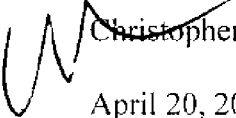


Memorandum

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To: The Honorable Carlos Alvarez, Mayor, Miami-Dade County
Mr. George Burgess, County Manager, Miami-Dade County
Mr. Jose Abreu, Director, Miami-Dade Aviation Department

From:  Christopher Mazzella, Inspector General

Date: April 20, 2007

Subject: OIG Final Report on: MDAD's Miscellaneous Construction
Contract No. MCC-6-2002 with TGSV Enterprises, Inc., Ref. IG06-52A

Attached please find the Office of the Inspector General's (OIG) final audit report on the above-captioned contract. Overall, there were no reportable audit findings or recommendations requiring management's response. That being said, the report was still provided as a draft to the contractor, TGSV Enterprises, Inc., and the Miami-Dade Aviation Director. No responses were received, and the OIG has made no changes to this report.

However, during the course of our audit, the replacement contract (MCC-7-2005) was awarded and just recently work has been issued under the new contract. The OIG will continue to monitor contracting processes under the new contract and we will address any other issues and conditions regarding MCC-7-2005 that come to our attention under separate cover.

As to our audit of MCC-6-2002, we consider our audit concluded and no follow-up is being requested. Again, we wish to thank MDAD staff and TGSV personnel for their assistance and cooperation during the course of this audit.

cc: The Honorable Bruno A. Barreiro, Chairman, Board of County Commissioners
The Honorable Jose Pepe Diaz, Chair, Airport & Tourism Committee
Mr. Roger T. Hernstadt, Director, Office of Capital Improvements
Ms. Marsha Jackman, Director, Department of Business Department
Ms. Cathy Jackson, Director, Audit & Management Services
Mr. Charles Anderson, Commission Auditor
Mr. Mike Gomez, TGSV Enterprises, Inc.

OFFICE OF THE INSPECTOR GENERAL
Final Audit Report
Miami-Dade Aviation Department's
Miscellaneous Construction Contract No. MCC-6-2002 with TGSV Enterprises, Inc.

INTRODUCTION

The Office of the Inspector General (OIG) conducted an audit of the Miami-Dade Aviation Department's (MDAD) Miscellaneous Construction Contract 6-2002 (MCC-6). Our audit focused on determining if MDAD has adequately administered the contract, including compensating the contractor according to contract terms. In addition, we wanted to determine if the contractor has effectively used the contract to make work available to certified Community Small Business Enterprise (CSBE) subcontractors, has implemented the required CSBE participation program and has paid its subcontractors timely. Lastly, we reviewed the Department of Business Development's (DBD) monitoring of this contract.

There are no reportable audit findings or recommendations requiring management's response. We note that TGSV Enterprises, Inc. (TGSV)—the MCC-6 contractor—appeared to have performed well in completing its work assignments and, in doing so, also adequately fulfilled one of its prime objectives, which was to engage CSBE subcontractors in the construction work. Over 58% of the amounts awarded to subcontractors for hard construction costs (\$13.3 million out of \$22.8 million) through November 2006 were directed towards CSBE contractors. In addition, TGSV has paid almost \$1.5 million to its two CSBE construction management services subcontractors Dozier and Dozier Construction Corp. (\$1,010,616) and Rashid's Enterprise Unlimited (\$463,450).

In addition, during our audit, the OIG looked at MDAD's miscellaneous construction contract/program, including a review of the recently awarded MCC-7-2005. The OIG will discuss various issues and conditions that came to our attention during that part of our review under separate cover to be issued later.

RESULTS SUMMARY

MCC-6 Project Files

TGSV prepared a file for every awarded project. These files are organized by project number and subdivided in different categories, such as bid documents, contract (for each of the subcontractors working under that specific project), A/E, general correspondence and permits. We reviewed 100% of the project files. All project files complied with the criteria established and contained the necessary documentation to support all changes and progress for each individual project.

