

**Performance Audit:
Renew Atlanta
Fire Station Renovations**

September 2018

**City Auditor's Office
City of Atlanta**

File #18.02



CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
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September 2018

Performance Audit:

Renew Atlanta Fire Station Renovations

What We Found

We reviewed the twenty-five fire station renovation projects in progress or planned under the Renew Atlanta Infrastructure Bond Program. Budgeted funds for upgrades identified in a 2015 needs assessment fell short of the estimated costs by over \$4 million for the twenty-five stations. We found that eight of nine fire stations with an architect's construction estimate was above 15% of the program management's goal, ranging from 18% to 48%. Controls intended to track and limit design costs were not functioning. Although Renew Atlanta project managers use the estimated construction cost to negotiate design budgets, the estimate can include construction work that is not covered by the design, which could lead project managers to rely on a higher estimate when negotiating design costs.

We selected three fire stations as case studies to identify causes of delays by reviewing related documentation and interviewing project managers. More complicated renovations, such as kitchens and bathrooms, have been significantly delayed, but Renew Atlanta has successfully completed some installations like lockers and ventilation systems. Because updated facility needs required rework of some designs that had already been completed for bathrooms, Renew Atlanta had to negotiate new task orders and obtain new designs, which continues to delay projects. The city also experienced problems with each of the available contract methods, which delayed progress.

We examined seven payments to architecture and engineering contractors to assess payment controls. Our review found that, for the most part, controls were functioning as designed to ensure that payments to architecture and engineering consultants were appropriately authorized and supported.

Why We Did This Audit

We undertook this audit to assess the fire station renovation projects planned for the Renew Atlanta Infrastructure Bond Program. We assessed controls over payments to architecture and engineering consultants and considered the reasons why renovations have not proceeded to construction on schedule and budget. We selected this project because fire stations provide a public safety service throughout the city and because of stakeholder concerns.

What We Recommended

To provide a more useful tool when negotiating design task orders, project managers should:

- Use the estimated cost of construction for only the work covered by the design as a benchmark when negotiating design task orders.

To allow accurate monitoring of design costs relative to construction costs, the Renew Atlanta controls team should:

- Adjust the project implementation plan documents to show the design cost as a percentage of construction cost, calculated using estimates for only the work covered by the design.

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: We recommend project managers use the estimated cost of construction for only the work covered by the design as a benchmark when negotiating design task orders.

Response & Proposed Action: Project Managers will continue to use the estimated cost of construction for the work being covered pursuant of Renew Atlanta goals and industry standards. We will continually evaluate our design management policies and procedures to ensure we obtain the best value for the City of Atlanta on each individual design task order.

Partially Agree

Timeframe: December 2019

Recommendation #2: We recommend the Renew Atlanta controls team adjust the project implementation plan documents to show the design cost as a percentage of construction cost, calculated using estimates for only the work covered by the design.

Response & Proposed Action: Our project controls systems and processes were developed to support traditional procurement methods where the design scope covers the complete construction scope of a project. In the example of the fire stations and a few other projects, the design scope and construction scope are not always the same. In these unique cases to the program, we will work with the PMs provide a chart to include further details on the design scope and how it correlates to the construction scope. We will then be able to validate the design costs as a percentage of construction cost, by scope element. This chart shall be included in the notes section of the PIP with breakdown of work and associated design costs.

Agree

Timeframe: December 2018



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AUDIT COMMITTEE
Marion Cameron, CPA, Chair
Daniel Ebersole

September 4, 2018

Honorable Mayor and Members of the City Council:

We undertook this audit to assess the fire station renovation projects planned for the Renew Atlanta Infrastructure Bond Program. We assessed the controls over payments to architecture and engineering consultants and considered the reasons why renovations have not proceeded to construction on schedule and budget. We selected this project because fire stations provide a public safety service throughout the city and because of stakeholder concerns. The program manager's response is appended to the report.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Matthew Ervin, Nia Young and Brad Garvey.

