

**OFFICE OF THE INSPECTOR GENERAL
FINAL AUDIT REPORT**

*Miami-Dade County Department of Solid Waste Management's Professional Services
Agreement Retaining Brown and Caldwell as the Solid Waste System Bond Engineer*

APPENDIX B

Response to the Draft Report from Brown and Caldwell

September 29, 2005

BROWN AND
CALDWELL

July 12, 2005

Mr. Christopher Mazella
Inspector General
Miami-Dade County
Office of the Inspector General
19 West Flagler Street, Suite 220
Miami, Florida 33130
FAX 305-579-2656

Subject: **Brown and Caldwell Response to Draft Audit Report of the
Office of the Inspector General (OIG) Dated June 8, 2005**

Dear Mr. Mazella:

Brown and Caldwell appreciates the opportunity to respond to the subject draft audit report ("Draft Audit Report"). Brown and Caldwell fully supports the OIG's mission and believes that it plays an important role in the management of the public's business. We certainly recognize the value of periodic audits of public contracts, and we welcome a fair and accurate audit of our performance under the Professional Services Agreement ("PSA") with the County. We have fully cooperated with your office on this audit. In that spirit of cooperation, our detailed comments herein are intended to enable the OIG to correct a number of serious errors and misunderstandings and issue a fairer and more accurate final report.

Our attached response is organized into the following main sections:

- Background and Historical Role of Brown and Caldwell
- Detailed Comments and Corrections:
 - Role and Scope of Work of the Bond Consultant
 - Pricing and Cost Structure
 - Invoicing
 - Attachments

We have structured this cover letter to summarize these topics in a similar order. However, the cover letter is not a substitute for a thorough review of the attached

response report, including the extensively documented Detailed Comments and Corrections section.

We also request a face to face meeting with the Inspector General to review the attached response in detail. We believe such a joint review is necessary in order to correct the errors and misunderstandings in the Draft Audit Report. We are confident that after further review you will agree that some of the language used in the Draft Audit Report is unwarranted by the facts.

The Draft Audit Report as currently worded is highly inaccurate and misleading. It unfairly impugns the integrity and competence not only of Brown and Caldwell, but also the professional staff of the Department of Solid Waste Management ("the Department"), the County Manager's Office, the County Attorney's Office, and the Board of County Commissioners. An amended report should be issued as soon as possible in order to mitigate the damage already caused by the Draft Audit Report.

Background and Historical Role of Brown and Caldwell

Aside from accuracy problems, the Draft Audit Report's omission of the most basic and essential facts about Brown and Caldwell's years of service to the Department creates a misleading impression. Specifically, the Draft Audit Report fails to acknowledge that the Professional Services Agreement has been, for 18 years, an overwhelming success for the Department, the ratepayers and the Bondholders.

Brown and Caldwell has helped the Department avert serious consequences by identifying potential problems and, through its consulting function, created solutions. We were there in the mid 1990's when the entire Solid Waste Management System and its tonnage essentially shrank by 40%; and we had a central role in the development and implementation of the Strategic Plan, which allowed the Department to make it through this threatening period while maintaining its bond debt service coverage. We served in this key consulting role as hundreds of millions of dollars in bond issues were successfully accomplished, including one as recently as April 2005, when a \$75 million bond issue was quickly sold. We have thus helped the Solid Waste Management System to grow into one of the largest fully integrated waste management systems in the United States, encompassing hundreds of millions of dollars in waste-to-energy, landfills, transfer system, and collection system assets.

Role and Scope of Work of the Bond Consultant

The Draft Audit Report evidences a lack of understanding of the role of the bond consultant and its scope of work under the PSA. For example, the assertion that the Department "...could have multiple Bond Engineers or Consulting Engineers, one for each authorizing source" is inconsistent with the Master Bond Ordinance and is contrary to the industry standard for bond consultants. It is likely that such an arrangement would be received with skepticism by the bond financing community.

Unfortunately, this assertion regarding "multiple bond engineers" is not an isolated misconception. The Draft Audit Report makes a number of assertions as to how the Bond Consultant's role should be limited to somehow exclude consulting. However, it ignores the clear provisions of the governing Master Bond Ordinance 96-168 and the PSA which describe the importance of the consulting role of the Bond Consultant.

The language of the Ordinance and the PSA makes clear that, far from creating a "conflict of interest" as alleged in the Draft Audit Report, the consulting work is integral to the Bond Consultant's defined role. Brown and Caldwell is not merely an auditor preparing annual inspection reports, but is a prime consultant with wide ranging duties specifically including high level consulting on day-to-day operations, finances, and asset management of the Department. The Detailed Comments and Corrections section cites the relevant provisions of the Master Bond Ordinance and the PSA that should have been referenced in the Draft Audit Report. These excerpts are included in Attachment A and Attachment B, respectively, for your convenience.

Moreover, despite its allegation of an appearance of conflict of interest, the Draft Audit Report does not identify a single instance where the Department staff has tried to influence or temper the language of Brown and Caldwell's findings, much less a situation where such tampering actually succeeded. In the absence of even a single example of an actual conflict of interest over nearly two decades, the Draft Audit Report's gratuitous comparison between the Brown and Caldwell contract and the relationship between Enron and Arthur Anderson is completely unjustified and unnecessarily damaging to Brown and Caldwell's well earned local and national reputation for honesty and professionalism.

Brown and Caldwell acknowledges the need, going forward, to update the language of the PSA to reflect the County's latest general terms and "boilerplate" to tie the scope of work and the detailed role of the Bond Consultant to the requirements of the Master Bond Ordinance and other authorizing documents. These measures are already underway and will be incorporated into the pending 8th Amendment to the PSA. In it, the PSA has been completely restated using the OIG's recommended model of the Water and Sewer Department (WASD) equivalent Bond Engineer PSA.

Pricing and Cost Structure and Invoicing

The Draft Audit Report's inaccuracies result in part from the fact that, as the audit proceeded, and particularly during our "exit interview", we were not afforded the opportunity that we requested to respond to individual invoicing item issues. We were provided, at the "exit interview", only a short text sheet which described the OIG's findings on invoicing in a general manner. No specific Work Order numbers were given.

