

OFFICE OF THE INSPECTOR GENERAL

MIAMI-DADE COUNTY

FINAL AUDIT REPORT ON

Miami-Dade County Department of Solid Waste Management's Professional Services Agreement Retaining Brown and Caldwell as the Solid Waste System Bond Engineer

APPENDIX A

Response to the Draft Audit Report from the
Department of Solid Waste Management

September 29, 2005

Memorandum

MIAMI-DADE
COUNTY

Date: July 6, 2005

To: Christopher Mazzella
Inspector General

From: *Kathleen Woods Richardson*
Kathleen Woods-Richardson, Director
Solid Waste Management

Subject: Response to the Draft Audit Report – June 8, 2005

MDC-OFFICE OF THE
INSPECTOR GENERAL
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The Draft Audit Report (Report) of the Office of the Inspector General (OIG) is highly critical of the performance of both the Department of Solid Waste Management (Department) and Brown and Caldwell, citing numerous actions considered by the OIG to have been inappropriate. Some of the points made in the Report are valid and point out areas where we, along with Brown and Caldwell, must make improvements. The report also cites a number of items that will need to be further reviewed.

The Department of Solid Waste Management and Enron

I would be remiss if I did not respond to the analogy between the Department of Solid Waste Management and Enron. On page 11, the Report describes, in a simplified fashion, the relationship between Enron and its auditor, Arthur Andersen. The Report states "Our analysis of this PSA [Professional Services Agreement] shows this same condition exists between DSWM and B&C." This is a very strong comparison. First, Brown and Caldwell has not provided audit services to the Department. Second, in the Enron case, clearly illegal acts were committed by both Enron and Arthur Andersen, and the auditor presented false and misleading audit reports. Nowhere in the Report has the OIG suggested, nor am I aware of any illegal act by any person in the Department of Solid Waste Management or Brown and Caldwell. In fact, the Report did not even suggest that Brown and Caldwell might have presented false or misleading information during its bond consulting functions. Drawing an analogy between this Department and Enron is particularly unpleasant.

The DSWM response is organized into two sections, as follows:

Section I presents general responses to OIG Findings 1, 2, 3, 4, 5, 9, and 12, which are somewhat subjective and/or interpretive.

Section II presents responses to OIG Findings 6, 7, 8, 10, and 11, which are objective and work order specific.

SECTION I

OIG Finding No. 1, Appearance of a Conflict of Interest, Page 6: The collective scope of the PSA requiring B&C to perform inspection and oversight of the Solid Waste System operations while also requiring operations support and management advisory services creates the appearance of a conflict of interest.

General DSWM Response to Finding No. 1: This finding goes to the heart of what the Consulting Engineer or Bond Engineer's role is or ought to be. The DSWM looks to the bond documents for

guidance in this area. While Section 607 of the Bond Ordinance lists reports to be prepared by the Consultant, such as the annual report on rates and charges and facilities Inspection reports, it also allows for the Consultant to make recommendations as to rate revisions and repairs, replacements and improvements to facilities. Looking further at the Bond documents, the Consultant must review and approve construction of private waste facilities that compete with the System (Section 612). The Consultant must also look at revenue impacts from the sale of significant assets (Section 619), and must approve plans for construction of any improvements to the System, which are bond funded (Section 605).

Perhaps a review of the PSA can clarify this issue. The PSA states the Engineer shall provide recommendations to the County on specific physical, operational and/or fiscal aspects of the System at any time upon request. Further, the Engineer may be requested to monitor the development and implementation of the Project (i.e. Capital Expansion Project completed in 2000; included in the Sixth Amendment period) or parts thereof, the operation of the Resources Recovery Facility and the implementation of the Facility's bond funded capital improvements program. Monitoring services may include review of capital improvement project proposals and preparation of recommendations on each project's concept, necessity, estimated cost, operational impacts, timetable and other factors; overseeing project construction progress. Finally, the PSA states the Engineer may be requested to provide, on an as needed basis, miscellaneous engineering consulting services in connection with the operation, maintenance, and improvement of facilities within the System and the provision of County solid waste management services.

Taken together, the Bond Ordinance and the PSA clearly indicate that the Consultant is to be, not just active, but proactive to ensure the financial and operational integrity of the System. The message these documents convey is that the Consultant should be aware of the state of the System at all times and should provide guidance to ensure the System improved and not degraded.

In the opinion of the Department, the conflict of interest concept raised by the OIG does not hold up under scrutiny. Since the Consultant is clearly responsible for maintaining the integrity of the System on behalf of the bond holders, regardless of what operations support or management advice they provide to the Department, if the System fails, the Consultant fails and the Department fails. There is no conflict of interest. In fact, the Consultant and Department's interests are one in the same.

OIG Finding No. 2, DSWM Use of PSA Limits Competition, Table 4, Page 14: DSWM's over reliance on the B&C PSA limits competitive procurement opportunities for other firms on as much as \$5.5 million worth of services not requiring a Bond Engineer or that should have been the objectives of separate procurement actions.

General DSWM Response to Finding No. 2: The DSWM is working with the County Attorney's Office to determine the limitations placed on the use of the PSA by Florida Statutes, Section 287.055 (2)(g) and will adhere to these limits.

The OIG points out that Amendment No. 1 to the PSA, approved in July of 1990, creates a new category of work called "Special Engineering Services" for work related to enactment by Congress of the Clean

Air Act and re-authorization of the Resource Conservation and Recovery Act. These Acts had a profound effect on the Department's operations, particularly the Clean Air Act, which required the retrofit of the Resources Recovery Facility with a state-of-the-art air quality control system (AQCS). The retrofit including AQCS, Recyclable Trash Improvements, and additional improvements amounted to approximately \$107 million. B&C assisted with these projects, which were completed on-time and on-budget. The \$50,000 limit on studies mentioned in the Manager's memo for Amendment No. 1 was not included in the PSA and did not reference a basis in state statutes.

Table 4 of the OIG report contains a partial list of questionable projects (W.O.'s 69,78,79,123,130,137,153,174, and 198). The DSWM agrees that some of these projects should have been procured through other means. It must be noted, however, that the Manager's Memorandum for the Seventh Amendment specifically discussed the creation of a new IT Services category for solid waste specific IT work. In other words, the three IT projects listed in Table 4 were not pursued in a clandestine manner. Further, the trash alternatives project (W.O. #130) was undertaken in response to two proposals submitted to the DSWM by Montenay Power Corp. to eliminate or reduce trash processing at the Resources Recovery Facility. The two proposals included altering County waste delivery obligations and tipping fees, and envisioned a 10-year extension of the O&M Agreement. This project was clearly within the realm of B&C's PSA.

OIG Finding No. 3, Pass Through Work Orders, Table 5, Pages 18 & 19: The B&C PSA has been used to "pass through" work assignments which were de facto bid waivers and which should have been procured via open competitive processes.

General DSWM Response to Finding No. 3: B&C was obligated by the Board of County Commissioner's resolutions approving the Sixth and Seventh Amendments to achieve a goal for inclusion of local minority sub-consultants. The goal was 22% of the work for the Sixth Amendment and 33% for the Seventh Amendment. In some cases, passing the work through to minority sub-consultants was used as a means to increase their revenue participation in the Amendment, which is how minority participation is measured. If B&C were to have participated in every sub-consultant work order it would have been much more difficult to reach the minority participation goal (see OIG Table 5 - W.O.'s 66, 72, 74, 92, 98, 106, 120, 135, 137, 138, 140, 151, 160, 166, 170, 172, 173, 175, 185, 191, 197, and 199).