Amanda Noble
City Auditor

Marion Cameron
Chair, Audit Committee

Renew Atlanta Fire Station Renovations

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Introduction

The Atlanta City Council passed resolution 15-R-3343 in March 2015, which requires the city auditor to establish a capital project and construction audit function to monitor the Renew Atlanta Infrastructure Bond program over its five-year lifespan, issuing reports at regular intervals. The first two reports focused on contract terms, which establish controls in the contract environment, and on the design of internal controls in the Renew Atlanta program. The third report focused on roadway resurfacing projects.

We undertook this audit to assess the fire station renovation projects planned for the Renew Atlanta Infrastructure Bond Program. We assessed the controls over payments to architecture and engineering consultants and considered the reasons why renovations have not proceeded to construction on schedule and budget. We selected this project because fire stations provide a public safety service throughout the city and because of stakeholder concerns.

Background

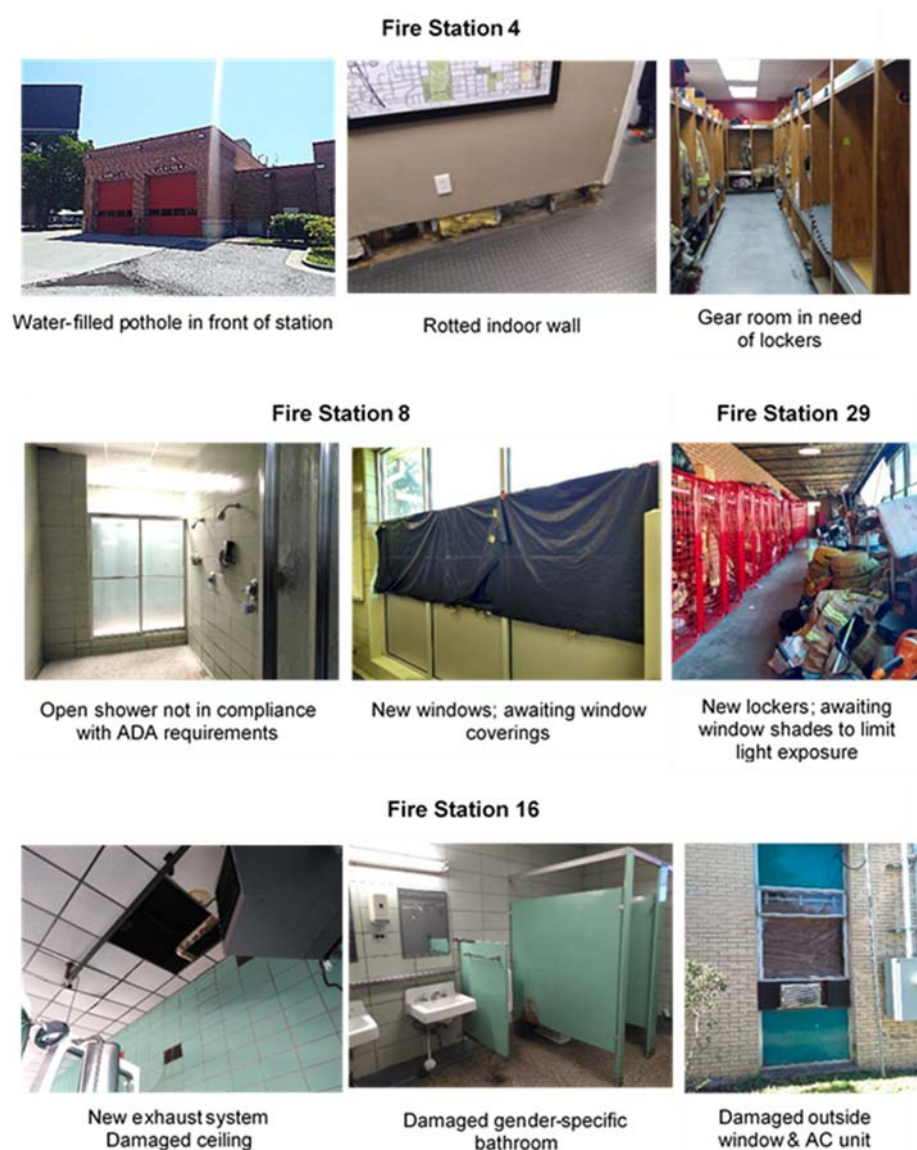
The city identified a more than \$1 billion backlog of transportation and facility projects as of January 2015. To begin to address this backlog, the city held a vote to authorize bonds to fund about a quarter of the work. Citizens voted in favor of the \$250 million Renew Atlanta Infrastructure Bond on March 17, 2015.