As our Detailed Comments and Corrections demonstrate, it appears that the auditor's review of documents was not sufficiently comprehensive and did not appropriately

correlate, or understand, all the relevant documentation regarding Brown and Caldwell's services and invoicing. As a consequence, much of the analysis and the findings of the Draft Audit Report are erroneous. A great deal of unnecessary effort for all parties could have been avoided by allowing us to identify for the audit staff all the documents relevant and necessary for the OIG's consideration of information *prior to reaching conclusions.*

Out of the approximately \$7.2 million dollars of invoices that were audited in detail from the last six years of the contract, we have identified potential retroactive credits to the Department of \$13,380.94, representing only a tiny fraction of the hundreds of thousands of dollars in revenues alleged in the First Draft Audit Report to be questionable. This represents an accuracy rate of approximately 99.8 %, a level of accuracy and fairness that would be enviable for any large contract of this type over so many years. The comparatively insignificant discrepancies are as follows:

- o Two Time & Materials invoices dated February 12, 2003 and April 9, 2003 both included, inadvertently, a sub-consultant's charge for \$562.50. This charge should have been included only once;
- o Over 9 Time & Materials Work Orders stretching over the 6 years of the audit period and totaling \$470,203.78 invoiced out of the \$7.2 million audited, the invoiced amounts inadvertently exceeded our understanding of the contractual time & materials formulas in effect at the time, on a net basis, by \$12,818.44.

These items are isolated and obviously inadvertent, and certainly do not evidence a pattern of inaccurate invoicing, as alleged in the Draft Audit Report. We propose to include a credit for these items in forthcoming invoicing. Brown and Caldwell has taken steps to strengthen invoicing procedures in the years and months since these oversights occurred, and we are confident that such clerical discrepancies will not recur.

As stated above, Brown and Caldwell would be pleased to work closely with the OIG in reviewing and understanding, on an item-by-item basis the complete, pertinent factual record, with the shared goal of producing a fair, accurate and professionally sound Amended Draft Audit Report. We greatly appreciate your careful consideration of the information we have provided.

Sincerely,



Stuart W. Oppenheim, P.E.
Vice President-Florida Operations

Copy to:

Brown and Caldwell:

Mr. James Miller, President and Chief Operating Officer

Mr. Robert Leichtner, Senior Vice President, General Counsel and Secretary

Mr. Phillip K. Feeney, Senior Vice President and Southeast Business Unit Manager

Mr. Michael J. Dentici, Vice President

Mr. Leonard N. Enriquez, Client Service Manager

**Brown and Caldwell Response to the
Miami-Dade County Office of the Inspector General's
Draft Audit Report of June 8, 2005 for the Audit of
Miami-Dade County Department of Solid Waste Management's
Professional Services Agreement
Retaining Brown and Caldwell as Solid Waste System Bond Engineer**

July 12, 2005

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1.0 BACKGROUND AND HISTORICAL ROLE OF BROWN AND CALDWELL

Miami-Dade County is a premier client for Brown and Caldwell, with whom we have maintained an excellent working relationship since at least 1987. During this time, working with the Miami-Dade County Department of Solid Waste Management ("the Department") and on behalf of the Bondholders (as stipulated by Bond Ordinance), we have been instrumental in achieving the growth, development, and stability of the Department and the Miami-Dade County Solid Waste Management System ("the Solid Waste Management System" or "the System"). The Solid Waste Management System is one of the largest in the United States, representing an annual operating budget of over \$200 million and including one of the world's largest waste processing facilities (the Resources Recovery Facility), three advanced technology landfills, a large and complex waste transfer system, and a collection system that serves a million residents.

As Bond Consultant, we have supported numerous Solid Waste System Revenue bond issues that have made possible development of hundreds of millions of dollars in facilities that make up the asset base of the Solid Waste Management System. We performed consistently when external industry and market conditions changed and put enormous economic and operational pressures on the Department and the System. An example of such an extraordinary period is the mid 1990's, during which the Department's annual revenue tonnage declined from 2.1 million tons to 1.2 million tons following a 1994 U.S. Supreme Court decision limiting the application of municipal flow control laws; Brown and Caldwell was instrumental in supporting the development of a corrective strategic plan for the Department, which included very large scale downsizing and realignment of resources.

Despite such challenges (and often painful and difficult actions taken to address these challenges), the Miami-Dade County Solid Waste Management System has consistently met debt service coverage ratio tests, and has maintained strong ratings with bond rating agencies such as Fitch, Moody's, and Standard & Poor's. As recently as April of 2005, a successful \$75 million bond issue was completed, with strong demand shown on Wall Street for these high quality bonds, and a very strong degree of faith demonstrated in the soundness of the Solid Waste Management System. This success has not been accidental; Brown and Caldwell has alerted the Department, County government in general, and the financial community to impending problems and has helped craft solutions that made these many years of successful, rapid growth and change possible.

2.0 ROLE AND WORK SCOPE OF THE BOND CONSULTANT

- **Finding No. 1**
- **Finding No. 2**
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- **Finding No. 12**

Finding No. 1: "The collective scope of the PSA requiring B&C to perform inspection and oversight of the Solid Waste System operations while also requiring operations support and management advisory services creates the appearance of conflict of interest."

Item 1A

Response: Quality of service and professional integrity are core values for Brown and Caldwell and we therefore take exception to the assertion that the relationship between Brown and Caldwell and the Department is somehow "unbalanced", "insufficiently independent", or "dysfunctional"; we also take exception to the comparison of our role with that of Arthur Andersen at Enron. There is also the assertion that an "appearance of conflict of interest" has been created. These terms directly lead to the conclusion that somehow the integrity of the relationship, and the professional integrity of the Bond Consultant, have been compromised or at least should be questioned.

The Draft Audit Report presents absolutely no basis for such damaging allegations. In fact, for example, Brown and Caldwell's annual reports for the Resources Recovery Facility, and for the System overall, report numerous deficiencies that were identified and documented by Brown and Caldwell. Brown and Caldwell frequently points out corrective actions that are recommended to the Department regarding rates and charges, finances in general, operations, and capital improvements. **It should be noted that the Department has never asked us to "filter" or alter in any way our findings or recommendations, nor would we ever consider for one moment doing so.**

The Draft Audit Report Finding No. 1 bases the appearance of conflict of interest on the fact that the Bond Consultant has provided "operations support and management advisory services." This reflects an apparent lack of understanding of the role of the Bond Consultant.

The Bond Consultant is not an occasional auditor or inspector, and, as expressed by the County Manager in the Seventh Amendment County Manager's Cover Memorandum of April 2002, "The continued in-depth involvement of the Bond Engineer in the fiscal and operational affairs of the Department is integral to its [the Department's] long-term success." (Please see **Attachment 1A**.) Such in-depth involvement is also fundamental if the Bond Consultant is to "sound the alarm" and make recommendations when there is an impending threat to debt service coverage.

