

Office of Inspector General

Robert E. Clift, Inspector General



Contract Modification Review No. 15C-1002
District Seven Contract T7213

September 22, 2015

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted a contract modification review of Contract T7213, Supplemental Agreement (SA) 49, between the Florida Department of Transportation (department) and Hubbard Construction Company (Hubbard) of Winter Park, Florida.

The original amount of Contract T7213 was \$109,468,948. Contract T7213 was awarded to Hubbard for road improvements to a 2.75 mile stretch of US 19 (SR 55) from north of Whitney Road to north of SR 60 (Gulf To Bay Boulevard) in Pinellas County.

SA 49 added a total of \$4,800,000 to the contract amount and no additional days. The work mix for SA 49 included construction of new bridges at Seville Boulevard, Belleair Road, and SR 60.

We determined District Seven adequately monitored contract T7213 and the associated contract changes resulting from SA 49.

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BACKGROUND AND INTRODUCTION

The Florida Department of Transportation (department) and Hubbard Construction Company (Hubbard) of Winter Park, Florida, entered into Contract T7213 on October 20, 2009. A major purpose of the contract is the improvement of US 19 to a six lane controlled access roadway with two lane, one-way frontage roads on each side. In addition, two new interchanges will be built at Bellaire Road and Seville Boulevard, and the interchange at SR 60 will be reconstructed. The project is expected to be completed in October 2015.

The original amount of Contract T7213 was \$109,468,948. SA 49, executed on June 5, 2014, increased the total contract amount by \$4,800,000 and no contract days. SA 49 added three new incentive bonuses (acceleration milestones) to Contract T7213 to expedite work and reduce time of construction. Attachment 1 contains pictures of SA 49 work in progress.

We obtained Contract T7213 and SA 49 documentation through the department's Electronic Document Management System (EDMS) and directly from District Seven personnel. We analyzed and performed tests on this documentation to ensure it complied with applicable state regulations and department policies and procedures. Additionally, a field site visit was conducted to meet with project management and to verify progress of the project to date.

RESULTS OF REVIEW

We assessed the conformity of SA 49 with applicable Florida Statutes, the department's Standard Specifications for Road and Bridge Construction (2007 Edition), and Construction Project Administration Manual (CPAM). We reviewed SA 49 documents, such as the Entitlement Analysis and Funds Approval Letter, located in the department's Electronic Data Management System. In addition, we obtained SA 49 supporting documents, such as Notice To Proceed and Certification Of Sublet Work forms, from District Seven. **Our review confirmed District Seven met department SA approval requirements found in the 2007 Standard Specifications and CPAM.**

The SA amount represented three acceleration milestone payments (incentive bonuses) in the amounts of \$800,000 (Stage One), \$2,500,000 (Stage Two), and \$1,500,000 (Stage Three), respectively. We reviewed chronologies for milestones one through three and supporting documents supplied by the Parsons Brinckerhoff Senior Project Engineer.¹ These documents indicated Hubbard was paid the full incentive bonus for completion of Stage One, 77 percent for Stage Two, and 50 percent for Stage Three. District Seven determined Hubbard partially met the Stage Two Incentive date, and did not meet the Stage Three Incentive Completion Date stipulated in SA 49. Based on the extensive detail and explanatory notes found in these chronologies, **we concluded there was sufficient oversight of the SA 49 acceleration milestone incentive bonuses by District Seven and the CCEI firm.**

Precast concrete products such as drainage structures used to help control roadway water runoff were incorporated into SA 49. A photo of one of these drainage structures, which shows properly affixed internal and external Quality Control (QC) stamps, is found in attachment 1. Prestressed concrete products such as U-beams were extensively used in the construction of new bridges at Seville Boulevard, Belleair Road, and SR 60.

QC activities for precast and prestressed concrete products, such as materials certification and product inspection, were the responsibility of the product manufacturers. Quality Assurance (QA) activities for these products, such as independent assurance and sampling, were the responsibility of the District One and District Seven Materials Office. We gathered and reviewed prestressed QA documents during a plant visit to Standard Concrete Products (SCP) in Tampa, Florida. Based on site observations and documents obtained and reviewed from the SCP plant visit, **we concluded there was adequate monitoring and inspection of prestressed concrete products used by Hubbard and their subcontractors.**

The Auditor identified numerous ongoing and periodic project oversight tools used by District Seven and Parsons Brinckerhoff (PB). These project monitoring tools included

¹ Parsons Brinckerhoff is the Consultant Construction Engineering and Inspection (CCEI) firm for Contract T7213.

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Daily Work Reports, weekly Construction Progress Meetings, monthly District Seven Construction Project Status Reports, monthly Contractor's Past Performance Ratings Reports, PB Final Estimate Review, and semiannual CCEI Quality Assurance Reviews. Based on our review of project oversight information contained in the above listed contract monitoring documents, **we concluded District Seven and PB adequately monitored the project activities associated with SA 49.**

APPENDIX A – Purpose, Scope, and Methodology

Section 20.055, Florida Statutes, established the OIG to coordinate audits, investigations, and management reviews related to programs and operations of the department. This review was performed as part of the OIG’s mission to promote integrity, accountability, and process improvement in the department by providing objective fact-based assessments.

The **purpose** of this review was to assess compliance with applicable regulations, as well as department policies and procedures.

The **scope** of our review was SA 49 from June 2014 through April 2015.

Our **methodology** consisted of:

- reviewing applicable laws, rules, regulations, and procedures, including Florida Statutes and department publications such as CPAM and Standard Specifications for Road and Bridge Construction (2007 edition);
- examining and testing supporting documentation and management controls, including the Supplemental Agreement, Engineer’s Estimate, Entitlement Analysis, and other documents used to support contract modifications;
- interviewing appropriate staff; and
- visiting the construction project field site.

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APPENDIX B – Contractor Response

Hubbard Construction Company's construction manager responded by email on September 15, 2015. His email response is below.

We have read your draft report and offer the following remarks.

Paragraph 2 of page 4 states that "District Seven determined Hubbard did not meet the Stage Three Incentive Completion Date stipulated in SA49."

For the record, Hubbard Construction Company does not agree with District Seven's determination that it did not meet the Stage Three requirements per SA49.

We thank you for this opportunity to respond to findings in your draft report.

Sincerely,
Hubbard Construction Company

Allan Fadullon
Construction Manager

APPENDIX C – Management Response

The District Seven Construction Project Manager responded by email on 8/24/2015 that he reviewed the Draft Report and had no comments.

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DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

Distribution:

Paul Steinman, P.E., District Seven Secretary

Information Distribution:

Jim Boxold, Secretary of Transportation

Mike Dew, Chief of Staff

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

David Sadler, P.E., Office of Construction

District Seven:

Brian McKishnie, P.E., District Seven Director of Transportation
Operations

William Jones, P.E., District Seven Construction Engineer

Duane Aldrich, District Seven Construction Project Manager

Allan Fadullon, Construction Manager, Hubbard Construction Company

Melinda Miguel, Chief Inspector General, Executive Office of the Governor

Project Team:

Engagement was conducted by Richard Pearson, Auditor in Charge

Under the supervision of:

Susan O'Connell, Audit Manager; and

Kristofer B. 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.*

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General and the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc.

This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Inspector General.

Please address inquiries regarding this report to the department's Office of Inspector General at (850) 410-5800.

ATTACHMENT 1 – SA 49 Field Site Photographs

Photo 1: Slip forming concrete barrier at Mechanically Stabilized Earth retaining wall



(Source: Field Site Visit Photograph)

Photo 2: Drainage structure with internal and external Quality Control stamps



(Source: Field Site Visit Photograph)