Three of the minority sub-consultants were part of the B&C Team and were described in the Manager's Memorandum for the Sixth and Seventh Amendments. The firms were Planning and Economics Group (PEG) (WBE), ES Consultants (ES) (HBE) and Tools for Change (BBE). The DSWM does not consider work orders given to these firms to be pass through work, in that it is the DSWM's understanding that B&C stands behind the work of these firms as if B&C itself did the work. Further, the members of the "sub-consultant team" were specifically selected to provide expertise in areas where local B&C staff has less experience, such as financial modeling and forecasting.

Since it was extensively covered in the OIG report, the employment of Mr. Juan Portuondo deserves some attention in this response. Mr. Portuondo, after leaving the employ of Montenay Power Corp. was in a unique position to help the Department revamp its Facility inspection regime at Resources Recovery in 2001. His candid participation in this project resulted in an amendment to the O&M Agreement that

changed for the better the way the Department conducted Facility inspections, which had always been a point of contention with the Facility operator. His work for the Department was completed long before he represented Montenay in Second Amendment negotiations in 2004 (which the OIG also participated in). The Department had no control over the clients Mr. Portuondo decided to work for subsequent to hiring him to do the Facility inspection work, nor his timetable for the submission of invoices for payment.

The DSWM recognizes that some of the pass through work listed on OIG Table 5 was given to entities that were not certified minority sub-consultants and in some cases to individuals that had either left the Department, retired from the Department or in one case worked for Montenay Power Corp. Each of these decisions was made on its merits, however, the DSWM concedes that at least the appearance of impropriety may have been created in some instances by this practice and the DSWM plans to follow the OIG recommendations in this regard.

Regarding the employment of Richard Meyers and Maria Lopez, the Department acknowledges that both of these individuals were former employees and that B&C provided sub-consultant contract administration. It should be noted that there was no intent to circumvent the procurement process in these actions. At the time of each one of these engagements, the Department faced the fiscal year end workload with a reduced staff in the financial reporting unit resulting from vacancies coupled with hiring freezes. In order to meet the Department's reporting requirements (in compliance with the Bond Ordinance) in an efficient and timely manner, the task required assistance from individuals with intimate knowledge of the Department's systems, procedures, books, records and reporting requirements. To accomplish the tasks at hand, these work orders were issued in each one of these fiscal years. (It should be noted that there is still some B&C billing pending on WO # 166).

OIG Finding No. 4, B&C Charged for Costs Already Included In Its Multiplier, Pages 19-21: B&C's charging of "Other Direct Costs" on T&M work orders is duplicative of its overhead recovery provided for by the PSA multiplier.

General DSWM Response to Finding No. 4: The DSWM will follow the recommendations of the OIG. This includes consulting with the Office of Capital Improvements and the County Attorney's Office regarding B&C's past billing practices and recovery of overpaid amounts and will reevaluate the multiplier with B&C and negotiate any appropriate increase or decrease.

OIG Finding No. 5, Unreasonable Lump Sum Work Orders, Pages 21-23:

General DSWM Response to Finding No. 5: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The OIG report concludes that, "Typically, lump-sum pricing is desirable pricing convention when there is adequate competition or when the owner had pre-award access to the consultant's current, complete and accurate cost/pricing data." This statement is contrary to the professional experience of DSWM staff. In our experience, lump-sum pricing is a means to procure services with which the client has a fairly high degree of familiarity. In most cases, when procuring work by lump-sum, the DSWM will first prepare its own estimate of what the work scope is worth, based on its own knowledge of the demands of the task.

In some cases, lump-sum work is priced as a percent of capital cost using generally accepted engineering standards. The lump-sum method can also be used to shift project risk to the Consultant.

OIG Finding No. 9, B&C Invoices Lack Adequate Support, Page 30:

General DSWM Response to Finding No. 9:

The Finding states, “B&C provides no supporting detail or documentation when invoicing DSWM for its services, whether under T&M or lump-sum work orders.” We disagree with this finding. There are numerous examples of T&M invoices that include Labor Classifications, Hours Worked and Rates. The table below includes just a few of the many examples of documented invoices. This kind of documentation is not required for lump-sum jobs.

W.O. Number	Project Description	Invoice Dates
94	Review of BFI Financial Information	March 1, 2001
103	DSWM BFI and Wood Waste Issues	January 29, 2002
121	Waste Management Amendment	January 29, 2002
139	MACT Cost Adjustment	January 14, 2003; February 12, 2003; April 9, 2003
144	Collection, Transfer, Disposal Committee	February 12, 2003; April 23, 2003;

OIG Finding No. 12, Standard County Contract Boilerplate Language, Page 34: Standard County contract boilerplate language, including the OIG provisions and OIG contract fee have not been incorporated into the Agreement.

General DSWM Response to Finding No. 12: The DSWM will follow the OIG recommendation for Finding No. 12. The DSWM is in the process of conforming the B&C PSA to current standards. As its template, the DSWM is using the PSA between Miami-Dade County and Malcolm Pirnie, Inc., for bond engineering services at Miami-Dade Water and Sewer Department, dated August 9, 2002.

SECTION II

Work Order 33/70 – Miscellaneous Services

OIG Report Finding No. 6, Table 6, Page 24: Table 6 shows \$24,655.09 as Double/Over billed with OIG comments, “Invoice for W.O. #33 includes statement that final report (deliverable) submitted on August 26, 1998 for total work order expenditure of \$28,990. Invoice for W.O. #70 references identical report deliverable mentioned in WO 33. No other deliverable was provided for WO 70.”

DSWM Response: W.O. #33 has the following 5-work authorizations. All of these projects were completed and delivered to DSWM, accepted by DSWM and paid as listed below for a total expenditure of \$25,344.91 and not \$28,900 as stated in the OIG report. Contrary to the OIG comment, none of the

W.O. #33 invoices have a statement that “final report (deliverable) submitted on August 26, 1998 for total work order expenditure of \$28,990.”

1. SDLF Gas Consulting Services, dated 5/7/1997 for \$5,000.00 paid \$5,000.00 on 5/19/1997
2. NDLF, NMOC, Title V Air Permit, dated 5/22/1996 for \$2,500.00, paid \$1,770.50 on 7/25/1997
3. C&D and Land Clearing Debris, dated 2/4/1997 for \$3,000.00, paid \$3,000.00 on 7/25/1997
4. SCS Engineers / SD LFG, dated 11/26/1996 for \$10,000.00, paid 6,874.41 on 7/25/1997
5. COW pilot project final report, dated March 26, 1997 for \$7,700.00 paid \$7,700.00 on 9/11/1997

In addition to the above work, the DSWM also issued the following two (2) work authorizations to B&C under this W.O. #33 but the tasks were actually performed under W.O. #70. The balance of \$24,655.09 from W.O. #33 was transferred to W.O. #70.

1. DSWM/GSA Fleet Management, dated 3/25/1998 for \$21,000
2. Conversion Factors, dated June 23, 1998 for \$3,645.00

B&C completed the above listed work orders W.O. #70 and submitted GSA/Fleet report on 12/22/1998 and Conversion Factor report on 8/26/1998. B&C also submitted two (2) invoices for W.O. #70 for \$21,000.00 and \$3,645.00. DSWM rejected the invoices and asked B&C to submit a combined invoice for the above two (2) tasks. A single invoice for \$24,655.09 (\$10.09 more than the combined total) was subsequently submitted by B&C on 4/23/1999. This invoice was approved and paid on 6/3/1999.

As can be seen from the above chronology, contrary to OIG findings, the work performed and deliverables provided under W.O. #33 and W.O. #70 are not identical. *The OIG determination of over billing and/or double billing, except for a \$10.09 mismatch, is not supported by the information in the DSWM files.*

Work Order 47/60 – Task 3 from 5th amendment

OIG Report Finding No.11, Table 8, Page 34: The OIG comment indicates that B&C’s total combined project cost for W.O. #’s 47 & 60 was \$1,160,112.55 or \$39,887.45 less than the combined work order amount of \$1,200,000. B&C invoiced and was paid for \$1,200,000.