Because **the consultant's management recommendations are called for by the Master Bond Ordinance 96-168 and by other authorizing documents listed below, no conflict of interest is created by the making of such recommendations (consulting) to the Department (re: Finding No. 1 on Role and Scope of the Bond Consultant)** by the Bond Consultant ("Consultant" is the defined term (please see **Attachment A**) used in the Master Bond Ordinance 96-168, which sets forth the basic scope of the function) on the operations, finances, and any other aspect of the Department or the (1.8 Million tons per year and \$250 million per year) Solid Waste Management System; as provided in the Master Bond Ordinance 96-168 (please see **Attachment A**):

- a. Section 607: "...and such other advice and recommendations as they [the Bond Consultant] may deem desirable."
- b. Section 607 (continued): "...recommendations of the Consultant in respect of rates and charges"

- c. Section 607 (continued): "...recommendations as to repairs, replacements, and improvements..."
- d. Section 612: Approval of the Consultant is required for the permitting of Competitive [solid waste] Facilities
- e. Section 605: Consultant must approve plans for any improvement to the System (including those for the Resources Recovery Facility, landfill expansions, transfer stations, landfill closures etc.)
- f. Section 619: Consultant must approve disposition of assets;

and is also provided for under the following authorizing documents:

- g. The PSA (please see **Attachment B**):
 - i. Section IIA-Consulting Engineer Duties: "These duties concern the physical, operational and financial aspects of the System and the Project in relation to the Bonds..."
 - ii. Section IIA2-Other Consulting Engineer Duties: "The Engineer shall provide recommendations to the County on specific physical, operational, and/or fiscal aspects of the System at any time upon request from the Director of the Solid Waste Management Department or his authorized representative."
 - iii. Section IIB-Miscellaneous Engineering Services: "The Engineer may be requested to provide, on an as-needed basis, miscellaneous engineering consulting services in connection with the operation, maintenance, and improvement of facilities within the System and the provision of County solid waste management services."
- h. The Water and Sewer Department (WASD) equivalent PSA Section 3 sets forth the requirement for "planning, feasibility, and process studies."

Item 1B

Page 10: "Thus, the County/DSWM could have multiple Bond Engineers or Consulting Engineers, one for each authorizing source. Nevertheless, we believe that it is advisable that these distinct functions be held by different firms."

Response: The language of the Master Bond Ordinance 96-168 clearly provides for only a single Bond Consultant. There is no suggestion that multiple Bond Consultants would be acceptable. Having multiple Bond Consultants would be a highly unusual arrangement, would split responsibility for accountability to the Bondholders, and would likely be seen with great skepticism by the financial community.

Finding No. 2: "DSWM's over reliance on this PSA limits competitive procurement opportunities for other firms on as much as \$5.5 million worth for services not requiring a Bond Engineer or that should have been the objectives of separate procurement actions."

Item 2A

Response: The Department has had available to it for many years, up through September 2004, the "Miscellaneous Engineering Services" pool of four pre-qualified firms as an alternative source of engineering services, and has certainly utilized that resource. Since October 1, 2004, the pool has been replaced by the County's Equitable Distribution Program (EDP) pool of consulting and engineering firms that is now available to the Department at all times. The \$5.5 million figure in this Finding No. 2 appears to be related to the misconception that consulting is not part of the Bond Consultant's role, as discussed above under the response to Finding No. 1.

The Department, in our experience, vigorously negotiates all Work Order proposals, and we frequently have to produce at least two to three Work Order proposals in order to meet the scope and price expectations of the DSWM Project Managers. In such negotiations, it is common for the Department to note their ability to go to the Miscellaneous Engineering pool or the EDP.

The table below shows how the Department has, in recent years, negotiated downward the price of Task 2 (Resources Recovery Facility Monitoring, Inspections and Annual Report):

| Task 2 (RRF Monitoring, Inspections, and Report) Period | Work Order Amount | Amount per Month |
|--|--------------------------|-------------------------|
| 5/01 through 4/02 | \$ 224,000 | \$ 18,667 |
| 5/02 through 4/03 | \$ 225,000 | \$ 18,750 |
| 5/03 through 9/03 | \$ 84,593 | \$ 16,919 |
| 10/03 through 9/04 | \$ 203,000 | \$ 16,917 |

It is interesting to note that the Department has negotiated aggressively on this Work Order, which is a major recurring Work Order only the Bond Consultant is allowed by ordinance to accomplish.

As is noted in the report, the Department also negotiated a reduction in the Time & Materials multiplier from 3.20 in the Sixth Amendment to 2.85 in the Seventh Amendment. (We understand that this multiplier is fully competitive with that in the WASD equivalent PSA which the OIG has recommended as an appropriate model to the Department for the Bond Consultant PSA going forward.)

There is clearly no basis to the assertion in the report that Brown and Caldwell has some sort of position that is beyond competitive pressures.

Finding No. 3: "The B&C PSA has been used to "pass through" work assignments which were de facto bid waivers and which should have been procured via open competitive processes."

Item 3A

Response: While we believe it is primarily in the province of the Department to respond to this finding regarding internal County procurement procedures, we wish to mention that during the 7th Amendment, Brown and Caldwell was subject to a minority participation goal of 33%, much of which was achieved through the use of "pass-through Work Orders." We wish to offer an opinion in this regard that **should "pass-through" Work Orders be limited in the future, the effect on the ability of the Bond Consultant to meet relatively high minority and disadvantaged business participation goals must be considered.** A goal of 24% minority and disadvantaged business participation has been approved by the County's Department of Business Development (DBD) for the pending 8th Amendment.

We also submit that, going forward, in the case of specific "core team" firms named in the restated PSA, it may be necessary for these core team firms to be able to be engaged directly by the Department for Work Orders that require some type of specialized capability, such as proprietary financial models of Department finances, as in the case of Planning and Economics Group (PEG.)

We object to the use of the term "egregious" with regard to the Work Orders on Page 17 of the Draft Audit Report. In each of these instances in which the services of former DSWM employees were requested by the Department, the Department explained to us that each one offered specialized knowledge or other capability and represented a cost-effective means of completing work.