Transportation projects, including bridge and sidewalk repair and reconstruction, account for \$184.1 million (74%) of the \$250 million. Facility projects, such as renovation and repair of municipal facilities and recreation centers, account for \$65.9 million (26%) of bond funds. The city supplemented the \$250 million with state grants and other funding sources to partially address the remaining backlog.

The projects are split into citywide projects and local projects for council districts. Citywide projects total nearly \$182.6 million (73%); local projects account for the remaining \$67.4 million (27%), with approximately \$5.6 million planned for each council district. Renew Atlanta broke ground on its first project in late July 2015.

In 2015, the Office of Enterprise Assets Management retained a consultant to deliver facility condition assessments for many city-owned facilities, including fire stations. These assessments identified deficiencies observed in the buildings, including non-compliance with the ADA (Americans with Disabilities Act of 1990), items that had reached or exceeded their useful life, lack of compliance with current building codes, and items that were broken, needed repair, or had failed prior to the end of their useful life. Exhibit 1 shows a sample of conditions we observed while visiting four fire stations.

Exhibit 1: Fire Stations Need Renovations



Source: Auditor observation of Fire Stations 4, 8, 16, and 29 in February and April 2018

Council members for each of the twelve council districts allocated some of the local funds for facilities to provide for fire station upgrades and renovations. They selected projects to provide upgrades at twenty-five fire stations, one to three per council district, for a total allocation of \$8.5 million. The exact scopes of work varied across stations, but at a minimum, 23 stations were to receive new lockers and slated for exhaust system installations. Additionally, many stations were to receive upgrades to kitchens and bathrooms as well as modifications to meet ADA requirements.

The current Renew Atlanta management team was not yet in place when the fire station renovation projects began. Early Renew Atlanta work was overseen by a steering committee comprising representatives from client departments such as the Office of Enterprise Assets Management and the Department of Public Works.

Audit Objectives

This report addresses the following objectives:

- What are the bottlenecks or other barriers in the process to bring a project to the start of construction on schedule and budget?
- Are the payments to architecture and engineering consultants reasonable, appropriate, and properly supported?

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. We reviewed the twenty-five fire station renovation projects in progress or planned under the Renew Atlanta Infrastructure Bond Program.

Our audit methods included:

- reviewing contracts for architectural, engineering, and design services
- interviewing Renew Atlanta and Atlanta Fire Rescue staff
- reviewing Renew Atlanta Project Control Board authorizing documents

- reviewing Oracle task and sub-task budgets, commitments (encumbrances), and expenditures
- selecting three fire stations as case studies to identify causes of delays by reviewing related documentation and interviewing project managers
 - o to select 3 of 25 stations for case study review, we compiled a matrix of elements that included: design costs as a percentage of estimated construction costs; scope and complexity of work; and consultant completing the work
 - o we selected stations 16, 29, and 4 because they represented design costs as a percentage of total construction costs at the high and low end of the range, construction consisted of different types of work, and the work was performed by different consultants
- reviewing seven payments to architecture and engineering contractors to assess payment controls
- visiting four fire stations with Atlanta Fire Rescue staff

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Analysis

High Design Costs, Inadequate Funding, and Procurement Challenges Have Hindered Renovations

The funding allocated from the Renew Atlanta Infrastructure Bond was insufficient to address all needed fire station upgrades. Allocated funds for upgrades identified in a 2015 needs assessment fell short of the estimated costs by over \$4 million. Updated facility requirements and higher-than-average design costs further reduced the limited funding. As a result, some fire station projects will need to be completed with funding from sources other than the infrastructure bond.

Renew Atlanta's policies outline a goal that design costs be no more than 15% of the estimated construction cost; however, of nine fire stations with an architect's construction estimate, only one was below 15%. The other eight ranged from 18% to 48%. Controls intended to track and limit design costs were not functioning. Although Renew Atlanta project managers use the estimated construction cost to negotiate design budgets, the estimate can include construction work that is not covered by the design, which could lead project managers to rely on a higher estimate when negotiating design costs. We recommend that project managers use the estimated cost of construction for only the work covered by the design as a benchmark for accurately tracking the design costs compared to the total construction costs.

