



# Memorandum



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To: The Honorable Carlos A. Gimenez, Mayor, Miami-Dade County  
The Honorable Audrey M. Edmonson, Chairwoman  
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General 

Date: March 1, 2019

Subject: Agenda Item 8(O)1 on March 5, 2019: Proposed Amendment 1 to AECOM  
Technical Services, Inc. Professional Services Agreement

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On Tuesday, March 5, 2019, you will consider Agenda Item 8(O)1, which recommends a 53.55% increase to the Professional Services Agreement (PSA) that was originally awarded to AECOM Technical Services, Inc., on May 20, 2014. Given the scale of this recommended modification, my office has sought further clarification of the justification methodology.

As a courtesy to the Board, I am sharing these concerns with you in advance of the hearing. I do anticipate the Administration will provide supplemental information to address these concerns prior to your decision. The OIG has met with the professional staff of the Water and Sewer Department (WASD) and discussed the following:

1. The legislative item to increase the PSA amount of \$91,149,497 does not report the expenditure activities to date on this contract.
  - How much of the original contract amount has been paid to date, what payments are pending, and have there been any payments for services that are beyond the scope of the agreement?
2. Detailed support incorporated in the AECOM agreement included a document furnished for contract negotiations that breaks down the proposed \$91,149,497 amount. This Attachment C to the agreement<sup>1</sup> illustrates Program Management (PM) costs as \$47,651,052, Construction Management (CM) costs as \$36,091,566, and Other Services as \$7,405,779. The PM figure is shown as

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<sup>1</sup> Attachment C, handwritten page 171 of AECOM Agreement. Official File Copy, Clerk of the Board. R-469-14, approved and adopted May 20, 2014.

being 4% of the construction cost and the CM figure is 3% of construction cost.<sup>2</sup> Missing from this analysis, however, is the construction cost value used to derive these calculations. Mathematically, the approximate value of the construction cost, based on these figures, would be \$1.2 billion—not the \$732 million estimate that is the baseline figure being used today.

- Clarification is needed as to how the original \$91,149,497 compensation figure for the program life of 15 years was conceived, for example, as a percentage of construction cost or an estimate of the time and resources needed.
  - Where in the program documents, at the time of AECOM's contract award, is the reference to a \$732 million construction cost estimate, which is the current baseline amount that is now being used to justify the recommended fee increase?
3. The Consent Decree program total cost was originally identified in court documents as a \$1.6 billion program. WASD had spreadsheets of the original Consent Decree program that listed 81 projects with a cumulative total value of about \$1.55 billion.
- At the time of the AECOM contract award, what percentage of this \$1.55 billion program was considered to be construction cost?
  - By percentage, how were the remaining costs of the \$1.55 billion program allocated for the 'non-construction' related expenditures (e.g., engineering and design, program management, construction management, and administrative support)?
4. The recommended increase to the PSA amount (\$48.81 million) relies on a formula<sup>3</sup> to increase the AECOM fee by 53.55%. Relying on this formula, the fee structure for AECOM's program management and construction management services is now effectively 12.4% of the revised construction cost estimate of \$1.124 billion.
- How does this percentage compare against other capital improvement programs?

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<sup>2</sup> For comparison, the Ocean Outfall Legislation Program PM/CM agreement awarded to CH2MHill (now Jacobs Engineering Group, Inc.), included a similar document illustrating its program and construction management fee estimates. The PM fee is shown as 3.28% of construction cost and the CM fee is shown as 1.42% of construction cost. Including a small percentage for "Planning and Other Requested Services, the PSA amount of \$139,394,748 represents a blended total of 5.24% of construction cost.

<sup>3</sup> According to the legislative item, the original construction cost estimate was \$732 million and the revised construction cost estimate is \$1.124 billion. This represents a 53.55% increase in the estimated construction cost.

The importance of the work being performed by this contractor is not to be underestimated. Progress toward full compliance with the terms of the Consent Decree benefits the entire community. At a minimum, the OIG does recommend the term of the agreement with AECOM be extended for another five years. However, without additional information, at this time the OIG is not prepared to issue any recommendation on the specific monetary request before you.