The Draft Audit Report, in a footnote to Table 5, questions the engagement of Mr. Portuondo on a direct basis because he subsequently, months later, registered as a lobbyist for the operator of the Resources Recovery Facility. If he did, in fact, register as a lobbyist after completing the work, he was not a lobbyist at the time he provided subcontracting services. Our copies of deliverables and invoices from Mr. Portuondo's IP Group (**Attachment 3A**) show that he submitted a final report dated December 2002. According to the Draft Audit Report, Mr. Portuondo registered as a lobbyist for Montenay some 9 months later, on September 12, 2003. For some reason unknown to us, Mr. Portuondo delayed invoicing the final \$10,000 and \$2,000 due until June 22, 2004, well after he had completed the work in December 2002. As a result, if the date given in the Draft Audit Report of Mr. Portuondo's registration as a lobbyist for Montenay is correct, **he accomplished the work for which he was paid well before such registration date.** This was explained during the "exit interview", but the information we provided was completely ignored in the Draft Audit Report.

Finding No. 12: "Standard County contract boilerplate language, including the OIG provisions and OIG contract fee have not been incorporated into the Agreement."

Item 12A

Response: The PSA, which has been amended seven times, needs to be restated and brought up to date to incorporate the County's latest criteria for language and content.

We understand that the OIG has recommended to the Department that the PSA be restated as closely as possible to the WASD equivalent PSA; this has been completed by the Department, for the purposes of the pending 8th Amendment, together with a re-alignment of scope from 5 Tasks to 19 smaller Tasks, each of which is keyed to one of three authorizing document sources:

- Master Bond Ordinance 96-168;
- Resources Recovery Facility O&M Agreement; and
- Board Item 8S2A; R-244-04 of February 2004: Comprehensive Landfill Closure Plan for municipal and DSWM landfill closures funded through County grants, and associated Grant Agreements.

Attachment 12 shows the specific alignment of our scope (now 19 smaller tasks instead of 5 larger tasks) to these source authorizing documents for the purposes of the pending 8th Amendment through April 2009.

PRICING AND COST STRUCTURE

- Finding No. 4
- Finding No. 5

Finding No. 4: "B&C's charging of "Other Direct Costs" on T&M work orders is duplicative of its overhead recovery provided for by the PSA multiplier."

Item 4A

Response: As discussed with and documented to Mr. Joseph Scarfone of the OIG during the audit, the use of the Associated Project Cost (APC) factor of \$5.00 per hour was formally communicated to the Department via a letter of February 6, 2002 and has been included in Time & Materials invoices submitted since that time.

The APC factor has been presented to numerous Brown and Caldwell clients nationwide (including the U.S. Federal Government as well as numerous state and municipal governments) as a more practical, reasonable, consolidated alternative to individually recording and enumerating a large number of minor reimbursable charges to specific projects, which are specifically allowed for under the PSA. In fact, the Federal Defense Contracts Audit Agency, on a major multi-year contract with the U.S. Government, reviewed and approved the APC accounting and billing methodology. The actual Federal APC rate as audited and accepted was \$5.99/hr. in FY 02 and \$5.91/hr. in FY 03. The FY 04 rate as filed, but not yet reviewed is \$6.01/hr.

The PSA (Section C) lists examples of reimbursable costs that are allowable; the following examples cited in Section C are clearly APC components when compared to the following items listed in the text of the February 6, 2002 APC letter included in **Attachment 4A:**

- Long distance communications
- Computer/plotting services
- Document reproduction

As a result, the APC amounts invoiced do not represent duplicative invoicing to the Department, which duly authorized all invoices. The alternative to the APC factor would be voluminous charge records, for even the smallest Work Order, containing data such as charges for individual long distance phone calls and ten minutes spent on a computer. We believe the effect on productivity of both Department staff and Brown and Caldwell staff would unquestionably be detrimental.

Item 4B

Page 21: "In addition, under these work orders, B&C charged DSWM for \$918 of telephone costs and \$653 of freight and postage costs, which we believe also represent double billings for these costs."

Response: There is no detail given for the calculation that would allow us to verify the two figures given totaling \$1,571 but we would be glad to review any backup that may be available. If this amount or a similar amount is in fact, due to the Department, we will include a credit for the appropriate amount in forthcoming invoicing.

Item 4C

Page 21: “Arguably, administrative personnel could directly support the work of a professional engineer but they could not be “engaged directly in the work” of a professional engineer.”

Response: Section IV B of the PSA allows for the “Engineer to be compensated for personnel engaged directly in the work.” The contract language goes on to say that such personnel may include other professionals engaged in other services pertinent to all phases of the work. It is our belief that the terms and conditions of the PSA in this section were written with sufficient flexibility to allow the billing of administrative personnel, when appropriate. As is customary within the industry and with many other Brown and Caldwell clients (including the U.S. Federal Government and numerous state and municipal governments), administrative, accounting and other personnel involved in project coordination charge their time directly to the specific projects for which they work. These charges are billed to the client in accordance with the terms and conditions of the corresponding contract. Utilizing higher paid engineers, planners, and scientists to perform these administrative tasks would actually result in more costs being charged to the client

Therefore, this work effort that was accomplished by administrative personnel and invoiced as such does not represent any type of double counting.

Finding No. 5: "Unreasonable lump-sum work order prices."

Item 5A

Response: Lump-Sum Work Orders are common for Bond Consulting contracts, and in fact are explicitly provided for in the PSA and in the WASD equivalent PSA. This industry standard of Lump Sum procurement is accepted and audited routinely by the U.S. Federal Government as well as by numerous state and municipal governments.

We disagree with the assertion (Finding No. 5) that the calculated margin of 14.5%, if accurate, has been "unreasonable", and wish to submit the following comments concerning Finding No. 5:

- As explained to the OIG auditors at several points during the audit, this local office operates with the guideline that 2.85 multiplier and \$5 per hour APC represents the breakeven point for the office; therefore, any revenue above this is considered, at the local office level, as profit. Consequently, the 14.5% amount calculated in the Draft Audit Report would certainly represent a reasonable margin on these Lump Sum projects.
- The "adjusted cost" analysis is unreasonable and unnecessary given that we did incur APC costs (charged internally at \$5.00 per hour) and administrative personnel did work on Department projects.
- All Work Orders were negotiated at arm's-length with Department Project Managers and estimated work hours and sub-consultant effort was estimated on some larger Lump Sum proposals.
- As described in Item 2A above, consulting and engineering pools are always available to the Department.
- As pointed out in the Draft Audit Report (page 27), Brown and Caldwell can and did lose money on some Lump Sum projects.
- Regardless of costs incurred by Brown and Caldwell, the Department received fair value and excellent client service on all projects.