While Renew Atlanta has successfully completed some installations, the more complicated renovations, such as kitchens and bathrooms, have been significantly delayed. Difficulty finalizing construction contracts—both through traditional invitations-to-bid and various alternative procurement methods—has been the reason for most of the schedule delays.

High Design Costs and Limited Funding Complicate Delivery of Projects to Address Identified Needs

The Renew Atlanta Infrastructure Bond did not contain dedicated funding for fire station renovations. The local funds allocated by council members for fire stations were insufficient to address all deficiencies identified in facility condition assessments from 2015. Also, design costs were high, and controls for the Project Control Board intended to monitor design costs were not functioning.

Updated facility requirements also led to design rework, further reducing the funds remaining for construction. As a result, some fire station projects cannot be completed with Renew Atlanta funding and will need funding from other sources, including the Office of Enterprise Assets Management.

Funding allocated to fire station projects through Renew Atlanta was insufficient to address all identified needs. The facility condition assessments of the fire stations identified more needs than could be addressed with funding available through Renew Atlanta (see Exhibit 2).

Exhibit 2: Allocated Renew Atlanta Funds Were Insufficient to Meet Identified Needs

Council District	Fire Station	Condition Assessment in 2015	5-Year Lifecycle Needs	Total Identified Needs	Renew Atlanta Allocated	Difference
1	2	\$648,530	\$96,502	\$745,032	\$720,355	\$ (24,677)
	10	\$394,013	\$3,341	\$397,354	\$433,748	\$ 36,394
2	12	\$367,088	\$129,627	\$496,715	\$431,167	\$ (65,548)
3	1	\$790,877	\$47,679	\$838,556	\$513,076	\$ (325,480)
	11	\$19,906	\$0	\$19,906	\$177,906	\$ 158,000
	16	\$1,174,840	\$50,915	\$1,225,755	\$341,789	\$ (883,966)
4	14	\$84,340	\$80,607	\$164,947	\$313,638	\$ 148,691
	17	\$373,625	\$2,665	\$376,290	\$219,360	\$ (156,931)
5	4	\$236,433	\$542,907	\$779,340	\$410,964	\$ (368,376)
6	29	\$641,647	\$36,933	\$678,580	\$282,328	\$ (396,252)
	19	\$488,152	\$104,880	\$593,032	\$875,201	\$ 282,169
7	21	\$ 941,732	\$141,410	\$1,083,142	\$455,963	\$ (627,179)
	3	*	*	*	\$ 82,558	*
8	26	\$449,551	\$67,876	\$ 517,427	\$258,978	\$ (258,449)
	27	\$47,268	\$60,086	\$107,354	\$147,559	\$40,205
9	38	\$261,569	\$100,696	\$362,265	\$282,328	\$ (79,937)
	23	\$295,467	\$110,696	\$406,163	\$170,606	\$ (235,557)
	8	\$1,128,998	\$60,922	\$1,189,920	\$449,198	\$ (740,722)
10	9	\$193,901	\$42,072	\$235,973	\$400,148	\$164,175
	25	\$367,316	\$63,851	\$431,167	\$367,245	\$ (63,922)
11	5	\$94,041	\$292,446	\$386,487	\$230,000	\$ (156,487)
	31	\$385,243	\$468,941	\$854,184	\$465,018	\$ (389,166)
12	20	\$290,344	\$86,867	\$377,211	\$209,974	\$ (167,237)
	34	\$411,146	\$10,434	\$421,580	\$32,833	\$ (388,747)
	30	\$275,059	\$157,814	\$432,873	\$409,717	\$ (23,156)
Totals		\$10,361,086	\$2,760,167	\$13,121,253	\$8,681,658	\$ (4,439,595)

*There was not a facility condition assessment available for Fire Station 3

Source: Facility Condition Assessments and Oracle (02/23/2018)

As of February 2018, just over \$8 million had been allocated for the twenty-five fire stations, but the facility condition assessments identified over \$13 million of construction costs to address current deficiencies in 2015 and expected additional needs over a five-year period. Fire stations' construction needs were underbudgeted by over \$4 million in construction costs. The facility condition assessment amounts were based on estimated costs in 2015. During our interviews, both Atlanta Fire Rescue and Renew Atlanta staff stated that the cost of construction has increased since 2015.

