

## EXECUTIVE SUMMARY OF FINDINGS

### **I. INTRODUCTION**

By way of memorandum dated March 19, 2002, the County Manager requested the Office of the Inspector General (OIG) to undertake an extensive and independent review of Miami-Dade County's (the County) current contract with Dade Aviation Consultants (DAC). The memorandum outlined several specific areas of inquiry that the OIG was asked to review and also asked that a broader review of contract terms and performance issues be undertaken. These are all addressed, in detail, in the OIG's full report on this matter. This Executive Summary will highlight some of the reports more significant findings and observations.

### **II. CONTRACT TERMS & COMPENSATION DETERMINATES a.k.a. "Multiplier"**

Briefly, by way of background, DAC is a consortium of eight companies that was formed in 1992 for the express purpose of bidding on the Miami-Dade Aviation Department's (MDAD) facilities development contract. DAC was awarded the contract and entered into an agreement with the County to perform a variety of consulting services for MDAD. DAC's contract with the County is initially for ten (10) years, which may be followed by an additional five (5) year term, followed, thereafter, by up to five (5) additional one year terms at the County's option to renew. Thus, the maximum term of the agreement is for twenty (20) years. The initial ten (10) year contract will expire on December 15, 2002.

Compensation for services is based on a multiplier against DAC's direct salary costs and the reimbursement of certain direct costs. Additional services may be requested by MDAD through the submission of service orders. MDAD also provides office space rent free to DAC. Since inception of the contract, DAC has been paid over \$140 million to date. (See chart below). DAC's PSA with the County is by far the most extensive, if not the most expensive, consulting services agreement in the County.

<b>Fiscal Year</b>	<b>Expenditure</b>
92/93	\$3,754,661.65
93/94	\$14,926,682.63
94/95	\$15,859,485.77
95/96	\$13,170,688.50
96/97	\$14,119,840.39
97/98	\$15,149,049.29
98/99	\$14,151,790.52
99/00	\$15,846,530.11
00/01	\$20,394,012.46
YTD (5/28/02)	\$13,367,504.09
<b>TOTAL</b>	<b>\$140,740,245.41</b>

Currently, DAC's multiplier is 2.42 for professional staff and 1.90 for clerical staff. From the OIG's survey of eleven (11) major airports, only Chicago-O'Hare airport used a method of compensation other than a multiplier.

While each airport's contract multiplier has its own unique characteristics, the following table condenses each airport's multiplier down to comparative denominators:

Airport	Multiplier		Office Included?	Comments
	Professional Staff	Clerical		
Atlanta-Hartsfield	2.44	2.00	Y	
Boston-Logan	2.30	2.30	Y	W/O Office 2.50
DFW	2.10	2.10	Y	W/O Office 2.60
Ft. Lauderdale	2.41	1.48	N	
Minneapolis-St. Paul	2.95	2.95	N	Office space provided at normal tenant rate
Salt Lake City	2.45	2.45	Y	
Seattle	2.40	2.40	Y	
Newark	2.20	2.20	Y	Range of 2.2 to 3.0 depending on whether office space is provided or not
JFK	2.20	2.20	Y	
La Guardia	2.20	2.20	Y	
<b>Miami</b>	<b>2.42</b>	<b>1.90</b>	<b>Y</b>	
<b>Average</b>	<b>2.37</b>	<b>2.31</b>		

MDAD implemented a bifurcated multiplier (professional versus clerical) in FY 00-01 resulting from a Department of Audit and Management Services' (AMS) report. OIG analysis demonstrates that for FY 00-01, \$176,980 was saved because of the bifurcated multiplier. For FY 01-02 (thru March 2002) the savings is \$88,387.

### III. SCOPE OF CONSULTING SERVICES: "extension of staff"

DAC's scope of performing consulting services has extended beyond its initial engagement of program management of the Capital Improvement Program (CIP). Since 1992, the CIP has been divided into two parts:

1. Capital Expansion Projects (CEP), which are new and expanded facilities, such as the North and South Terminal Expansions, and
2. Facilities Improvement Projects (FIP), which involve the renovation of existing facilities.

Around 1995, the FIP program was transferred to MDAD's Facilities Development Division, in order to allow DAC to concentrate its services on the CEP. However, DAC continues to support the FIP in the areas of planning, contract formation, civil and environmental engineering, and, to a lesser extent, partial involvement in design support and oversight. Moreover, DAC serves as an "extension of staff" lending staff support throughout the major MDAD divisions: the Facilities Administrative Division, the Facilities Maintenance Division, and the Contracts Administration Section (a section of the Procurement Division). Other MDAD divisions have also relied on DAC's services and support, albeit to a lesser degree than the three above-cited divisions.