INVOICING

- **Finding No. 6**
- **Finding No. 7**
- **Finding No. 8**
- **Finding No. 9**
- **Finding No. 10**
- **Finding No. 11**

Finding No. 6: "Questioned costs of \$174,435 resulting from improper payments to B&C based on double billings and over billings"; Table 6 Items:

Response: This finding is completely erroneous and misleading. We take exception to the use of the term "improper." Each item on which Finding No. 5 and its basis of Table 6 is discussed below:

Item 6A

WO 33 and WO 70: "Invoice for WO #33 [*BC Note: this appears to be a reference to WO 70*] includes statement that final report (deliverable) submitted on August 26, 1998 for total work order expenditure of \$26,990. Invoice for WO # 70 references identical report deliverable mentioned in WO # 33. No other deliverable was provided for work order # 70."

Response: This statement is erroneous, and the documentation for this item does not support the finding. The deliverables for WO 33 and the deliverables for WO 70 were completely separate and distinct. WO 33 (for \$50,000 authorized February 27, 1996) was issued for Miscellaneous Services to be authorized through a number of individual releases by DSWM as needed. As documented in **Attachment 6A1**, WO 33 was invoiced as follows, with one invoice for each release, as shown by the scope of work reference on each invoice:

| Invoice No. and Date | Scope of Work Reference | DSWM Project Manager | Amount |
|---|---|----------------------|-----------------|
| 1 / May 14, 1997 | Wheeler Environmental | V. Castro | \$5,000 |
| 2/ June 24, 1997 | South Dade Landfill: ECOGAS Permit Modification | V. Castro | \$6,874 |
| 2/ June 24, 1997 | C&D Facilities Impact Letter | P. Mauriello | \$3,000 |
| 2/ June 24, 1997 | Landfill NMOC/Permit | L. Casey | \$2,771 |
| 3/ June 27, 1997 | Review of C.O.W. Report | L. Casey | \$7,700 |
| Total WO 33 Invoiced | | | \$25,345 |
| Balance Remaining Under WO 33 from Original \$50,000 Authorization | | | \$24,655 |

The \$24,655 authorization remaining under WO 33 was then transferred to WO 70, and WO 33 was closed, as shown in the text of WO 70 (**Attachment 6A2**). Therefore, the \$24,655 invoiced (also included in **Attachment 6A2**) was fully authorized under WO 70. The deliverables for WO 70: the Waste Conversion Factor Study Report submitted August 26, 1998 and the GSA Fleet Management Implementation Report of December 1998 referenced on the "First and Last" Invoice No. 1 under WO 70 were entirely different from those deliverables under WO 33.

Item 6B

WO 87: Task III Work: "Work order amount included allowance of \$40K for additional services that was invoiced in full with no documentation of the use of services and for the need to expend allowance amount."

Response: It is erroneous to state that there was "no documentation of the use of services." The documentation for this item does not support the finding. The work done under the Allowance Account was clearly documented as such during the accomplishment of WO 87. Attachment 6B includes the Time & Materials invoices that do document the work accomplished and the amount for each part of the work accomplished:

| Invoice Date | Scope of Work Reference | Amount |
|---------------------|---|--------------------|
| August 4, 2000 | ABB Claim Settlement | \$6,170.68 |
| January 12, 2001 | Additional Construction Monitoring, MPI Claim, Capital Tipping Fee, So. Fla. Bldg. Code Impact, MACT Issues, and New Wastewater Treatment Plant | \$33,144.20 |
| July 16, 2001 | Turbine Roof Replacement | \$685.12 |
| Total | | \$40,000.00 |

It is therefore erroneous to state that there was no "documentation of the use of services."

Item 6C

WO 96/99 Series 2001 Bond Consultant's Report: "Allowance for expenses of \$20K invoiced on work order # 96. Actual related cost of \$17K subsequently invoiced again under work order #99."

Response: This comment is unsupported by the pertinent documentation and is erroneous; these two work elements are completely different and distinct. WO 96 for \$62,600 was issued and performed to prepare the Series 2001 Bond Consultant's Report, required by the Master Bond Ordinance 96-168 for issuance of Solid Waste System Revenue Bonds. This WO 99 included a Task 3 for Additional Meetings and Support for \$20,000.

Subsequently, WO 99 for \$17,000 was issued to reflect additional work required by the Department in order to respond to requests for additional information from Bond Rating Agencies, subsequent to these Agencies' receipt of the Bond Consultant's Report. These requests from Bond Rating Agencies require sensitivity analyses, longer term projections, and other supplemental information beyond that information required to be in the Bond Consultant's Report.

Both Work Orders, their proposals, and associated invoices are included in **Attachment 6C**. As shown in all of this documentation, including the "First and Final" invoice for WO 99 for \$17,000 enclosed in **Attachment 6C**, WO 99 was an entirely additional authorization for \$17,000.

Item 6D

WO 97: Task 5 Additional Services: "Identical work description and identical billing period billed on two separate invoices."

Response: The documentation does not support the finding for this item in the Draft Audit Report and the statement is erroneous. There is no duplication of the same work accomplished during the same work period in any of the invoices. All invoices for WO 97, together with a summary listing table of all WO 97 invoices, together with WO 97 itself, are enclosed in **Attachment 6D**. A number of invoices show the same work description but over different periods; these reflect tasks spanning several billing periods. It should also be noted that Invoice 27B is presented and documented clearly as a separate extension of Invoice 27.

Item 6E

WO 139: "Invoice from ES invoiced twice for \$562.50."

Response: We agree that this sub-consultant's invoice was erroneously reflected in both invoice No. 2 and invoice No. 3, which are enclosed in **Attachment 6E**. On Invoice No. 2, the \$562.50 was included in an ES line item for \$937.50. We agree that the amount of \$562.50 was inadvertently invoiced twice. We regret this clerical error and propose to offer a credit for this amount on our next invoice.

Item 6F

WO 144: "Invoice number 1105-1 from PEG also invoiced under work order # 154."

Response: The documentation does not support the finding for this item and the finding is erroneous. A PEG charge of \$4,223.70 from PEG invoice 1105-1 was properly charged to Time & Materials WO 144 and invoiced as part of Brown and Caldwell Invoice No. 2, which is enclosed in **Attachment 6F**. Subsequently, the same PEG charge for \$4,223.70 was inadvertently charged to WO 154; however, the charge to WO 154, which was invoiced on a Lump Sum basis, appeared only in Brown and Caldwell internal cost reports, not on any invoice sent to the Department.

Item 6G

WO 154 Task A: "Identical work and identical billing period invoiced on two separate invoices."