Controls to monitor design costs were not functioning. Our review of industry standards for architecture and engineering design fees found the design percentage expected for the most complex design costs were no higher than 12%-17% of the estimated cost of construction. Similarly, Renew Atlanta's program management plan establishes a goal that design costs not exceed 15% of construction cost. The designs for Renew Atlanta's fire station renovations have a high cost as a percentage of estimated construction cost. Out of 9 fire stations with an architect's estimated cost of construction, only one was below 15% (see Exhibit 3). The other eight ranged from 18% to 48%.

Exhibit 3: Design Costs Are High as a Percentage of Estimated Construction Costs

Fire Station	Design Commitment	Estimated Construction Cost	Design as % of Estimated Construction Cost
29	\$ 31,910	\$271,149	11.8%
3	\$19,659	\$107,258	18.3%
12	\$ 50,190	\$255,530	19.6%
4*	\$34,323	\$161,981	21.2%
10	\$24,547	\$107,424	22.9%
26	\$39,994	\$135,179	29.6%
25	\$56,254	\$156,173	36.0%
16	\$36,025	\$95,328	37.8%
20*	\$45,440	\$94,200	48.2%

*For stations 4 and 20, amounts are based on design costs at the design consultants produced construction cost estimates and do not include amounts for later scope changes.

Source: Architects' estimated construction costs, Oracle, and Renew Atlanta documents

Because Renew Atlanta project managers negotiate each design task order using a citywide contract with a list of hourly billing rates, they use the estimated cost of construction, along with professional

experience, to negotiate a reasonable price. This can serve as a control over the design cost. However, the estimated cost of construction may be calculated incorrectly if budgeted work not covered by the design is included. For example, if a design task order covers bathroom renovations, and the construction budget covers the bathroom and kitchen, then the estimated cost of construction to negotiate the design task order should include only the bathroom construction cost. This can lead project managers to rely on a higher estimate when negotiating design costs.

Renew Atlanta's program management plan requires that the Project Control Board approve a project implementation plan for each project to provide a baseline budget and schedule to enable control of the project. The plan includes the design cost as a percentage of the estimated construction cost, enabling the Project Control Board to monitor projects' design costs. However, as implemented, if the estimated construction cost includes work that is not covered by the design costs, design cost as a percentage of construction cost is misrepresented, making the control ineffective.

To provide a more useful tool when negotiating design task orders, we recommend that project managers use the estimated cost of construction for only the work covered by the design as a benchmark when negotiating design task orders. To allow accurate monitoring of design costs relative to construction costs, we recommend that the Renew Atlanta controls team adjust the project implementation plan documents to show the design cost as a percentage of construction cost, calculated using estimates for only the work covered by the design.

Updated facility requirements led to design rework. For two of the stations we reviewed in detail—29 and 16—Renew Atlanta received complete design drawings from consultants in March 2017. During 2017, Atlanta Fire Rescue staff notified Renew Atlanta of updated facility requirements for gender-neutral bathrooms. This led to a need for Renew Atlanta to obtain a second round of designs for these two stations, as well as several others. These new designs will add additional cost, reducing the amount left for construction.

Renovation Work Lags Locker and Exhaust System Installations

While Renew Atlanta has successfully installed most of the planned exhaust removal systems and turnout gear lockers, the more complicated renovations—including ADA, kitchen, and bathroom upgrades—have been significantly delayed. Some projects have been delayed by hazardous material assessments or the need for

updated designs, but complications finalizing construction contracts—both through traditional invitations-to-bid and various alternative procurement methods—have caused the most impact to schedules.

Renew Atlanta has completed most installations of lockers and exhaust systems. Renew Atlanta planned to install exhaust removal systems in the truck bays of 23 stations. These systems are intended to automatically and efficiently remove truck exhaust, protecting the firefighters from harmful fumes. Another safety feature planned under the Renew Atlanta fire station projects is the installation of turnout gear lockers which allow for ventilation of the firefighters' equipment, reducing exposure to carcinogens. Renew Atlanta has installed 22 out of 23 exhaust systems and 21 out of 23 sets of lockers.