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Quick Response and Quick Response Trade Resources Mechanisms

The Quick Response Mechanism is a set-aside account that provides TGSV with the ability to obtain labor, material, equipment and supervision on an expedited basis to address unexpected or priority construction projects of a limited scope at MIA or the general aviation airports. TGSV solicits bids from both CSBE and non-CSBE contractors. All projects performed under this account are critical needs as determined by MDAD. MDAD established a \$500,000 account and authorized \$413,972 for twelve (12) such projects.

The Quick Response Trade Resources Mechanism is a CSBE set-aside account that provides TGSV with a tool to establish a temporary work force comprised of carpenters, painters, cement masons, plasters, tile installers, carpet layers, drywall framers and installers, as well as general laborers for supplementing an existing subcontractor that has failed to perform his/her contract obligations. MDAD established a \$250,000 account and authorized \$5,635 for only two (2) such projects. Project files for both types were properly complete with justifications and approvals.

MDAD Review and Approval of Contractor Pay Estimates

TGSV submitted its pay estimates timely and they contained accurate credits in MDAD's favor for a staff vacancy. MDAD's *Contractor Pay Estimate Log* shows that MDAD consistently remitted payments to TGSV, during the audit period, in a timely manner consistent with contract requirements and that TGSV, in turn, timely paid properly documented and approved subcontractor pay estimates. Regarding the construction management services CSBE subcontractors, TGSV's amended agreement with Dozier and Dozier Construction Corp. is valued at \$1,100,000, out of which TGSV has paid \$1,010,616 as of December 2006. TGSV's amended agreement with Rashid's Enterprise Unlimited is valued at \$825,000, out of which TGSV has paid \$463,450, as of December 2006.

Subcontractor pay estimates show TGSV and MDAD payment approvals and they included an updated schedule of values. TGSV paid subcontractors in accordance with County Ordinance 94-40 (the *Prompt Payment Ordinance*). All subcontractors submitted completed affidavits and release of claims for each payment received, including a *Final Affidavit and Release of Claims* for all final payments. Through November 2006, MDAD has paid \$17,910,002 for subcontractor hard construction costs, under MCC-6, comprising \$10,231,255 (57%) to CSBE contractors and \$7,678,747 (43%) to non-CSBE contractors. These amounts do not include any allocable core staff expenses (Part I fee, which includes the Dozier and Rashid's payments mentioned earlier), field superintendent direct charges (Part II fee) or TGSV's 3% fee on construction (Part III fee), as well as certain other non-subcontractor related items.

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TGSV Subcontractor Solicitation and CSBE Participation and Training Programs

Our review of TGSV's project files shows that for the MCC-6, TGSV successfully invited CSBE contractors for all trades pertaining to projects that were both trade set-asides, as well as those projects that were open to all contractors. Project files show that TGSV is efficient in communicating upcoming projects to subcontractors. Nothing came to our attention that would lead us to believe that TGSV was not adequately soliciting contractors, particularly the CSBE contractors.

TGSV has not fully complied with its contractually stipulated goal to provide 30 hours (10, 3-hour seminars) of annual training to its CSBE subcontractors, or 120 hours over the 4-year contract period. TGSV provided 11 seminars and 5 workshops, totaling 107 hours. TGSV has collaborated with DBD and the Minority Business Council to provide training. Nothing came to our attention for us to believe that TGSV was not complying with the contractual requirements to provide training to subcontractors during the duration of the MCC-06 contract period, except that it did not meet the 120-hour contract mandate.

DBD Monitoring/Oversight

Documentation garnered from TGSV's project files and the *Project Activity Log* provided by DBD show that DBD conducted monthly utilization report (MUR) reviews, including reviewing cancelled checks, as well as site visits to both TGSV offices located at MIA and at actual construction sites to interview workers. We noted that DBD issued a *Notice of Violation* because it found certain subcontractor employees that were misclassified/underpaid. The condition was corrected and the employees were paid past-due wages resolving the underpayment condition.

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The OIG appreciates the cooperation and assistance afforded us by personnel from the Miami-Dade Aviation Department and TGSV Enterprises, Inc. during the course of our audit.