Response: The documentation does not support the finding for this item and the finding is erroneous. From the amount of \$23,368 in Table 6, it is understood that this item is associated with Invoice Nos. 1 and 2 (representing the total invoicing for Task A) under WO 154. As shown in **Attachment 6G**, while the amounts on the two invoices are similar, the work periods are not identical and Invoice No. 2 clearly shows the earlier amount for Invoice No. 1 as an amount "previously billed."

Item 6H

WO 154 Task F: "Trash collection support services also invoiced under work order # 172."

Response: The documentation does not support the finding for this item and the finding is erroneous. This work was accomplished and developed jointly by Brown and Caldwell and sub-consultant

Planning and Economics Group (PEG); the final deliverable was a joint but separate effort resulting, of course, in a single deliverable. Brown and Caldwell invoiced its work under WO 154 while PEG invoiced its corresponding work under WO 172 (all work under WO 172 was required to be performed by PEG; therefore the Brown and Caldwell effort could not be put under WO 172 and was put under WO 154.) As shown in **Attachment 6H**, Invoice Nos. 12, 14, and 17, in all cases, clearly state that the associated PEG effort was accomplished and invoiced separately under WO 172.

Finding No. 7: "Questioned costs of \$135,834 resulting from improper payments to B&C for duplicate deliverables"

Response: This Finding No. 7 is erroneous. There are no improper payments or duplicate deliverables, as shown by the documentation for each item below:

Item 7A

WO 154: "Separate written authorizations outlining the scope, expected deliverable and maximum compensation were not required to be issued prior to performing the related services." (Page 26)

Response: This statement is inaccurate, since in nearly all cases, a written authorization was provided for each release under WO 154; the statement also fails to recognize that verbal authorizations are provided for under the PSA Section 1C (Attachment B.) The finding for this item in the Draft Audit Report is erroneous. As shown in the 6 written authorizations enclosed in Attachment 7A, there were written and signed authorizations (B, C, D, E, G, and H (that included scope, maximum compensation and expected deliverable) for 6 of the 8 Tasks A through H that were authorized under WO 154. Work under Tasks A and F were initiated on a verbal basis. Written authorizations were instituted in most cases, despite the fact that verbal authorizations for short-notice sub-tasks were part of the concept for creating WO 154 in the first place and are provided for in the PSA Section 1C (please see Attachment B.) In the case of Tasks A and F, the consulting effort over several months resulted in (and was documented by) significant deliverables that were clearly described on the invoices, and were accepted by the Department's Project Managers.

Item 7B

"WO 154 Task A [Compared to WO 152]: "DSWM and Household Fee Scenarios Generation (\$46,735.20):

"That report ('a 5-year projection of DSWM revenues and expenses which was dated March 17, 2003') was identical to the one provided and paid for under work order number 152 for \$22,300."

Response: These are two completely separate deliverables and are not identical. The documentation does not support the finding for this item and the finding is erroneous. As shown by the documents included in Attachment 7B1: WO 152, the corresponding proposal, and deliverables (one dated January 23, 2003, another dated February 14, 2003, and another dated February 26, 2003) included in Attachment 7B1, WO 152 was accomplished solely by Planning and Economics Group directly for the Department, without involvement of Brown and Caldwell. As shown, the deliverable for WO 152 consisted of the Five-Year Projection of DSWM Revenues and Expenses and quantified the financial implications associated with different potential household fees and other assumptions. These scenarios under WO 152 were generated by criteria from the Department itself. This differentiates the scope and deliverables under WO 154, which reflected different scenarios derived from criteria set by the County's Office of Management and Budget (OMB.)

The deliverable developed under WO 154 Task A (dated March 17, 2003) is included in Attachment 7B2, and addresses scenarios reflecting the OMB criteria, rather than those reflecting criteria

originating within the Department. It is clear that the deliverable for WO 152 and the deliverable for WO 154 Task A are separate and distinct.

Item 7C

WO 154 Task F: B&C Support of Bulky Waste / Zone Trash Alternatives (\$52,089)

“B&C invoiced for a total of \$52,089 for a report that was already paid under another work order.”

Response: This statement is not true. The documentation does not support the finding for this item, and the finding is erroneous. As described above with regard to the same item 6H appearing in Table 6, this deliverable was developed jointly by Brown and Caldwell and sub-consultant Planning and Economics Group (PEG); the final deliverable was therefore of course the same; Brown and Caldwell billed its work under WO 154 Task F while PEG billed its corresponding work under WO 172 (all work under WO 172 performed by PEG). There is therefore no double billing or over billing on this item. As shown in **Attachment 6H**, Invoice Nos. 12, 14, and 17 totaling \$52,089 all clearly state that the associated PEG effort was accomplished under WO 172.

Item 7D

WO 125: [Deliverable Compared to WO 108 Deliverable]:

“The deliverable provided for this work order was dated prior to the work order approval date. We established that the report B&C provided for this work was the deliverable paid for under work order 108 for \$23,000. No other deliverable was available to support invoicing of \$28,000 under work order 125.”

This statement is erroneous: there were two separate and distinct deliverables produced for each of the two Work Orders mentioned:

Attachment 7D1 includes WO 108 (Support of Automated Garbage Collection Program issued September 4, 2001), the corresponding proposal dated July 20, 2001), and the deliverables provided by Planning and Economics Group for WO 108. These deliverables are dated from September 12, 2001 to March 27, 2002. These dates are compatible with a proposal date of July 20, 2001 and a Work Order issuance date of September 4, 2001.

Additionally, **Attachment 7D2** includes WO 125 (Garbage Collection Route Balancing issued March 5, 2002), the corresponding proposal dated February 6, 2002, and the deliverables provided by PEG for WO 125. These deliverables are dated February 4, 2002 to April 3, 2002. These dates are compatible with a proposal dated February 6, 2002 and a Work Order issue date of March 5, 2002.

These two Work Orders 108 and 125, and their corresponding deliverables, are separate and distinct.

Item 7E

WO 126 Task 2 [Compared to WO 131 Task 2]:

“The deliverable provided for this work order is a final report dated July 10, 2002 for which a draft report dated July 10, 2002 was invoiced and paid for under work order 131 for \$50,000. The draft and final reports are identical. Both work orders had similarly worded work scopes for this sub-task. It appears that B&C prepared the report under work order number 131 and

was paid an additional \$9,000 to "finalize" the report under work order number 126." (BC Note: It appears that there are some inadvertent reversals of "WO 126" and "WO 131" in the Draft Audit Report comment for this Item 7E.)