DSWM Response: The invoices listed below were paid to B&C based on the work authorized and approved. All invoices were checked for sufficiency and approved by the DSWM personnel in charge. The DSWM does not have access to B&C’s in-house financial records and is unable to comment on the actual expenses incurred by B&C for this project, however the total amount spent did not exceed the combined authorized amount of \$1,200,000. The invoices for W.O. #47 and W.O. #60 are tabulated below. Please note that the entire combined funding for W.O. #47 and W.O. #60 was spent in

Monitoring the then multi-million dollar capital improvement projects that DSWM undertook, to comply with new State, Federal and Local laws.

W.O. #47 payment history:

WO 47 Billing Nos.	Invoice Date	Invoice From	Period To	Invoice Amount
Progress Billing # 1	4/1/97	3/29/97	4/25/97	\$ 48,687.48
Progress Billing # 2	10/3/97	4/26/97	5/23/97	\$ 59,097.82
Progress Billing # 3	11/26/97	5/24/97	6/27/97	\$ 62,666.92
Progress Billing # 4 (Revised)	1/28/98	6/28/97	7/25/97	\$ 50,114.56
Progress Billing # 5	12/1/97	7/25/97	8/22/97	\$ 54,961.09
Progress Billing # 6	12/22/97	8/23/97	10/24/97	\$ 96,371.22
Progress Billing # 7	1/30/98	10/25/97	11/21/97	\$ 68,870.12
Progress Billing # 8	1/30/98	11/22/97	12/26/97	\$ 56,737.92
Progress Billing # 9	2/20/98	12/27/97	1/23/98	\$ 50,094.49
Progress Billing # 10	4/13/98	1/24/98	2/20/98	\$ 60,085.45
Progress Billing # 11	5/27/98	2/21/98	4/24/98	\$ 133,790.84
Progress Billing # 12	7/17/98	4/25/98	5/22/98	\$ 49,225.39
Progress Billing # 13	9/14/98	5/23/98	6/26/98	\$ 9,296.70
Total Invoice				\$ 800,000.00

W.O. #60 payment history:

WO 60 Billing Nos.	Invoice Date	Invoice From	Period To	Invoice Amount
Progress Billing # 1	9/14/98	4/23/98	7/24/98	\$ 100,471.58
Progress Billing # 2	9/25/98	7/25/98	8/21/98	\$ 50,010.79
Progress Billing # 3	10/7/98	8/22/98	9/25/98	\$ 60,712.57
Progress Billing # 4	11/20/98	9/26/98	10/23/98	\$ 57,616.73
Progress Billing # 5	12/22/98	10/24/98	11/20/98	\$ 48,335.78
Progress Billing # 6	2/17/98	11/21/98	12/25/98	\$ 82,852.55
Total Invoice				\$ 400,000.00

Work Order 66/72 – Implementation and Continuation of Bulky Waste Dispatching Program Enhancements

OIG Report Finding No. 11, Table 8, Page 33: Table 8 shows \$46,200 of work order amounts, \$43,933.73 in total project costs and \$46,200 of invoice amounts, a variance of \$2,266.27. According to the report, these work orders contained T&M pricing terms with inconsistent pricing terms when compared to B&C invoicing practices.

DSWM Response: W.O. #66 along with the B&C proposal state that the total cost will be \$24,200, not to be exceeded without prior written approval from the Department. This work order was not a T&M pricing terms issue and should not have been included in the table. However, for W.O. #72, the B&C proposal stated that work would be performed on a T&M basis. The B&C invoices submitted were for

percentage of completion. In the future, DSWM will ensure that pricing terms stated in the work orders and proposals are consistent with the invoices.

The Department does not have access to B&C's internal cost records and cannot comment on the B&C project cost of \$43,933.73, contained in the OIG report.

Work Order 87 – Task 3, 6th Amendment for PSA for Bond Engineer

OIG Report Finding No. 6, Table 6, Page 24: Table 6 shows \$40,000.00 as Double/Over billed with OIG comments “ W.O. amount included allowance of \$40k for additional services that was invoiced in full with no documentation of the use of services and for the need to expend allowance amount.”

DSWM Response: All work under the task of Additional Services for W.O. # 87 was approved by the DSWM. B&C had a total of nine (9) invoices under this W.O., out of these; three (3) were for additional services, as listed below. Note that, contrary to the OIG finding, it is specifically stated in the invoices that Progress Billings #2, #5 and #7, for a total of the authorized allowance account amount of \$40,000, were for additional services. The following table lists the billings and payments made to B&C. All documents can be obtained from Wieland Uchdorf, Ph.D.

Authorized Amount for Work Order 87: \$250,000.00

Work Description /Billing Nos.	Date	Invoice	Total
Additional Services:			
Progress Billing # 2	8/4/00	\$6,170.68	
Progress Billing # 5	1/12/01	\$33,144.20	
Progress Billing # 7	7/16/01	\$685.12	
Total for Additional Services			\$40,000.00
Other Services			
Progress Billing # 1	7/21/00	\$36,612.24	
Progress Billing # 3	9/18/00	\$38,997.69	
Progress Billing # 3 (A?)	11/3/00	\$24,870.53	
Progress Billing # 4	1/12/01	\$84,568.62	
Progress Billing # 6	6/8/01	\$13,031.62	
Progress Billing # 8	9/14/01	\$11,043.75	
Progress Billing # 9	3/13/02	\$875.55	
Total Other Services			\$210,000.00
Total of all Invoices			\$250,000.00

W.O. No. 94 – Review of BFI Financial Information and Assessment of Market Conditions

OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C's project detail accounting records show that B&C's project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The data provided in the OIG report

indicates B&C lost \$3,270 on W.O. #94. The W.O., invoices, and work scope are consistent with T&M billing procedures.

W.O. No. 95 – Development of Cost Estimates for Garbage Collection Services Outside the UDB

OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C's project detail accounting records show that B&C's project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The data provided in the OIG report indicates B&C over-charged the DSWM \$736.67 on W.O. #95. The W.O., invoices, and work scope are consistent with T&M billing procedures.

Work Orders 96/99 – Proposal to prepare Consulting Engineer's Report for Series 2001 Solid Waste System Revenue Bonds and fulfill bond ordinance 96-168 requirements

OIG Report Finding No. 6, Table 6, Page 24: Table 6 indicates \$20,000 in allowance for expense of \$20,000 invoiced on W.O. #96. Actual related cost of \$17,000 subsequently invoiced again under W.O. #99.

DSWM's Response: While the language in these two task orders is very similar, the work conducted under the second work order (W.O. #99) was separate and discrete from the work conducted under the first work order (W.O. # 96).

The Department accepts that the first paragraph in B&C's scope of work (for W.O. # 99) refers to the \$20,000 allowance and indicates that the actual fee required is \$17,000, which would lead one to believe the work matter was the same. The Department believes B&C's Office Manager confused "additional services related to Series 2001" (referred to as the subject matter for W.O. # 99) with "additional meetings and support" (referred to in W.O. #96). However, if one continues to read the scope of work (W.O. # 99), one can clearly identify the differences such as "review and comment on the Official Statement" (not Preliminary Official Statement), "additional certifications", "presentation made to the Miami-Dade Finance Department and Budget Department." Because the Department's staff was so familiar with the activities and the tasks being performed, they probably overlooked the importance of this error since they knew the purpose of the new engagement.