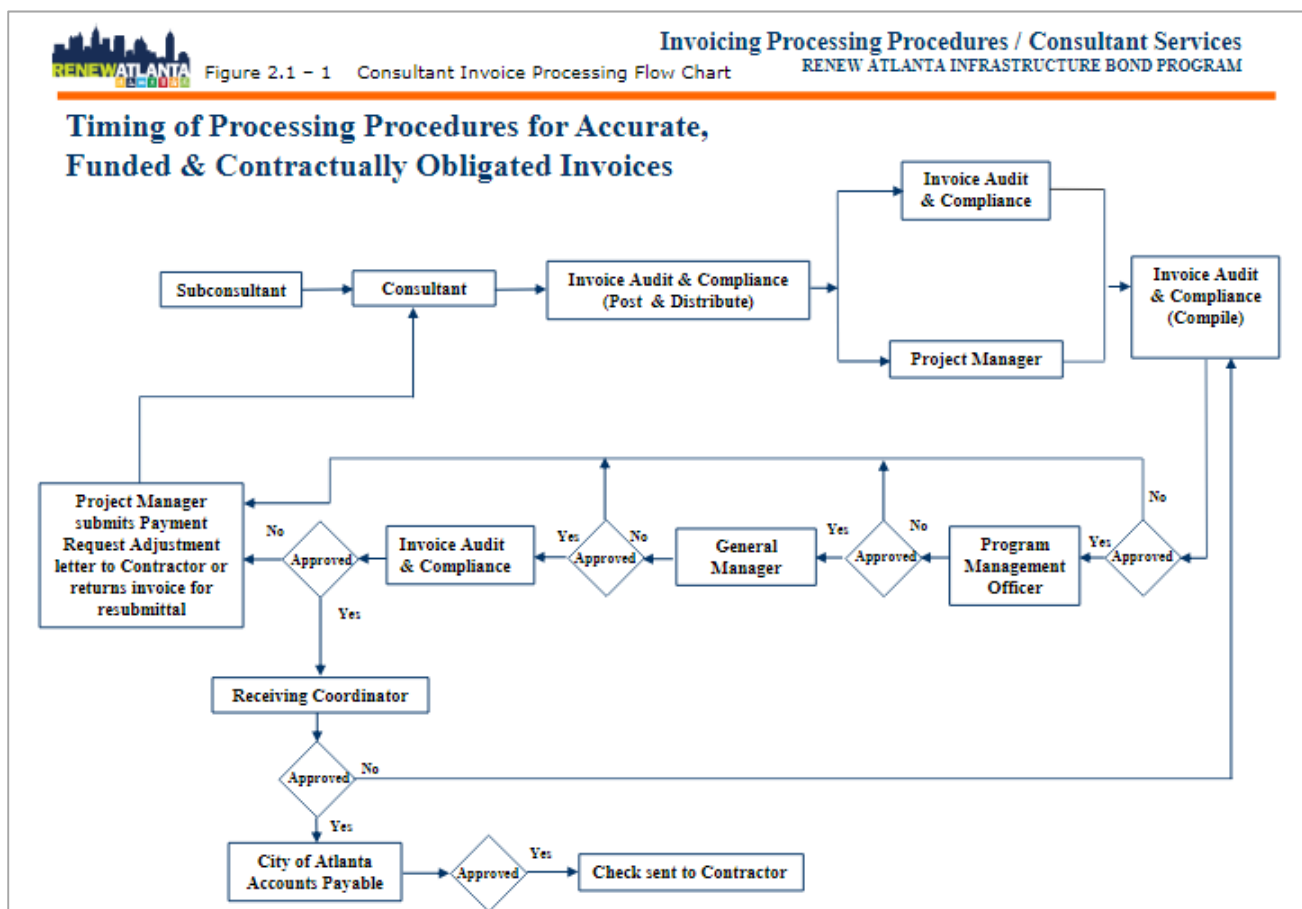
Procurement of construction contractors has caused ongoing project delays. Renew Atlanta experienced difficulty obtaining the services of construction contractors for fire station renovation projects. Early in the program, the city attempted to use several procurement methods to move forward on projects, including a co-op agreement with Maricopa County, Arizona, a citywide contract for miscellaneous construction services, and citywide managing general contractor task order contracts. The city experienced problems with each of these contracts, which delayed progress. Renew Atlanta told us that in many cases cost proposals were unacceptably high, or contractors were not interested in these smaller projects. In one case, a task order was in place, but the contractor never started work, and eventually the task order was cancelled. Renew Atlanta also attempted to obtain contractors through the traditional invitation-to-bid process. On the Fire Station 4 project, Renew Atlanta worked with Department of Procurement staff on two invitations-to-bid, but in both cases, bidders were non-responsive.