This statement is not true. The documentation does not support the finding for this item and the finding is erroneous. The effort referred to here is understood to be the evaluation by Brown and Caldwell of the cost impact of a change in the South Florida Building Code on the Resources Recovery Facility. Our study of the impact of the South Florida Building Code change began with WO 126 Task 2, and this effort under WO 126 was invoiced, as shown in **Attachment 7E1** for \$9,000 under Invoice No. 1. Authorization letters signed by the Department are also included in **Attachment 7E1**.

There is only one deliverable resulting from this effort, which is dated July 10, 2002. Its draft is dated June, 2002. This deliverable, and its draft, were issued under WO 131 and both of these are included in **Attachment 7E2**.

The effort continued with WO 131, under which the final report was issued. The additional authorization of \$3,000 (not \$9,000) for the continued effort under WO 131 was documented and signed by the Department in an authorization letter dated June 14, 2002, which is included in **Attachment 7E2**. Subsequently, the effort under WO 131 was invoiced for \$2,756.34, as shown on Invoice No. 4, included in **Attachment 7E2**.

Finding No. 8: "Unreliable project management and documentation of four work orders resulting in \$121,600 of questionable payments."

Response: This Finding No. 8 is erroneous. The documentation does not support this Finding No. 8 in any way. It should be noted that the submittal of any single deliverable does not mark the end of the effort under any given Work Order.

Item 8A

Work Orders 158, 142, 167, and 168 as listed on pages 28 and 29:

Response: This finding of "unreliable" project management and documentation is unclear and we assume it is based on the author's misunderstanding of date sequencing of the subject Work Orders, which is summarized in the table below:

| Work Order | Proposal Date (Inception Date) | Work Order Issuance Date | Invoicing Period /Work Performed | Main Deliverable Dates |
|--|---------------------------------------|---------------------------------|---|--|
| 158-RRF 2 nd Amendment Evaluation Phase 3 | June 6, 2003 | June 19, 2003 | Inception through May 21, 2004 | June 4, 2003 |
| 142-Bulky Waste Equipment Mix Analysis | September 17, 2002 | February 11, 2003 | Inception through July 3, 2003 | Sept 13, 2002 |
| 167-Disposal Balancing Phase 1 | October 9, 2003 | October 15, 2003 | Inception through October 31, 2003 | October 7, 2003 |
| 168-Disposal Balancing Phase 2 | October 27, 2003 | November 5, 2003 | Inception through December 21, 2003 | October 14, 2003 and December 12, 2003 |

[a] It should be noted that "Inception" as used on invoicing has referred to the start of the effort, which may have occurred as the result of a verbal notice to proceed from the Department prior to final issuance of the Work Order.

A related comment in the Draft Audit Report appears to be:

"Moreover, for the above-listed examples, B&C's project detail accounting records show that labor charges to these work orders were incurred during the work periods covered by the invoices. Given that the deliverable product had already been completed and submitted to the DSWM, we have no idea what the B&C personnel were spending their time on."

As stated above, the deliverable does not mark the end of the effort under any given Work Order. It is highly misleading and indicative of a lack of understanding of the work flow to simply assume that consulting personnel had no remaining work to perform on a task after producing an initial or intermediate deliverable. In most cases, after a deliverable is provided, extensive meetings,

presentations, and iterations of subsets of the initial deliverable are accomplished. Specific documentation in this regard for each of the Work Orders in the table above are referenced below and included in the attachments.

The "lagging" of Work Order issuance dates after start of work is the result of urgent, short-notice County requirements that have started with a verbal notice to proceed. It should be noted, as above, that verbal authorizations are provided for in the PSA, and that generally, effort for the above Work Orders began on the basis of at least a draft written scope and price proposal, even if the proposal itself was signed a few days later.

All of these Work Orders provided the Department with the promised deliverables and were delivered on budget. In all cases, the Department did "...review the deliverable for conformance to the work order terms and conditions..." before making final payment to Brown and Caldwell. Therefore, and as shown below, the documentation does not support a finding of "questionable payments" for these items.

We respond with regard to date sequencing for each Work Order mentioned as follows:

Item 8A1

WO 158-Evaluation (Phase 3) of Proposed RRF O&M Agreement Second Amendment

Response: As stated above, the deliverable does not mark the end of the effort under any given Work Order. The evaluation and negotiation of this 1.0 billion dollar amendment to the Resources Recovery Facility operating agreement began in November 2002 and was completed in May 2004, a period of some 19 months. Work Order 158 effort, as shown in the invoices of **Attachment 8A1**, did not end with issuance of the June 4, 2003 letter deliverable, because the work continued well into May, 2004.

Once the June 4, 2003 deliverable letter was written by Brown and Caldwell, extensive meetings with the facility Operator and Assistant County Manager to review the letter, as well as additional model iterations (example dated June 10, 2004 in **Attachment 8A1**) followed. In addition, Brown and Caldwell closely supported the generation of the Department's "County Manager Briefing Package" of September 23, 2003 (included in **Attachment 8A1**). Two other documents that reflect activity continuing into March and April 2004 are the "Status of MPC Second Amendment Negotiations" matrix dated April 26, 2004 and our meeting notes of a meeting with the Assistant County Manager of March 23, 2004. Both of these documents are in **Attachment 8A1**.

Item 8A2

WO 142-Analysis of Bulky Waste Equipment Mix

Response: Here again, the deliverable did not mark the end of the effort under this Work Order. The PEG draft deliverable dated September 13, 2002 (cover page included in **Attachment 8A2**) was followed by other deliverables (as well as significant meetings and other support), shown together with the First and Final Invoice for WO 142 in **Attachment 8A2**. As further documentation that the activity for this Work Order continued well beyond the initial September 13, 2002 report, we have included in Attachment 8A2 copies of the two corresponding PEG invoices that contain work increment detail, and which show work was underway through December 31, 2002.

Item 8A3

WO 167-Disposal Balancing Phase 1

Response: There is no duplication of deliverables involving this Work Order 167. The auditor apparently did not review the complete set of deliverables for this Work Order. The documentation does not support the finding for this item and the finding is erroneous. However, a complete set of spreadsheet deliverables dated October 07, 2003 and September 08, 2003 is included in **Attachment 8A3**. Also included are Work Order 167 and our proposal dated October 9, 2003. These dates are compatible with the invoicing periods. Work Order 168 is presented in Attachment 8A4 (please see next item below.) The deliverables do in fact match the Work Order scope description, since the cash flow waste export cases of Alpha, Beta, Gamma and Delta are in fact simulated in the deliverable spreadsheets.