Reliance on DAC services is evident in not only CIP related functions, but in the overall administration of MDAD. And while DAC's functions are not confined to CIP related activities, all CIP projects involve DAC providing program management services.

#### **IV. PERFORMANCE UNDER THE PSA IS DIFFICULT TO MEASURE**

DAC's performance under its PSA is almost impossible to gauge. No objective guidelines, benchmarks, or other method is in place to measure, record, or evaluate DAC's progress on its work on individual projects or assistance provided to MDAD.

Although there is a general consensus among MDAD management that DAC is "doing a good job," there is no empirical data to confirm or disprove this subjective statement of performance. In the absence of specific progress data regarding DAC's performance, the OIG cannot accurately assess DAC's performance. All we can realistically do is illustrate is the performance against the current and projected progress of the CIP.

The OIG requested data regarding the progress of the CIP in terms of construction dollars. The OIG was directed to obtain these figures from DAC, as MDAD staff apparently did not independently maintain these figures. The figures in the table below are based on the current and projected construction totals provided by Dade Aviation Consultants. The table below uses dollar value to measure progress, rather than number of projects, as the CIP is measured in dollar value. Because the North Terminal Development Program (NTD) is the single largest component of the CIP and is not managed by DAC, the table below extracts NTD construction dollars from the CIP totals.

CIP Element	Phase I		Total CIP	
Amount	\$4,800,000,000		\$7,200,000,000	
Minus NTD	-\$1,476,613,000		-1,476,613,000	
DAC Component CIP	\$3,323,387,000		\$5,723,387,000	
Substantially Completed as of April 30, 2002	Dollars	% Of CIP	Dollars	% Of CIP
	\$772,648,000	23.25%	\$772,648,000	13.50%
Projected Complete By FY 04/05	\$2,360,000,000	71.01%	\$2,360,000,000	41.23%

Projected Completed projects included projects already substantially completed and projects under construction that are projected to be completed by FY 04/05. In Phase I of the CIP, 23.25% of the projects are presently completed, and 71.01% are projected to be completed by FY 04/05. In relation to the total \$7.2 billion CIP, 13.50% are presently completed and 41.23% are projected to be completed by FY 04/05.<sup>1</sup>

As illustrating as these figures are regarding the projected course of the CIP, it is no substitute for a performance-based criteria, which should be used to evaluate DAC's performance and delivery of consulting services to MDAD.

## V. COMPARISON TO OTHER PROJECT MANAGEMENT PSAs

The OIG conducted an informal study of eleven (11) US airports with large construction and/or expansion programs underway. The survey included the approximate size of each airport's capital improvement programs and the FAA's most recent passenger volume figures, as consistent units of comparison between the various airports. Passenger volume figures also compared the ratio of domestic and international passengers and Origin – Destination passenger ratios.

Results among airports varied from the use of one consultant to up to 35 different consultants. Several airports use consultants on individual projects only, and six (6) of the airports surveyed use one single consultant, as its CIP Program Manager (e.g. DAC). The length of these contracts range from two (2) years to ten (10) years.

Results also varied among the type of professional services agreements in terms of scope of services, duration, and multiplier or other compensation method used. All airports surveyed integrate existing staff with the consultants to oversee construction activity. A common concern expressed during the OIG survey was that the airports generally do not want to turn over complete control of their CIPs to a Program Manager consultant.

<sup>1</sup> Data taken from the Capital Improvement Program Projects Annual Expenditure Forecast Report, March 2002, prepared by DAC.

## **VI. CONCLUSION**

DAC's contract with the County, a Professional Services Agreement (PSA), is very broadly written and all-inclusive in describing the duties to be performed by DAC. It gives DAC the task of providing MDAD with a lengthy list of support and management functions as an extension of MDAD staff in pursuit of the expansion of facilities at Miami International Airport and, to a lesser extent, the General Aviation airports. While DAC's retention as MDAD's consultant initially resulted from the recognized need for additional resources to manage and assist in MDAD's aggressive undertaking of a Capital Improvements Program (CIP), their relationship has become more complex as the CIP has evolved. It has progressed far beyond the stage where DAC is a "Consultant" hired to work as an extension of MDAD staff. It is not unreasonable to say that DAC has become institutionalized within MDAD to the point that it has become, in effect, a sub-unit of the MDAD. To the outside observer, it is difficult to distinguish between DAC employees, and the services that they provide, and MDAD's county employees.