



# OFFICE OF INSPECTOR GENERAL

## FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift,  
Inspector General

Asset Maintenance Contract E1G23  
Audit Report No. 12C-5001

March 11, 2013

### **EXECUTIVE SUMMARY**

The Office of Inspector General (OIG) conducted an audit of Asset Maintenance Contract E1G23 (contract) between the Florida Department of Transportation (department) and DBI Services, Inc. (DBI). The purpose of the contract is to manage and perform all routine maintenance activities associated with Roadway, Structures, Design, Roadside, Vegetation and Aesthetics, Traffic Services and Incident Management on Interstate 75 (I-75) (including interchanges and rest areas) in District One and District Four. The contract is a seven-year lump sum contract totaling \$94,671,229 and is administered by District One on behalf of the department. There are 19 contract modifications which included one work order and 18 supplemental agreements (SA) totaling \$2,040,490. We conducted the audit as part of the OIG's annual work plan.

### **SA Documentation**

District One provided adequate oversight of contract E1G23 and complied, in all material respects, with applicable criteria. However, justification for additional work was not adequately documented in the SAs as required by department Procedure No. 375-020-002, Maintenance Contract Administration, Inspection and Reporting, Section 12.1. The SAs should have explained how the work differs from activity, which is required of the contractor within the scope of the existing contract.

### **Contractor Performance Evaluations**

An Asset Maintenance Contractor Performance Evaluation Report (AMPER) is the method by which Asset Maintenance contractors are evaluated. The overall minimum acceptable AMPER score is 70. The AMPER is divided into five sections with scores assigned to each section. DBI achieved an overall AMPER average score of 72 over the past three semiannual evaluation periods. Although acceptable, DBI's score of 72 was 16 points lower than the statewide average of 88 for all Asset Maintenance contractors per the department's *AM Scores (10-7-11)* report. DBI's lower overall scores were the result of two section scores of less than 70 in two of the three semiannual evaluation periods. The two sections with scores less than the minimum acceptable were Performance Management, which includes "Safety Features and Inspections," and Rest Areas. A section score of less than 70 in Performance Management could raise concerns regarding safety and would run counter to the department's mission statement of providing "a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities."

We recommend the:

- District One Maintenance Administrator ensure each SA documents the justification for how the work required is unforeseen or non-routine work outside the parameters of the original contract so management can readily determine if the SA is appropriate; and
- The District One Maintenance Administrator should monitor all AMPER section scores and identify contractors who consistently score below the minimum acceptable level. When low AMPER section scores are detected, the district should implement a process of corrective action and escalation to the Office of Maintenance.

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## **BACKGROUND AND INTRODUCTION**

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DeAngelo Brothers, Inc., a.k.a. DBI Services, Inc., entered into asset maintenance contract E1G23 with the department on April 4, 2008. The purpose of the contract is to manage and perform all routine maintenance activities associated with Roadway, Structures, Design, Roadside, Vegetation and Aesthetics, Traffic Services and Incident Management on I-75, (including interchanges and rest areas) in the District One counties of Collier, Lee, Charlotte, Manatee, Desoto and Sarasota and Broward County in District Four. Contract E1G23 is a performance-based contract, which provides performance measures to meet statewide goals.

The original contract was awarded for a lump sum amount totaling \$92,630,739. Nineteen contract modifications increased the contract total to \$94,671,229, as of this audit. The 19 contract modifications included one work order (\$300,000) and 18 SAs (\$1,740,490) totaling \$2,040,490, a two percent increase from the original contract. The contract duration is seven years with an end date of March 31, 2015, and a renewal option for one or more additional terms, not to exceed the length of the original term of the contract.

Reviews of related documents, interviews with District One personnel and on-site visits to selected SA work locations was conducted to determine if work performed was covered by contract requirements in the original contract, or if the work was required due to unforeseen circumstances.