The majority of the additional work (W.O. #99) was invested in preparing a projection of revenues, expenses and debt service coverage in two assumed waste stream/operating scenarios for fiscal years 2014 through 2023 at the request of one of the rating agencies (FITCH).

A copy of the work product for this additional task is available at B&C/Planning and Economics Group, Inc. for the OIG perusal.

The aforementioned should clarify the situation. *The work product documentation does not support the determination of double billing by the OIG.*

Work Order 97 – Task 5 Additional Services

A. OIG Report Finding No. 6, Table 6, Page 24: Table 6 shows \$22,750.00 as Double/Over billed with OIG comments “Identical work description and identical billing period billed on two separate invoices.”

DSWM Response: All work under W.O. # 97 was authorized. All authorization documents can be obtained from Wieland Uchdorf, Ph.D. The following table lists the billings and payments made to B&C. Since no invoices were specifically cited in OIG comments, we suspect the two invoices mentioned are either invoices 7 & 12 or 27 & 27B. Invoice 7 and 12 are for different work scopes. Invoice 7 was for evaluation of the wastewater Request for Proposals (RFP) while invoice 12 was for sampling and testing of wastewater. Regarding the same work scope and same work description of invoices 27 and 27B, it is to be noted that invoice 27B is an extension of 27. The invoice numbers were kept same (27) since they were for the same period and for the same types of work. *The OIG determination of double billing is not supported by the information contained in the DSWM files.*

Authorized Amount for Work Order # 97 \$ 120,000.00

Description of Authorized Work	Progress Billing #	Billing From	Period To	Invoice Amount
Gas Burners	1	Jan-01	Mar-01	\$6,500.00
Gas Burners	13	Jan-01	Jun-01	\$6,127.50
Gas Burners	28	Jun-01	Apr-02	\$313.00
Wastewater Pre-treatment	4	Feb-01	Apr-01	\$6,055.00
Wastewater RFP, Quotes, Permit	7	Jan-01	Jun-01	\$8,750.00
Wastewater Pre-treatment	8	Apr-01	May-01	\$2,595.00
Wastewater SAMPLING	12	Jan-01	Jun-01	\$9,000.00
Wastewater BoD	14	Jul-01	Aug-01	\$8,750.00
WAPR 1847 and RPA 2020	18	Jun-01	Aug-01	\$4,850.00
MPI WAPR 1797	2	Feb-01	Mar-01	\$2,500.00
MPI WAPR 1797	11	Jan-01	Jun-01	\$994.27
MPI WAPR 1797	15	Jun-01	Aug-01	\$2,030.50
MPI WAPR 1797	22	Aug-01	Nov-01	\$10,204.97
MPI WAPR 1797	23	Nov-01	Jan-02	\$2,162.34
MPI WAPR 1797	25	Dec-01	Apr-02	\$1,136.39
SF Building Code	5	Feb-01	Apr-01	\$3,000.00
SF Building Code	6	Jan-01	Apr-01	\$719.20
SF Building Code	9	Apr-01	May-01	\$4,500.00
SF Building Code	10	Apr-01	Jun-01	\$5,205.88
SF Building Code	17	Jun-01	Aug-01	\$4,846.02
SF Building Code	21	Aug-01	Nov-01	\$2,686.00
SF Building Code	24	Nov-01	Jan-02	\$4,606.66
SF Building Code	26	Jan-02	Apr-02	\$6,132.77
Detroit Stoker testing	3	Jan-01	Apr-01	\$2,500.00
Warning Letter, RPA 2019/23	19	Jul-01	Aug-01	\$5,456.00
Fire and Life Safety	16	Jan-01	Aug-01	\$1,152.00
Fire and Life Safety Turb. Hall	20	Jan-01	Nov-01	\$1,080.00
New Tech. / Preparation RFP	27	Jan-01	Apr-01	\$5,000.00
New Tech./ Preparation RFP 4/19/02	27B	Jan-01	Apr-02	\$1,146.85
Total Expenditure under WO 97				\$120,000.35

B. OIG Report Finding No.11, Table 8, Page 33:

The OIG comment indicates that B&C's total project cost for W.O. 97 was \$110,848.48 or \$9,150.87 less than the amount of \$119,999.35 paid to B&C. The W.O. amount is \$120,000.00

DSWM Response: The invoices mentioned above were paid to B&C for the work authorized and approved. All invoices were checked for sufficiency and approved by the DSWM persons in charge before payments were made. DSWM did not audit B&C's in-house accounting books and is unable to comment on the actual expenses incurred by B&C for this project, however, the total amount spent did not exceed the authorized amount of \$120,000.00

W.O. No. 103 – Proposal to Provide Consulting Services Related to DSWM Issues (BFI, Wood Waste, etc.)

OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C's project detail accounting records show that B&C's project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The data provided in the OIG report indicates B&C lost \$2,653.63 on W.O. #103. The W.O. shows a not to exceed cost, but does not mention T&M. The invoice and work scope are consistent with T&M billing procedures.

Work Order 108 – Support of Automated Garbage Collection Pilot Program

OIG Report Finding No. 11, Table 8, Page 33: Table 8 shows \$23,000 for the work order amount, \$23,148.50 in total project costs and \$23,000 in invoice amounts, with a variance of (\$148.50). According to the report, this work order contained T&M pricing terms with inconsistent pricing terms when compared to B&C invoicing practices.

DSWM Response: Work order 108 states consultant will provide services as outlined in the work order and in the scope of services dated July 20, 2001, for a not to exceed budget of \$23,000. The B & C proposal says that invoicing will be on a time and materials cost –reimbursable basis. Two payments were made for this work order. Each of B & C invoices paid by DSWM were in time and material pricing terms. *This work order is consistent with T&M billing procedures and should not have been included in the OIG report as being in non-compliance with pricing terms.*

- 1) Invoice #58-5858, 11/20/01, \$5,267.71
- 2) Invoice #58-5951, 5/21/02, \$17,732.29

The Department cannot verify B&C project cost of \$23,148.50.

Work Order 114 – Mid Year Review FY2001

OIG Report finding No. 11, Table 8, Page 33: Table 8 shows a comparison between Total Project Cost and Invoice Amount indicating inconsistent pricing terms.

DSWM Response: The scope for this work was quoted at \$3,500 on a lump sum basis. W.O. # 114, reads in part....” Not to exceed fee of \$3,500.” It does not make reference to T&M. Invoice # 58-5828 indicates authorized amount \$3,500, indicating a lump sum billing. *This documentation does not support the OIG determination of inconsistent pricing terms.*

W.O. No. 121 – Waste Management Inc. Of Florida Contract Amendment

OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C’s project detail accounting records show that B&C’s project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C’s project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. Table 8 in the OIG report combines the costs for W.O. #114 and W.O. #121, however, these are very different projects. W.O. #114 is a mid-year financial model update and W.O. is an evaluation of a contract amendment. As indicated above W.O. #114 is a lump sum item, not T&M. The invoice for W.O. #121 includes detailed labor charges, consistent with T&M billing procedures.

Work Order 125 – Garbage Collection Route Balancing

OIG Report Finding No. 7, Page 26-27 & Finding No. 11, Table 8, Page 33: The report states on page 26, “the deliverable provided for this work order was dated prior to the work order approval date. We established that the report that B&C provided for this work order was the deliverable paid for under W.O. #108 for \$23,000. No other deliverable was available to support invoicing under W.O. #125.”

Table 8 shows \$28,000 for the work order amount, \$28,157.29 in total project costs and \$28,000 of invoice amounts, variance of (\$157.29). According to the report, this work order contained T&M pricing terms with inconsistent pricing terms when compared to B&C invoicing practices.

