contract closeout documentation that minimizes the Council's risk; however, one of the required documents duplicates contract requirements and adds confusion to the contract closeout process.*

The contract includes detailed guarantees to which the Contractor has agreed, including the guarantee that work is completed in compliance with the project specifications. The Contractor Guarantee closeout document stating that work was also completed in compliance with specifications is listed in ES Work Instructions as a requirement for closing out a project. The document was also the one most frequently missing from the project files, being absent from four of the 16 closed project files.

7. *Environmental Services has shown improvement in its contract award and administrative process since 2005 when Audit conducted a similar review:*

The following areas have improved since the 2005 review:

<u>Characteristic</u>	<u>2008</u>	<u>2005</u>
Time from CIM to NTP	8 months	11 months
Time from bid opening to contract award	51 days	67 days
Evidence of Liability insurance during construction	30 of 30	7 of 15
Evidence of Builder's Risk or equivalent insurance	17 of 30	2 of 13
Evidence of Liability insurance 2 yrs post construction	14 of 16	0 of 5
Supporting Documentation for CAR pay request reviews	25 of 29	6 of 12

RECOMMENDATIONS

Program Evaluation and Audit recommendations are categorized according to the level of risk they pose for the Council. The categories are:

- **Essential** – Steps must be taken to avoid the emergence of critical risks to the Council or to add great value to the Council and its programs. Essential recommendations are tracked through the Audit Database and status is reported twice annually to the Council’s Audit Committee.
- **Significant** – Adds value to programs or initiatives of the Council, but is not necessary to avoid major control risks or other critical risk exposures. Significant recommendations are also tracked with status reports to the Council’s Audit Committee.
- **Considerations** – Recommendation would be beneficial, but may be subject to being set aside in favor of higher priority activities for the Council, or may require collaboration with another program area or division. Considerations are not tracked or reported. Their implementation is solely at the hands of management.
- **Verbal Recommendation** – An issue was found that bears mentioning, but is not sufficient to constitute a control risk or other repercussions to warrant inclusion in the written report. Verbal recommendations are documented in the file, but are not tracked or reported regularly.

1. (Significant) Environmental Services Procurement personnel should improve their contact file documentation practices to ensure that all required documentation is retained.

Two of the 15 files documenting contracts exceeding \$1 million did not include evidence of the required Environmental Committee and full Council approval. In addition, the number of files not containing the following documentation was:

Notice of Award	1 of 27 files
Notice to Proceed	1 of 27 files
Summary of bidders	1 of 27 files
List of Contractors requesting solicitation	1 of 27 files
Copy of the contract	2 of 27 files
Contractor certifications	3 of 27 files
Evaluation of bidder responsibility	4 of 27 files

Management Response: *The Contracts and Procurement Unit will implement a procurement contract log system (checklist) to ensure that contract file requirements are met. The logs will be used for quality assurance of each file prior to issuing a notice to proceed. Staff will be trained on how to use the contract log system.*

Staff responsible: *Micky Gutzmann*

Timetable: *February 15, 2009.*

2. (Essential) Environmental Services Procurement files supporting the award and ratification of contracts declared as emergencies should be better documented.

Procurement files contained documentation that only one of the three contracts awarded under Declarations of Emergency was ratified by both the Environmental Committee and the full Council, one by the Environmental Committee only and one by neither. Two files did not contain an Evaluation of Bidder Responsibility, a summary of bidders or a list of those contractors requesting copies of the solicitation. Finally, one of the contract files did not contain the list of invited bidders

***Management Response:** The Contracts and Procurement Unit will implement a procurement contract log system (checklist) to ensure that contract file requirements are met. The logs will be used for quality assurance of each file prior to issuing a notice to proceed. Staff will be trained on how to use the contract log system.*

***Staff responsible:** Micky Gutzmann*

***Timetable:** February 15, 2009*

3. (Significant) Environmental Services procurement and construction project files should be maintained to assure that Contractors hold the required insurance coverage during construction and for two years following completion of the project.

Construction contract terms require general liability and builders risk insurance coverage during the term of the project and general liability coverage for two years after completion. Contract and project files contained documentation that all liability insurance was provided prior to contract award and during construction. However, in 13 of 30 instances, no documentation was found to support that builder's risk, or a less broad equipment floater policy, was provided when the project involved constructing or modifying only a few pieces of equipment. In addition, sixteen of the 30 projects have been completed. Two of these project files did not include evidence to support continuous liability insurance coverage for the two-year period subsequent to project completion.

***Management Response:** Construction Services Section of Technical Services Department shall implement a standard index of contract file requirements for each contract file, including insurance for two years after final contract completion. A quarterly quality assurance check of each file shall be implemented, including a process to remind contractors to submit insurance renewal certificates in a timely manner.*

***Staff responsible:** Peter Schappa*

***Timeline:** January 31, 2009*

4. (Significant) Environmental Services CAR personnel should make sure that they conduct continuous WMBE/DBE monitoring and that the project files contain evidence that such monitoring has occurred.

Ten of the 30 contracts were PFA funded, contained WMBE/DBE goals and required continuous monthly or quarterly monitoring involving the CAR, the Contractor and a Council Diversity representative. However, only one project file contained evidence of such monitoring as required by Environmental Services Work Instruction 507.07.10.

***Management Response:** Construction Services Section of Technical Services Department will update the MCES Work Instruction: Contract Administration (507.07.06) to include the discussion and documentation of Affirmative Action and M/WBE and SBRA at the weekly progress meetings to coincide with Work Instruction: Affirmation Action/Equal Opportunity Employment, Utilization of Minority and Women Business Enterprise (M/WBE) and Small Business in Rural Areas (SBRA) Subcontracting (507.07.10). This Work Instruction currently states the requirement to hold Pre-Construction, quarterly and weekly meetings.*

Discussions were recently held with Office of Diversity staff to ensure quarterly reviews of the required goals.

CARs will be trained to implement these revised Work Instructions.

***Staff:** Peter Schappa*

***Timeline:** January 31, 2009*

5. (Consideration) Environmental Services should consider revising its work instructions to eliminate duplicate documentation requirements.

The contract includes detailed guarantees to which the Contractor has agreed, included the guarantee that work is completed in compliance with the project specifications. The Contractor Guarantee document stating that work was also completed in compliance with specifications is listed in ES Work Instructions as a requirement for closing out a project. It adds unnecessary duplication and confusion to the process of closing out ES construction contracts. The document was also the one most frequently missing from the project files, being absent from four of the 16 closed project files.

***Management Response:** Construction Services Section of Technical Services Department will revise our MCES Work Instruction: Payment Claims for Construction & Design-Build Contracts (507.07.08) to remove the "Contractor Guarantee" document eliminating the duplication with the contract guarantees already in place.*

***Staff:** Peter Schappa*

***Timeline:** January 31, 2009*