The Office of Maintenance uses AMPER to assess how well Asset Maintenance contractors complied with contract provisions. The AMPER consists of five sections that are weighted to give a total possible score of 100, as follows:

- Section I - Performance Measures<sup>1</sup> (20%)
- Section II - Rest Areas (20%)
- Section III - Bridges and Ancillary Structures (25%)
- Section IV - Maintenance Rating Program (20%)
- Section V - Contractor Performance Rating (15%)

According to department Procedure No. 850-070-002, Contractor Field Performance Rating on Maintenance Contracts, a total score of 69 or less may result in the contractor's termination. Contract E1G23 provides that AMPER evaluations are conducted semiannually.

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<sup>1</sup> Section 1 includes Safety Features and Inspections.

## **PURPOSE, SCOPE AND METHODOLOGY**

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The **purpose** of the engagement was to determine compliance with statutes, department procedures and other applicable requirements and to determine the effectiveness of District One's evaluation of DBI's asset maintenance activities.

The **scope** of our engagement included Contract E1G23, SAs 1 through 18 and Work Order 1 for the time period April 4, 2008 through June 14, 2011. In addition, we reviewed three semi-annual AMPER performance reports from July 2010 through December 2011.

Our **methodology** consisted of:

- reviewing Contract E1G23, statutes, procedures and reports to obtain adequate understanding of applicable requirements and previous audit recommendations;
- obtaining and analyzing expenditure and performance evaluation data and supporting documentation; and
- interviewing appropriate staff.

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## FINDINGS AND RECOMMENDATIONS

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### Finding 1 – Insufficient Supplemental Agreement Documentation

**Objective**

To determine if District One provided proper justification for Contract E1G23's supplemental agreements.

**Conclusion**

The SAs were incomplete and indicated the work proposed was similar to that listed under the provisions of the original contract. District One does not have an adequate process to document the justification for using additional funds through the use of an SA rather than performing the work under the provisions of the original contract. However, reviews of related documents, interviews with District One personnel and site visits to SA work locations indicated the work performed for selected SAs was due to unforeseen conditions or because replacement rather than repair was necessary. We were able to determine the work was appropriate for additional funding as an SA.

**Supporting Evidence**

1. Justification for SAs being necessary due to unforeseen conditions or because the work item required replacement rather than repair was not evident in several instances. For example, the following SAs selected for on-site review contained only a brief stated purpose:

SA 1: Lift station repairs on N. Skyway Bridge rest area.

SAs 4 and 6: Roof repairs on two Polk County rest areas identified as 10201 and 10202 located on Interstate 4 (I-4).

SA 5: Repair the I-75/I-595 Sawgrass Expressway Interchange lighting system and replace an air conditioner at the I-75 Alligator Alley Mile Marker 35 rest area.

SA 7: Clearing and maintenance of the fence along I-75 in District 1.

SA 10: Replace limited access "Type A" fence and fence components along I-75 in District 1. The

fence components include, but are not limited to, pull and/or corner post assemblies. The fence replacement will be for fence damaged during the fence line clearing project.

SA 13: Restore the irrigation system at the I-4 East Bound and West Bound rest areas.

SA 17: Hydro jet clean approximately 200 feet of 2 inch, 4 inch and 6 inch main sanitary lines from the clean out up under the bathrooms including the 2 inch urinal drain line at the Jones Loop rest area.

2. From additional review of other documents, interviews with District One personnel and site visits to SA work locations, we determined the selected SAs were necessary due to unforeseen conditions at the time of the Asset Maintenance contract and/or because replacement rather than repair was necessary. For example, it was determined:

SA 1: Replacement of the pump operation was required. The existing system was inadequate to handle the load; capacity had to be increased.

SAs 4 and 6: The purpose of these SAs was to replace the metal roofs at the two rest areas rather than repairing or patching the existing roofs. In addition, major work had to be done on the gutters.

SA 5: This was an unusual situation because the fuse boxes met standards, but the standards were not applicable for the coastal conditions in Ft. Lauderdale. An SA was needed to replace the fuse boxes because the conditions created a safety hazard. In addition, the amount of replacement was substantial; 254 light poles were affected.