Attachment

c: Abigail Price-Williams, County Attorney  
Jack Osterholt, Deputy Mayor  
Kevin T. Lynskey, Director, Water and Sewer Department  
Yinka Majekodunmi, CPA, Commission Auditor

# ATTACHMENT C



## PROPOSED TOTAL CONTRACT VALUE FOR 15 YEARS

E13-WASD-01R  
PCM Services Related to the Wastewater System Priority  
Projects Required Information for Negotiations

PROGRAM TASK	TASK CLASSIFICATION	Cap Rate (1) :											SUBTOTAL (\$)								
		Principal	Multiplier Code	Program Director	Multiplier Code	Program Manager	Multiplier Code	Program Controls Manager	Multiplier Code	Senior Project Manager	Multiplier Code	Project Manager / Registered Staff		Multiplier Code	Technical Staff / Non Registered	Multiplier Code	Admin / Support Staff	Multiplier Code	Clerical	Multiplier Code	Technical Expert
		\$ 130		\$ 275		\$ 295		\$ 275		\$ 80		\$ 75		\$ 60		\$ 45		\$ 25		\$ 255	
A Validation	Program Management								1,048	A	1,550	A	7,092	A	400	A	372	A	660	CP	\$ 2,029,094
B Program Procedures @ AECOM	Program Management								1,120	A			1,186	A	300	A	352	A	448	CP	\$ 635,879
Program Procedures @ Client's Office	Program Management													300	C						\$ 32,400
C Risk Management	Program Management											992	A	1,603	A						\$ 486,187
D Program Management @ AECOM	Program Management	2,500	CP	4,800	CP	25,440	CP		20,440	A	3,497	A					8,729	A	3,160	CP	\$ 15,985,310
Program Management @ Client's Office	Program Management								8,000	C					24,109	C					\$ 4,139,811
E Program Management Plan @ AECOM	Program Management					200	CP		203	A			239	A					86	CP	\$ 168,179
Program Management Plan @ Client	Program Management																				\$ 13,167
F Wastewater Facilities Master Planning	Other Services								985	A			1,544	A							\$ 484,044
G Modeling @ AECOM	Other Services								1,000	A			8,274	A					760	CP	\$ 1,836,695
Modeling @ Client's office	Other Services										1,200	C									\$ 216,900
H Cost Estimating	Program Management								1,280	A			5,280	A	1,400	A	1,400	A	8,800	CP	\$ 3,718,020
I Program Controls	Program Management							11,369	ICP			14,325	C	7,875	A						\$ 7,051,612
J Reporting	Program Management												894	A							\$ 152,942
K Document Control	Program Management												5,701	A							\$ 974,804
L Public Outreach	Other Services								1,057	A			2,511	A	1,100	A	1,020	A	320	CP	\$ 965,798
M Regulatory Meetings	Other Services								1,336	A			2,520	A							\$ 735,519
N CD Reporting	Other Services								608	A	160	A	4,584	A							\$ 956,655
O Value Engineering	Program Management											14,602	A								\$ 3,121,092
P Permit Assistance	Other Services								4,185	A											\$ 954,180
Q Constructability/Bid Phase Services	Construction Management										4,936	A	7,960	A							\$ 2,416,257
R Design and Construction Management	Program Management								2,080	A	33,705	F	19,250	F							\$ 8,208,221
S C/M/O/M	Other Services				2,106	CP					317	A	2,478	A							\$ 1,112,657
T CM	Construction Management				320	CP			85,195	F	17,933	F	18,199	F							\$ 19,524,708
U Inspection	Construction Management												105,691	F							\$ 13,443,021
V Staff Integration	Other Services																				\$ -
Staff Hours Subtotal:		2,500		4,800		28,066		11,369	128,518		93,217		203,880		27,731		11,873		14,234		\$ 89,362,252

**Note**

(1) : For consistency, cap rates were used in calculating maximum/not-to-exceed total fee

Total Labor: \$ 89,362,252  
ODC (2%) : \$ 1,787,245

Total : \$ 91,149,497

Multiplier Code Legend	Summary per Task Classification	
A : Personnel Working from AECOM's office : 2.85	Task Classification	Total
C : Personnel Working from MDWASD's office : 2.40	Program Management	\$ 47,651,052
F : Personnel Working in the Field : 2.10	Construction Management	\$ 36,091,666
CP : Capped Burdened Rate : Multiplier of 1.00 used.	Other Services	\$ 7,406,779
	Total	\$ 91,149,497
	Percent of Construction Cost	
	Program Management	4.0%
	Construction Management	3.0%