DSWM Response: W.O. #'s 125 and 108 are not duplicate deliverables. These were two distinct projects. W.O. #125 was for Garbage Collection Route Balancing. The purpose of the project was to ensure that garbage collection routes are reasonably balanced in terms of overall effort and time required completing each route. W.O. #108 was for the Support of Automated Garbage Collection Pilot Project. The purpose of this project was to assist the DSWM on an as needed basis in implementing the pilot program including evaluating its success and its conversion to a permanent DSWM collection program. The two W.O.'s #125 and #108 should not have been included in the report as duplicate deliveries because each project served a different purpose. *The OIG determination of double billing is not supported by the information in the DSWM files.*

W.O. #125 states consultant will provide services as outlined in the work order and in the scope of services, dated February 6, 2002, for a not to exceed cost of \$28,000, without prior written authorization from the Department. The B&C proposal says that invoicing will be on a time and materials cost – reimbursable basis. One payment was made for this work order. The B&C invoice (#58-0008, 9/22/02) paid by DSWM was in time and material pricing terms. This work order should not have been included in the report as a non-compliance with pricing terms.

The Department cannot verify B&C project cost of \$28,157.29.

Work Order 126 – RRF Additional Services

A. OIG Report Finding No.7, Page 27: The OIG report indicates that “the deliverable provided for this W.O. is a final report dated July 10, 2002, for which a draft report dated July 10, 2002, was provided and paid for under W.O. #131 for \$50,000. Both work orders have similarly worded work scopes for this sub-task. It appears that B&C prepared the report under W.O. 131 and was paid an additional \$9,000 to finalize the report under W.O. #126.”

DSWM Response:

The July 10, 2002 report on the changes in SF Building Code occurring at that time was prepared for \$9,000. The work was authorized under W.O. #126 as explained in the next two (2) sections. The report was finalized under W.O. #131 for \$2,756.34, and not for \$50,000 as stated in the OIG report. This task of finalizing the report was recommended by Wieland Uchdorf, Ph.D. on June 14, 2002 and was included in W.O. #131.

B. OIG Report Finding No.10, Table 7, Page 31: The OIG comment indicates that W.O. #126 had no work authorization to perform out-of-scope additional support services at RRF.

DSWM Response: W.O. #126 was approved in writing on February 19, 2002 for \$20,000, based on a B&C proposal dated February 12, 2002. The work order in the amount of \$20,000 was issued on March 12, 2002. On April 3, 2002, Dr. Uchdorf approved in writing an amount of \$5,000 for construction observations of a Wastewater Treatment Plant. On May 7, 2002, an amount of \$2,000 was approved in writing for services related to changes in South Florida Building Code. On June 3, 2002, based on the work situation at the time, B&C requested reallocation of the \$20,000 for this W.O. as described below:

South Florida Building Code (B&Z) issues: \$9,000

Alternate Technology: \$4,000

Wastewater Treatment Plant construction observation: \$5,000

Review and comment on Detroit Stoker Claim: \$2,000

Dr. Uchdorf approved this fund reallocation in writing, on June 4, 2002.

C. OIG Report Finding No.11, Table 8, Page 33: The OIG comment indicates that the B&C total project cost for W.O. #126 was \$19,027.46 or \$972.54 less than the work order amount of \$20,000. B&C invoiced and was paid for \$20,000.00.

DSWM Response: The following invoices were paid to B&C based on the work authorized. All invoices were checked for sufficiency by the DSWM. The DSWM does not have access to B&C’s in-house financial records and is unable to comment on the actual expenses incurred by B&C for this project, however, the total amount spent did not exceed authorized amount of \$20,000.

W.O. #126 Authorized Amount: \$20,000

B&C Billing No.	Work Description	Authorized Amount	Invoice Amount
Progress Billing # 1	SF Building Code	\$ 9,000.00	\$ 9,000.00
Progress Billing # 2	Alternate Technology	\$ 4,000.00	\$ 4,000.00
Progress Billing # 3	WWTP construction observation	\$ 5,000.00	\$ 5,000.00
Progress Billing # 4	Review Detroit Stoker Claim	\$ 2,000.00	\$ 2,000.00
Total Invoiced			\$ 20,000.00

Work Order 131 – TASK 3 RRF Additional Services

A. OIG Report Finding No.10, Table 7, Page 31: The OIG comment indicates that W.O. #131 had no work authorization to perform out-of-scope additional support services at RRF.

DSWM Response: W.O. #131 was approved in writing, on June 26, 2002 for \$50,000, based on a B&C proposal dated June 5, 2002. Contrary to the OIG finding, the DSWM found that all work under this W.O. was authorized in writing by the DSWM. The work descriptions and the authorization dates are presented below. All authorization letters are kept in file with Wieland Uchdorf, Ph.D.

WO 131 Work Description	Authorization Date	Authorization Amount
MACT Fee Adjustment	3/5/03	\$10,000.00
New Technology	2/4/03	\$2,000.00
MACT Fee Adjustment	10/30/02	\$10,000.00
MACT Fee Adjustment	9/30/02	\$7,000.00
MACT Fee Adjustment	8/26/02	\$10,000.00
WWTP Construction Observation	6/14/02	\$3,000.00
Review Changes in Building Codes	6/14/02	\$3,000.00
Proposal for New Technology	8/7/02	\$2,000.00
Proposal for New Technology	6/14/02	\$3,000.00
Total		\$50,000.00

B. OIG Report Finding No.11, Table 8, Page 34:

The OIG comment indicates that the B&C total project cost for W.O. #148 was \$38,757.47 or \$11,242.53 less than the work order amount of \$50,000. B&C invoiced and was paid for \$50,000.00

DSWM Response: The invoices listed below were paid to B&C based for the work authorized and approved. All invoices were checked for sufficiency and approved by the DSWM personnel in charge. The DSWM does not have access to B&C's in-house financial records and is unable to comment on the actual expenses incurred by B&C for this project, however the total amount spent did not exceed the authorized amount of \$50,000.

WO 131 Billing Nos.	Work Description	Invoice Date	Invoice Amount
Progress Billing # 1	MACT Fee Adjustment	9/9/02	\$ 3,697.08
Progress Billing # 2	WWTP Construction Observation	9/24/02	\$ 3,000.00
Progress Billing # 3	Proposal for New Technology	9/24/02	\$ 4,475.46
Progress Billing # 4	Review Changes in Building Codes	9/22/02	\$ 2,756.34
Progress Billing # 5	MACT Fee Adjustment	11/20/02	\$ 18,909.89
Progress Billing # 6	MACT Fee Adjustment	2/4/03	\$ 3,857.74
Progress Billing # 7	MACT Fee Adjustment	2/12/03	\$ 425.88
Progress Billing # 8	Proposal for New Technology	3/17/03	\$ 2,000.00
Progress Billing # 9	MACT Fee Adjustment	3/17/03	\$ 3,000.00
Progress Billing # 10	MACT Fee Adjustment	4/17/03	\$ 5,000.00
Progress Billing # 11	MACT Fee Adjustment	5/2/03	\$ 2,000.00
Progress Billing # 12	MACT Fee Adjustment	3/22/04	\$ 877.61
Total Invoiced			\$ 50,000.00

Work Order 132 – Support Services Related to Garbage & Trash Collections

OIG Report Finding No. 11, Table 8, Page 33: Table 8 shows \$45,000 for the work order amount, \$41,460.83 in total project costs and \$43,243.24 in invoice amounts, with a variance of \$1,782.41. According to the report, this work order contained T&M pricing terms that were inconsistent when compared to B&C invoicing practices.

DSWM Response: W.O. #132 is a T&M work order and the B&C proposal states the work will be conducted over a period of approximately four months on a time and materials basis for a budget of \$45,000.00. The four invoices for this W.O. were consistent with T&M billing practices. No inconsistency between T&M and lump sum billing exists regarding this project.