SA 7: Normal fence clearing was listed as a provision of the original contract; however, this SA was a separate contract for Brazilian Pepper eradication. Normal fence clearing is impeded by Brazilian Pepper and other invasive plants. District One management intends to terminate SA 7

	<p>because they believe the money can be spent more effectively elsewhere.</p> <p>SA 10: The purpose of this SA was to replace the fence destroyed by the Brazilian Pepper eradication. As in the case of SA 7, District One management intends to terminate this contract.</p> <p>SA 13: The irrigation system at the Polk County rest area had reached the point where a replacement was necessary.</p> <p>SA 17: Substantial work was done below ground and consisted of replacing parts and equipment.</p>
<b>Criteria</b>	<p>Department Procedure No. 375-020-002, Maintenance Contract Administration, Inspection and Reporting, Section 12.1, "Each proposed supplemental agreement shall document the justification for the amendment."</p> <p>Section 337.11(9)(b), Florida Statutes,: "Supplemental agreements and written work orders pursuant to a contingency pay item or contingency supplemental agreement shall be used to... provide for unforeseen work..."</p>
<b>Cause</b>	<p>The reason for an SA was discussed verbally by district personnel, but an explanation of how the proposed work differed from work in the original contract was not documented in the SA. In addition, there was no formal process to link the SA with any documents that would provide justification for additional funding through an SA. Consequently, although district personnel determined additional funding through an SA was necessary, documentation did not support their determinations.</p>
<b>Effect/ Impact</b>	<p>Insufficient documentation could impact management's ability to determine if the nature of the work was necessary. Additionally, this could lead to a perception the department was paying twice for work that should have been done as part of the original contract.</p>
<b>Recommendation</b>	<p>We recommend the District Maintenance Administrator improve documentation of how future work proposed in an SA falls outside the terms of the original contract and requires additional funding.</p>

**Finding 2 – Low AMPER Evaluation Scores**

**Objective**

To determine if DBI's low AMPER evaluation scores indicate an acceptable level of performance.

**Conclusion**

DBI's two low AMPER section evaluation scores do not indicate an acceptable level of performance. Less than acceptable minimum scores are offset by higher scoring sections which boost the total score to the minimum acceptable level. This practice can potentially jeopardize the safety of the traveling public and runs counter to the expectation that performance based contracts continually produce a quality product.

**Supporting Evidence**

The statewide average AMPER score for all Asset Maintenance contractors was 88 per the department's *AM Scores (10-7-11)* report. DBI's overall AMPER evaluation scores for the three most recent semiannual periods ending December 2010, June 2011 and December 2011 were 74, 71 and 71, respectively. The minimum acceptable score is 70. DBI's section scores ranged from an average of 28.6 for Section I (Performance Measures, which includes "Safety Features and Inspections") to 99.5 for Section IV Maintenance Rating Program (MRP) - see Schedule 1. Of the five sections rated by the AMPER, DBI's Section I consistently received the lowest score. As a result, other AMPER sections were relied upon to achieve a minimum overall acceptable score.

**SCHEDULE 1**

AVERAGE SCORE - 3 EVALUATION PERIODS  
JULY 2010 through DECEMBER 2011

Section	Description	Average Score
Section I	Performance Measures	28.6
Section II	Rest Areas	68.7
Section III	Bridges and Ancillary Structures	86.3
Section IV	Maintenance Rating Program	99.5
Section V	Contractor Performance Rating	78.1
	Average Final Rating	72

**Supporting Evidence  
(continued)**

We reviewed an average of 40 performance measures in Section I and determined 33 percent received “does not meet” ratings. Of the 40 measures, the contractor was repeatedly deficient in the following:

Safety Features

- timely correction, repair, or replacement of Motorist Aid Call Boxes, light poles, guardrails, signs and removal of hazards caused by elements of damaged items.