Item 8A4

WO 168-Disposal Balancing Phase 2

Response: There is no duplication of deliverables involving this Work Order 168. The documentation does not support the finding for this item and the finding is erroneous. The October 13, 2003 report referred to is a deliverable of this project containing further iterations of the Alpha, Beta, Gamma and Delta waste export scenarios and significant additional analysis incorporated into the October 13, 2003 report. The first page of the executive summary of the deliverable report is included, along with invoices, in **Attachment 8A4**. In addition, there is an entire set of additional complementary deliverables reflecting multiple runs of the PEG financial Department model simulating the effects of the Munisport landfill closure funding under various assumptions. The transmittal and summary sheet for these model runs is dated December 17, 2003 and is included in **Attachment 8A4**.

Finding No. 9: "B&C invoices lack adequate support."

Response: We do not understand this finding, since, to our knowledge, we have complied with all documentation requirements of the Department. In our experience, the Department will not process an invoice without adequate backup documentation. In the case of Time & Materials Work Orders, this includes complete hourly breakdown by staff title. In the case of Lump Sum Work Orders, clear references to the specific Work Order, deliverables, work accomplished, and work period are included. Nevertheless, we will continue to work with the Department to meet any new requirements for invoicing documentation, as we have in all years past.

However, we do not agree that Lump Sum invoices need to be documented with Time & Materials-type documentation. This would be a precedent for a mechanism that is, to our knowledge, unknown in the industry and is not required of other consultants serving Miami-Dade County.

With regard to the need expressed in the Draft Audit Report (Page 30) for "daily/weekly logs", the OIG was provided with extensive records from the Brown and Caldwell Electronic Timekeeping System, which provides daily and weekly breakouts by individual. We believe that adding the time burden of daily work logs to staff will result in high additional charges, which will greatly reduce the value added of the consulting team. The release of proprietary information from daily work logs relating to services for other clients is another serious concern. The suggestion in the report indicates that the author does not understand customary practice in the consulting engineering profession. Moreover, such unusual procedures are not, to our knowledge, required of other consultants serving the County.

Finding No. 10: "Notices to proceed based on verbal authorizations and no documentation of agreed price." And Table 7

Response: This Finding No. 10 is entirely erroneous. As shown below, there exists work authorization documentation for each Work Order and individual release.

It should be noted that the title of Table 7 is incorrect, and that the WO Description column indicating "out-of-scope" services on WO's 97, 126, and 131 is incorrect, since the need for an Additional Services category was mentioned previously in the proposals and Work Orders.

Item 10A

WO 97, 126, 131, 148, 154

Item 10A1

WO 97

Please see Item 6D and **Attachment 6D** for a history and documentation of the individual Additional Service releases under WO 97.

Item 10A2

WO 126

Please see Item 7E and **Attachment 7E1** for a history and documentation of the individual Additional Service releases under WO 126.

Item 10A3

WO 131

Please see Item 7E and **Attachment 7E2** for a history and documentation of the individual Additional Service releases under WO 131.

Item 10A4

WO 148

The two release letters (October 6, 2000 for \$10,000 and October 22, 2003 for \$30,000) signed by the Department for each work increment is included in **Attachment 10A4**.

Item 10A4

WO 154

Please see Item 7A and **Attachment 7A** for a history and documentation of the individual releases under WO 154.

Finding No. 11: "Questioned costs totaling \$116,471 under T&M work orders with inconsistent pricing terms when compared to B&C invoicing practices." and Table 8

Item 11A

Response: The invoicing pricing terms used over the 6 year audit period are, in our opinion, remarkably consistent, and a large number of the Work Orders listed on Table 8 do not belong there. We have carefully examined Table 8 as the basis for Finding No. 11. Our review has resulted in the following observations:

Attachment 11A includes all the Work Orders that appear in Table 8 of the Draft Audit Report, so that their invoicing terms (either Lump Sum or Time & Materials, or allowance for either) can be readily seen from the text on the front page of each Work Order.

Table 8 includes a large number of Work Orders that allowed for Lump Sum or an option, depending on the nature of each Task, for the Department to require either Lump Sum or Time & Materials invoicing. As a result, the "variance" calculation done for these Work Orders is not valid.

Table 11A on the following page highlights those 9 Work Orders that were specified as Time & Materials (only) Work Orders. We have highlighted WO 154, even though the individual releases against this Work Order were authorized on Lump Sum terms.

For those Time & Materials Work Orders that were part of Amendment 7 (all but two), we have revised the "BC T&M Cost: that was used in Table 8 to reflect the 1.10 markup that is allowed for sub-consultants' costs to Brown and Caldwell under the Seventh Amendment. This markup was not included in Table 8 at all.

The result is that invoicing for these 9 Work Orders appears to have been \$12,818.44 higher than the terms of the PSA would have allowed.

While the documentation does not support the \$116,471 figure in Table 8 the finding, we propose that the \$12,818.44 be included as a credit in forthcoming invoicing.

Table 11A

| Work Order | WO Amount | Amend. Number | T&M Work Orders Only | | | |
|--------------|---------------------|---------------|----------------------|-------------------------|--------------------|-----------------------|
| | | | Invoiced Amount | Revised BC T&M Cost [a] | Variance [b] | Over / (Under) Billed |
| 97 | \$ 120,000 | 6 | | | | |
| 98 | \$ 43,842 | 6 | | | | |
| 103 | \$ 10,000 | 6 | | | | |
| 108 | \$ 23,000 | 6 | | | | |
| 126 | \$ 20,000 | 6 | | | | |
| 125 | \$ 28,000 | 6 | | | | |
| 131 | \$ 50,000 | 7 | | | | |
| 136 | \$ 55,000 | 7 | | | | |
| 148 | \$ 50,000 | 7 | | | | |
| 96/99 | \$ 79,600 | 6 | | | | |
| 47/60 | \$ 1,200,000 | 6 | | | | |
| 66/72 | \$ 46,200 | 6 | | | | |
| 114/121 | \$ 15,500 | 6 | | | | |
| Total | \$ 2,296,742 | | \$ 477,203.78 | \$ 470,921.75 | \$ 6,282.03 | \$ 12,818.44 |

[a] Includes 10% markup on subconsultants for 7th Amendment Work Orders only.

Amendment 6 Work Orders are at same cost as in Table 9. of the Draft Audit Report.

[b] A positive variance means that invoicing was higher than the Revised T&M Cost Column

[c] These variances are amounts above the Work Order amount, which, on the basis of the Revised T&M Cost calculation, represent a loss to Brown and Caldwell.