Without access to B&C's project cost data, the DSWM cannot verify the figures in the OIG report for this item.

Work Order 133 – Utility Service Fee Reimbursable Cost Allocation Analysis – Phase

OIG Report finding No. 11, Table 8, Page 33: Table 8 shows a comparison between Total Project Cost and Invoice Amount indicating inconsistent pricing terms.

DSWM Response: The scope for this work was quoted at \$50,000 on a lump sum basis. W.O. # 133, reads in part...."on a time and material basis with a not to exceed amount of \$50,000." Invoice # 59-0048 indicates authorized amount \$50,000, indicating a lump sum billing. The Department acknowledges an error was made when the work order (W.O. # 133) was prepared; perhaps due to clerical error resulting in a failure to update the form after the previous work order (W.O. # 132 which was based on T&M) was prepared; the staff involved in the project confirms this was intended to be a lump sum project.

This documentation does not support the OIG determination of inconsistent pricing terms. This notwithstanding, the Department's acknowledges the error made in the work order preparation. Steps will be taken to avoid this type of error in the future.

Work Order 136 – Garbage Collection System Analysis

OIG Report Finding No. 11, Table 8, Page 33: Table 8 shows \$55,000 for the work order amount, \$52,938.25 in total project costs and \$55,000 in invoice amounts, with a variance of \$2,061.75. According to the report, this work order contained T&M pricing terms that were inconsistent when compared to B&C invoicing practices.

DSWM Response: The DSWM work order refers to the B&C proposal for terms of performing services. The B&C proposal stated that invoicing would be performed on a percent complete basis. Seven B&C invoices were submitted for payment, and each one was based on percentage of completion. ***This work order should not have been included in OIG table 8.***

- 1) Invoice #58-0156, 3/5/03, 20% complete - \$11,000, paid \$11,000
- 2) Invoice #58-0179, 4/9/03, 40% complete - \$22,000, paid \$11,000
- 3) Invoice #58-0214, 5/14/03, 60% complete - \$33,000, paid \$11,000
- 4) Invoice #58-0266, 8/4/03, 80% complete - \$44,000, paid, \$11,000
- 5) Invoice #58-0298, 9/16/03, 85% complete - \$46,750, paid \$2,750
- 6) Invoice #58-0398, 1/8/04, 95% complete - \$52,250, paid \$5,500
- 7) Invoice #58-0452, 3/18/04, 100% complete - \$55,000, paid \$2,750

The Department cannot verify B&C project cost of \$52,938.25

W.O. No. 139 – Task 3 Support Services Resources Recovery Facility O&M Agreement Proposed Changes by Montenay for MACT Cost Adjustment

A. OIG Report Finding No. 6, Double Billings/Over Billings, Table 6, Page 24:
Invoice from ES Consulting invoiced twice for \$562.50.

DSWM Response: ES Consulting, a minority sub-consultant to B&C, submitted two invoices under W.O. #139. The first invoice was in the amount of \$375 and the second in the amount of \$562.50, for a total of \$937.50. B&C invoiced the DSWM for the ES work first for \$937.50 and again for \$562.50, for a total of \$1,500. It appears that the combining of the two ES charges on the first B&C invoice created confusion in B&C billing, resulting in the second ES invoice for \$562.50 being charged twice. ***This is a clerical billing error that will be corrected.***

B. OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C's project detail accounting records show that B&C's project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The data provided in the OIG report indicates B&C over charged \$25.10 or 0.1% on W.O. #139; total amount invoiced \$19,684.60. The W.O., invoices, and work scope are consistent with T&M billing procedures.

Work Order 142 - Analysis of Bulky Waste Equipment Mix

OIG Report Finding No. 8, Page 28: The report states, "the deliverable provided for this work order is dated September 13, 2002. Meanwhile, the work order was approved on February 11, 2003 and the invoices from B&C refer to work performed between February 11, 2003 and July 3, 2003."

DSWM Response: This was a time critical project. The original agreement between B&C and the Department states, "In case of emergency, the Director or his authorized representative reserves the right to issue oral authorization to the Engineer with the understanding that written confirmation shall follow immediately thereafter." In future emergencies situations, when verbal authorization is given to perform services, the DSWM will ensure that the work order follows suit in a timelier manner.

Work Order 143 – Utility Service Fee Reimbursable Cost Allocation Analysis – Phase II

OIG Report finding No. 11, Table 8, Page 33: Table 8 shows a comparison between Total Project Cost and Invoice Amount indicating inconsistent pricing terms.

DSWM Response: The scope for this work was quoted at \$15,000 on a lump sum basis. W.O. #143, reads in part...."on a time and material basis with a not to exceed amount of \$15,000." Invoice # 58-0215 indicates authorized amount \$15,000, indicating a lump sum billing. The Department acknowledges an error was made when the work order was prepared; perhaps resulting from carrying over the error made in the preparation of W.O. # 133 for Phase I of the project (see above); the staff involved in the project confirms this was intended to be a lump sum project.

This documentation does not support the OIG determination of inconsistent pricing terms. This notwithstanding, the Department's acknowledges the error made in the work order preparation. Steps will be taken to avoid this type of error in the future.

Work Order No. 144 – Solid Waste Collection, Transfer, & Disposal Management Committee Support Services.

A. OIG Report Finding No. 6, Double Billings/Over Billings, Table 6, Page 24:
Invoice from PEG in the amount of \$4,646.07 also invoiced under W.O. #154.

DSWM Response: Invoice 2 under W.O. #144, for the period February 8, 2003 – April 11, 2003, includes a \$4,646.07 charge for sub-consulting by PEG. The work involved development of planning priorities between collections and disposal areas. The DSWM files do not include a second charge for this work under W.O. #154. *The OIG determination that the same PEG work was invoiced under W.O. #144 and W.O. #154 is not supported by documentation in the DSWM files.*

B. OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C's project detail accounting records show that B&C's project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The data provided in the OIG report indicates B&C over charged \$4,145.80 or 16.4% on W.O. #144; total amount invoiced \$25,151.20. The W.O., invoices, and work scope are consistent with T&M billing procedures.

Work Order No. 145 – Solid Waste Site Development Support Services

OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32:

B&C's project detail accounting records show that B&C's project costs, are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The information provided in the OIG report for this T&M work order indicates B&C **under charged** the Department \$131.99. Without access to B&C's project cost data the DSWM cannot verify the figures in the OIG report for this item.

Work Order 148 – TASK 3 RRF Additional Services

A. OIG Report Finding No.10, Table 7, Page 31: The OIG comment indicates that W.O. 148 had no work authorization to perform out-of-scope additional support services at RRF.

DSWM Response: W.O. #148 was approved in writing, on February 11, 2003 for \$50,000. This W.O. was used for certification of Backflow Preventer, in compliance with the Florida Department of Health and to review Wastewater TP documents. The DSWM found that all work under this W.O. was authorized in writing. The work descriptions and the authorization dates are presented below. All authorization letters are kept in file with Wieland Uchdorf, Ph.D.

WO 148 work Description	Authorization Date	Authorization Amount
Backflow Preventer Certification	10/6/02	\$ 10,000.00
Wastewater Reclamation Project	10/22/02	\$ 40,000.00
Total Amount Authorized		\$ 50,000.00

B. OIG Report Finding No.11, Table 8, Page 34: The OIG comment indicates that B&C total project cost for W.O. #131 was \$38,757.47 or \$11,242.53 less than the work order amount of \$50,000. B&C invoiced and was paid for \$50,000.00

DSWM Response: The invoices listed below were paid to B&C based on the work authorized and approved. All invoices were checked for sufficiency and approved by the DSWM persons in charge before payments. The DSWM does not have access to B&C's in-house financial records and is unable to comment on the actual expenses incurred by B&C for this project; however, the total amount spent did not exceed the authorized amount of \$50,000.