Repeated deficiencies which required frequent monitoring by the district include:

Administration

- adherence to all guarantees and other assurances submitted in the contractor’s technical proposal; and
- compliance with department procedures.

In addition, although the average AMPER Section V evaluation score was above the minimum acceptable, the following district comments were of concern:

Department Efforts Required for Contract Administration and Inspection

- “The Department conducts daily inspections of the corridor and has become the proactive force in finding problems and issues related to repair work needed, helping them to stay on track with maintenance responsibilities. The Contractor is not out identifying problems and issues in a proactive manner.” (reporting period ended June 2011)
- “The contractor has improved, but more effort is needed on identifying problems instead of the department’s inspector or the public finding/reporting deficiencies that have been in a state of disrepair for some time.” (reporting period ended December 2011)

**Criteria**

Department Procedure No. 375-000-005, Performance Based (PB) Maintenance Contracting, Section 4.3 - Contract Inspection, “The primary indicator of PB contract success is the quality of maintenance of the roadways under contract at any given point in time and the responsiveness of the Contractor to the needs of the Department and the traveling public”, and “...the District’s goal shall be for the contractor to perform in accordance with the contract with minimal District oversight and inspection.”

Section 4.4.1, “The Contractor is expected to meet

	<p>performance requirements uniformly and consistently throughout the contract period.”</p> <p>Contract E1G23- Scope of Services, Objective, “The Department will continually evaluate the Contractor’s quality of work performed, and if applicable rules and procedures were followed to achieve results. The Department is entrusting the Contractor to care for and maintain select segments of Florida’s State Roads and fully expects the Contractor to take pride in performing a high level of maintenance.”</p> <p>Contract E1G23- General Requirements, No. 5, Performance Expectations and Evaluation, “Maintain the road system uniformly and consistently throughout the contract period by meeting the performance specifications/measures established in this scope. The Department will evaluate Contractor performance...by semiannually grading the Contractor according to the Asset Maintenance Contracts Procedure. Unsatisfactory performance of work or failure to perform in accordance with the Contractor’s technical proposal or other contract documents will affect the Contractor’s semiannual grade and may further result in contract default.”</p>
<b>Cause</b>	<p>The department requires Contractor proficiency in each AMPER section as well as overall proficiency; however, no process for corrective action or escalation to the Office of Maintenance has been established for repeated AMPER section evaluation scores below the minimum acceptable level.</p>
<b>Effect/ Impact</b>	<p>A low overall minimum acceptable score allows the contractor to perform poorly in one or more sections and still meet overall performance standards. Poor performance in maintenance activities that are not addressed or timely completed can create unsafe conditions for the traveling public. Unsafe conditions run counter to the department’s mission statement of providing “a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.”</p>
<b>Recommendation</b>	<p>The District One Maintenance Administrator should monitor all AMPER section scores and identify contractors who consistently score below the minimum acceptable level. When low AMPER section scores are detected, the district should implement a process of corrective action and escalation to the Office of Maintenance.</p>

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## APPENDIX A – DBI Management Response

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Global Resource for Industrial Service Solutions

January 17, 2013

Susan O'Connell, Contract Audit Manager  
605 Suwannee Street, MS 44  
Tallahassee, Florida 32399-0450  
[susan.oconnell@dot.state.fl.us](mailto:susan.oconnell@dot.state.fl.us)

Subject: Draft Audit Report No. 12C-5001  
Contract E1G23

*Sent via email and overnight UPS mail*

Dear Ms. O'Connell:

The above referenced audit report was received on December 11, 2012. The audit had two findings which involved DBi Services, and offered DBi Services an opportunity to comment on. We appreciate this opportunity.

#### Supplemental Agreement Documentation

Over the course of contract E1G23, numerous conditions/situations have arisen that both DBi Services and District 1 felt were not covered in the scope of services of the contract. As such, District 1 afforded DBi Services the opportunity to provide additional needed services for the Department. This resulted in multiple supplemental agreements mutually agreed to by both parties. During the development and execution of these supplemental agreements, District 1 was always clear with their expectations of the outcome of the prescribed work. All quotes for work were submitted by DBi Services prior to the commencement of any work and approved by District 1. All work was completed by DBi Services with complete District 1 oversight, and finally approved by District 1. In addition, several requests for supplemental agreements made by DBi Services were denied by District 1, this being because District 1 believed the work was part of and required by the terms of Contract E1G23.

#### Contractor Performance Evaluations

The audit reviewed the past three AMPER scores and noted that the scores, although passing, were below the state average for AMPER scores. The audit specifically identified Section 1 (Performance Measures) as the primary cause of the low overall scores.

DBi Services is especially aware of this issue. At the time of the evaluations, DBi Services was not entirely in agreement with the scoring methodology of the evaluations, specifically the required review type, and is working with District 1 towards a resolution on future AMPERs. This matter will be a topic of discussion at future progress and partnering meetings with District 1.

100 N. Conahan Drive • Hazleton, PA 18201 • Phone (570) 459-1112 • Fax (570) 459-0321 • [www.dbiservices.com](http://www.dbiservices.com)

In addition, DBI Services enjoys a positive partnering and working relationship with District 1. As such, DBI Services, acting as a good partner with District 1 on Contract E1G23, chose not to press the issue of AMPER scores.

We are prepared to discuss this with you further, if necessary. If any additional information is required, please do not hesitate to contact me.

Sincerely,



Robert Gorski  
Executive Vice President

Cc: Brian Berlanda  
Doug Aarons  
Alex DeMarco

## **APPENDIX B – Management Response**

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The following response was received by Tim Lattner, P.E., Director, Office of Maintenance on February 26, 2013:

**Finding 1** – We concur with the findings and recommendations.

**Finding 2** – We concur with the findings and recommendations but would like to provide some additional comments. The Office of Maintenance officially started using the AMPER in January 2011. As this rating process is new we are working through various issues with the process, one being when to take action on a low subsection score and what action to take, as the overall score indicates satisfactory performance.

Historically, the Department has only taken action on a contractor if the **overall** score received by the contractor is less than 70. This is true for other grading systems that the Department uses, for example the Construction Office uses the “Contractor’s Past Performance Report”, which rates various different aspects of the project and then rolls them up into one overall score. The construction contractor could completely fail the “Proper MOT and Minimize Impacts to Traveling Public” section but still receive an overall passing grade.

The AMPER takes this to another level in that it has five section’s that are broken out and each section is rated and scored with an acceptable score being 70, but these five sections are then rolled up into an overall score, so we have the issue of one section may fail but the overall score is passing. The Office of Maintenance agrees that failing one of these five sections is an indication of unsatisfactory performance and will be working to update our procedure to address this issue.

## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **Action Official:**

Tim Lattner, P.E., Director, Office of Maintenance

### **Information Distribution:**

Ananth Prasad, P.E., Secretary of Transportation

Francis Gibbs, Chief of Staff

Brian Blanchard, P.E., Assistant Secretary, Engineering and Operations

Tom Byron, P.E., Chief Engineer

Mike Sprayberry, P.E., State Administrator for Maintenance Contracting

#### **District One:**

Randell Prescott, P.E., Director of Transportation Operations

Sharon Hedrick Harris, Maintenance Administrator

Jennifer Perry, P.E., Assistant Maintenance Engineer

Scott Teets, Asset Maintenance Program Administrator

#### **DBI Services:**

Robert Gorski, Executive Vice President

### **Project Team:**

Engagement was conducted by Marnie Parry, Auditor-In-Charge

Alan Sands, Auditor

Under the supervision of:

Susan O'Connell, Audit Manager; and

Kristofer Sullivan, Director of Audit

Approved by: Robert E. Clift, Inspector General

### **Statement of Accordance**

*The mission of the department is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.*

*The mission of the Office of Inspector General is to promote integrity, accountability, and process improvement in the Department of Transportation by providing objective fact-based assessments to the DOT team.*

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