WO 148 Billing Nos.	Invoice Date	Invoice Amount
Progress Billing # 1	11/18/03	\$ 7,000.00
Progress Billing # 2	12/22/03	\$ 6,000.00
Progress Billing # 3	8/1/04	\$ 13,000.00
Progress Billing # 4	8/5/04	\$ 24,000.00
Total Invoiced		\$ 50,000.00

Work Order 154 – Operational Program Management Support and Analysis

A. OIG Report Finding No. 6, Double Billings/Over Billings, Table 6, Page 24:

Table 6 shows \$38,454 in Trash Collection Support Services as double billed and invoiced under both W.O. #154 and W.O. #172.

DSWM Response: The \$38,454 invoice #17 from B&C under W.O. #154 indicates the work was done by B&C employees. This invoice clearly states that an associated (but separate and distinct) effort was accomplished under W.O. #172, by Planning and Economics Group, Inc. (PEG), a B&C minority sub-consultant. W.O. #172 is a lump-sum work order assigned to PEG, in the amount of \$38,500. The work described on the W.O. #154 B&C invoice in the amount of \$38,454 is different from the work described on the W.O. #172 PEG invoices in the amounts of \$15,400 and \$9,625.

This is a case of associated work being done under two separate work orders by two separate entities (B&C and PEG). *The OIG determination of double billing is not supported by documentation in the DSWM files.*

B. OIG Report Finding No. 6, Double Billings/Over Billings, Table 6, Page 24:

Table 6 shows \$23,368 being charged on two separate invoices for the identical billing period.

DSWM Response: This item relates to invoices 1 & 2 under W.O. #154 (DSWM Scenarios). The amounts of the invoices are \$23,367.20 and \$23,368.00 respectively. Invoice 1 was submitted on June 25, 2003 and invoice 2 was submitted on August 5, 2003. The billing periods are not identical, invoice 1 being through June 20, 2003 and invoice 2 being through June 30, 2003. Invoice 2 shows the previously invoiced amount of \$23,367.20 from invoice 1. The work described on invoice 1 relative to "DSWM

Scenarios” is not well documented, however, the work description on invoice 2 is more detailed and indicates the “Finalization” of 5-year projections (DSWM Scenarios).

The OIG determination that the two invoices must represent double billing is not supported by the documentation in the DSWM files. The documentation shows that invoice 1 was for initial project work and invoice 2 was for finalization of the work.

C. OIG Report Finding No. 7, Improper Payments for Duplicate Deliverables, Task A – DSWM and Household Fee Scenarios Generation (\$46,735), Page 26:

The deliverable that B&C provided for this task was identical to one provided and paid for under W.O. #152 for \$22,300. Moreover, B&C invoiced DSWM twice in W.O. 154. The billing periods for these work orders were identical and were for a period after the date of the deliverable, March 17, 2003. In conclusion, DSWM paid \$46,735.20 twice for this study.

DSWM Response: Financial forecasting work done under W.O. #'s 154 and 152 may appear to be the same, but the work is in fact different. The work done under W.O. #152 was in response to a request by the Office of Management and Budget (now OSBM) to forecast household waste collection fees based on various alternative operational adjustments. The work done under W.O. #154 was development of a “DSWM” forecast containing DSWM recommended operational adjustments, as an alternative to the OMB forecasts. The W.O. #152 work scope states on page 2, “The DSWM scenario is being designed and quantified under other work order scopes” (i.e. W.O. #154). The scope further states that much of the quantification of the operational adjustments for the OMB scenarios will be, “accomplished by staff and by the consulting team under other scopes.” ***The OIG determination that the B&C work product under W.O. #154 and W.O. #152 are the same is not supported by documentation in the DSWM files.***

The OIG determination of double billing for the work done under W.O. #154 has been addressed by the DSWM in response to OIG Finding No. 6 (see response regarding invoices 1&2 above).

D. OIG Report Finding No. 7, Improper Payments for Duplicate Deliverables, Task F – B&C Support of Bulky Waste/Zone Trash Alternatives (\$52,089), Page 26:

No written authorization to proceed and no documentation on the agreed price. The deliverable produced under this W.O. [154] is a draft version of a report dated April 28, 2004, which was invoiced and paid for under work order 172 (\$38,500). B&C invoiced DSWM for a total of \$52,089 for a report that was already paid under another W.O. [172].

DSWM Response: This item involves W.O. #154, invoice 12 in the amount of \$7,696, 14 in the amount of \$5,939, and 17 in the amount of \$38,454 (total \$52,089), as well as W.O. #172, invoice 1 in the amount of \$15,400 and 2 in the amount of \$9,625 (total \$25,025). W.O. #154 was an expedite W.O., where projects were released against the master W.O. Invoices 12, 14, and 17 under this master W.O. #154 relate to the same project covered by W.O. #172. The B&C work was done under W.O. #154 and the PEG work was done under W.O. # 172. The W.O. #154 invoices reference the associated PEG work effort under W.O. #172. Since all the work, regardless of its W.O. #, was part of the same project, the deliverable is of course the same for both W.O.’s. Additionally, the OIG report states that \$38,500 was paid to B&C. ***The OIG determination that the DSWM paid twice for the same work product is not supported by the documentation in the DSWM files.***

Regarding the lack of notice to proceed and an agreed upon price, these criticisms are aimed at W.O. #154, a form of expedite W.O. that was originally used to speed-up project approvals during the period when the DSWM was attempting to justify a household fee increase, that was subsequently approved by the Board for FY2003-04. The DSWM has no intention of resurrecting this form of expedite mechanism. It should be noted, however, that of the 16 invoices issued under W.O. #154, 11 of them have project release letters, issued by B&C and signed by DSWM, that describe in detail the work scope and agreed upon price for the project. The 5 invoices for which there is no release letter encompass 2 projects, DSWM Scenarios Generation (invoices 1&2) and Bulky Waste Alternatives (invoices 12, 14 and 17). *Therefore, the OIG determination that projects under W.O. #154 lack a notice to proceed and agreed upon price is not supported by documentation in the DSWM files for the majority of projects done under this W.O.* Please see table below for listing of W.O. #154 invoices and releases:

Project	Invoice No.	Invoice Amount	Release Date (Scope & Price)	Release Amount
DSWM Scenarios	1	\$23,367.20	None	None
DSWM Scenarios	2	\$23,368.00	None	None
Landscaper Program	3	\$28,800.00	July 16, 2003	\$28,800.00
Transfer System Ph. I	4	\$ 6,638.00	October 3, 2003	\$76,000.00
Collections Sup. Ser.I	5	\$ 4,130.00	September 12, 2003	\$36,800.00
Transfer System Ph. I	6	\$22,514.00	October 3, 2003	(#4 above)
2003 Revenue Proj.	7	\$ 5,148.00	August 29, 2003	\$ 5,148.00
Transfer System Ph. I	8	\$38,618.00	October 3, 2003	(#4 above)
Collections Sup. Ser. I	9	\$18,282.00	September 12, 2003	(#5 above)
Transfer System Ph. I	10	\$ 8,000.00	October 3, 2003	(#4 above)
Collections Sup. Ser. I	11	\$10,117.41	September 12, 2003	(#5 above)
Trash & Bulky Alt.	12	\$ 7,696.00	None	None
Transfer System Ph. II	13	\$35,500.00	March 24, 2004	\$44,500.00
Trash & Bulky Alt.	14	\$ 5,939.00	None	None
Redlands Research	15	\$ 9,790.00	October 27, 2003	\$19,580.00
Invoice #16 voided	-----	-----	-----	-----
Trash & Bulky Alt.	17	\$38,454.00	None	None

E. OIG Report Finding No. 10, Verbal Authorizations and No Agreed Price, Page 31: B&C was allowed to work on any of many sub-tasks covered in a single authorizing W.O. without prior DSWM authorization to proceed. Activities were often not associated with defined deliverables, specified amounts, periods of performance or agreed-upon prices.

DSWM Response: As noted in the table above, of the eight projects detailed, only two, Trash and Bulky Waste Alternatives (\$52,089.00) and DSWM Scenarios (\$46,735.20), were without release letters that included the scope of work and price. It has been acknowledged previously in this report that the DSWM has no intention of resurrecting the form of expedite mechanism used in W.O. #154, however, Finding 10 in the OIG report mischaracterizes the severity of the problem by implying the entire W.O. amount of \$336,800 was expended without written authorization or agreed-upon prices. *The OIG determination that W.O.s need to be in writing is valid, however, the facts provided in the report to justify this otherwise-valid finding are not supported by documentation in the DSWM files.*

F. OIG Report Finding No. 11, B&C Costs vs. T&M Charges, Table 8, Page 32: B&C's project detail accounting records show that B&C's project costs, which includes the 2.85 multiplier and APC charges are in some instances lower than the amounts invoiced for T&M work orders.

DSWM Response: The DSWM does not have access to B&C's project cost data and therefore, cannot comment on its accuracy or applicability in the OIG Report. The data provided in the OIG report indicates B&C over charged \$10,447.99 or 3.6 % on W.O. #154; total amount invoiced \$286,361.61. As discussed previously, W.O. was an expedite form of W.O. that was only used once and the DSWM has no intention of using this mechanism again. The W.O., invoices, and work scope are consistent with T&M billing procedures established for W.O. #154.

W.O. No. 158 – Evaluation (Phase 3) of Proposed Second Amendment to the Third Amended and Restated Operations and Management Agreement (Amendment Draft Dated May, 27, 2003).

OIG Report Finding No. 8, Unreliable Documentation, Page 28: W.O. and deliverable sequence is not logical (something is wrong). The deliverable for this W.O. is dated June 4, 2003, but the W.O. is dated June 19, 2003 and the invoices are for work performed from June 19, 2003 to May 21, 2004.

DSWM Response: W.O. #158, Evaluation of the Montenay 2nd Amendment, is dated June 19, 2003. The deliverables for the Montenay 2nd Amendment work span a period from September 23, 2003 to June 10, 2004. The invoices span a period from inception through May 21, 2004. Invoice 1 references a review of the May 27, 2003 Second Amendment draft. The sequence of W.O., invoices and deliverables is logical. *The OIG determination that the deliverable sequence is not logical is not supported by documentation in the DSWM files.*

W.O. No. 167 – Disposal Balancing Phase I

OIG Report Finding No. 8, Unreliable Documentation, Page 28: The deliverable for this W.O. (spreadsheets dated June 20, 2003 & August 18, 2003) does not match the description on the invoices. The W.O. was approved on November 5, 2003 and the invoice is for work performed between October 15, 2003 and October 31, 2003.

DSWM Response: The deliverable for W.O. #167, dated October 14, 2003, is a bound document containing an executive summary, introduction and series of task descriptions and associated spreadsheets. The spreadsheets are not dated, as suggested in the OIG Report, but the work matches exactly the first and final invoice dated November 4, 2003. The W.O. was approved on October 15, 2003, not November 5, 2003 as suggested in the OIG Report. *The OIG determination that the deliverable does not match the invoices, and the date on the W.O. and invoice is out of sequence, is not supported the documentation in the DSWM files.*

W.O. No. 168 – Disposal Balancing Phase II

OIG Report Finding No. 8, Unreliable Documentation, Page 29: The deliverable for W.O. #168 has a date of October 14, 2003, which is out of sequence with the W.O. approval date of November 5, 2003. The invoices refer to work performed between November 5, 2003 and December 21, 2003.

DSWM Response: Apparently, the deliverables for W.O. #167 and W.O. # 168 were combined into a final report dated October 14, 2003, entitled Disposal Balancing Phase I. The date and title of the report are incorrect. The Phase I work was completed in October 2003. The Phase II work was completed in December 2003. The final report should have been titled Phase II and should have been dated December 2003. *The deliverables sequencing problem determined by the OIG is supported by the documentation in the DSWM files.*

Conclusion

While the report is clearly unfavorable toward both the Department and Brown and Caldwell, we think it is appropriate to provide a measure of balance by pointing out some of the critical accomplishments in the County's solid waste management program that have occurred through the joint efforts of the Department and Brown and Caldwell.

Resources Recovery Facility Improvements

In 1985, the County assumed ownership of the Resources Recovery Facility. The plant was in a shambles – its fuel processing technology had proven to be a failure and facility management had deteriorated. The Department engaged Brown and Caldwell at that time to assist the Department in the planning and financing of improvements that were necessary to bring the plant back into service. In 1989, following the lead of the federal government, the Florida legislature passed new laws requiring sweeping changes in the way that waste could be landfilled. These laws greatly increased the County's reliance on the Resources Recovery Facility. During this period the Department, working with Brown and Caldwell, initiated the process of rebuilding the Resources Recovery Facility. Then, in the early 1990s, the federal government established new air quality rules, which required a major overhaul of the Resources Recovery Facility's emission systems. Again, working with Brown and Caldwell, the Department supervised the successful redesign and reconstruction process. The improvements to the plant were completed by 1999. Other improvements have also been needed at the plant, but today, with the County's investment of hundreds of millions of dollars, the facility meets all federal and state environmental and solid waste laws and rules. It is a facility that we can count on for years to come. This enormous effort, and its success, was the result of a major effort by the Department of Solid Waste Management in cooperation with Brown and Caldwell, with strong cooperation from the plant's operator.

Financial Stability

Brown and Caldwell also assisted the Department through a major financial crisis during the mid-1990s, when the costs for improving the Resources Recovery Facility, landfilling, and waste collection were straining the Department's finances. Working with the Manager's office, the Department and the Brown and Caldwell consulting team developed solutions that ultimately lifted the Department to a new level of operating and financial stability. While financial stability in the solid waste business is always tenuous, the Department's success and benefits of that success were effectively demonstrated by our issuance of our Series 2005 Bonds to finance a series of old landfill closures, projects that are very important to our community. The issuance of those bonds was a direct result of the Department's having achieved an attractive bond rating, the result of our having managed our affairs well, in cooperation with Brown and Caldwell and others throughout County government.

Contract Amendments

The Department has had to evaluate proposed amendments to its solid waste services contracts in recent years. Brown and Caldwell provided valuable input to the Department during the evaluation process that better enabled it to make these important decisions. In 2000, the County's waste disposal agreement with Browning-Ferris Industries, Inc. was extended from 2005 to 2015, increasing the long-term value of this relationship by approximately \$90 million and enhancing the Department's financial stability. In 2004, the operations and management agreement with Montenay-Dade, Ltd. was extended from 2013 to 2023, on terms favorable to the County. The OIG and Brown and Caldwell actively participated in the negotiations with Montenay.

In closing, it is my sincere belief that the Department did not intend to in anyway misuse or abuse its professional services agreement with Brown and Caldwell. The consultant work reviewed by the OIG was done prior to my administration of the Department; however, I believe the work done during the review period was undertaken with the intent to accomplish the goals and objectives of the Department and the County. I am committed to ensuring that all of the necessary corrective actions are implemented and proper policies and procedures are adhered to.

Cc: Joseph A. Ruiz, Jr., Assistant County Manager