Redesigns and hazardous material assessments have also delayed some projects to a lesser extent. Because updated facility needs required rework of some designs which had already been completed for bathrooms, Renew Atlanta had to negotiate new task orders and obtain new designs, which continues to delay projects. Additionally, many of the older fire stations needed hazardous material assessments before certain work could begin. In many cases, contractors cannot start work until the city confirms whether any hazardous materials such as lead paint or asbestos are present. For example, window installations at Fire Station 16 were delayed to conduct a hazardous materials assessment.

Controls Over Payments Are Functioning

Our review of seven payments made to three contractors found that, for the most part, controls were functioning as designed to ensure that payments to architecture and engineering consultants were appropriately authorized and supported. Renew Atlanta completes several steps before paying an architecture and engineering consultant. When the consultant submits a pay application, the Renew Atlanta invoice administrator assigned to that consultant date stamps the invoice “received,” after which the city should complete payment within 30 days. Review by the invoice administrator and project manager are key controls over payments. Additionally, there are several layers of managerial review within Renew Atlanta—the financial manager, program management officer, and general manager all sign off before a payment is made (see Exhibit 4).

Exhibit 4: Consultant Services Invoices Require Three Signatures



Source: Renew Atlanta | TSPLOST Standard Operating Procedures Manual

Invoice Administrators Ensured Payments Were Authorized and Supported

One of the principal controls over Renew Atlanta's payments to architecture and engineering consultants is review by an invoice administrator using the Invoice Administrator Checklist (see Exhibit 5). While the project manager assigned to a project ensures that work is complete and deliverables are acceptable, the invoice administrator reviews the pay application and attached supporting documentation.

Exhibit 5: Invoice Administrator Checklist Are Completed Before Payment

Figure 2.1 – 4 Invoice Administrator Checklist

**RENEW ATLANTA BOND PROGRAM
INVOICE ADMINISTRATOR
CHECKLIST FOR CONSULTANT INVOICE**

Contract Number: FC Project Name: _____

WBS#: _____ Request for Payment: _____

ITEM DESCRIPTION:	COMPLETE
Authorization for Miscellaneous Modifications/Allowances	
Funding Available in the Financial Activity Summary	
Available funding in City of Atlanta ORACLE system	
Purchase order number:	
Purchase order line Available Item number: Balance: \$	
Contract, Work Authorization/Task Order, Project and WBS numbers are identified	
Change Orders, Miscellaneous Modifications/Allowances, Amendments and Addendums have been posted correctly	
Notice to Proceed has been issued	
Contract/Work Authorization/Task Order is within scheduled term	
Verified all calculations on invoice and backup documentation	
Verified schedule of values complies with contract requirements	
Retainage (if applicable) has met contractual requirements	
Appropriate documentation is attached to support stored materials	
The basis for payment of each line item complies with contract requirements	
COMMENTS:	
Invoiced: \$	Recommend: \$ Variance: \$
Signature: _____ Date: _____ Invoice Administrator	

Source: Renew Atlanta | TSPLOST Standard Operating Procedures Manual

For all seven payments we reviewed, the invoice administrators had completed this checklist. This control ensured that the city made payments only on task orders that had a purchase order issued by the Department of Procurement, a notice to proceed issued by Renew Atlanta, and available funding in the city's Oracle system. The invoice administrators reviewed supporting documentation—such as hourly timesheets for consultant staff specified by name and role—and ensured that payments were appropriately supported and that any math errors or inconsistencies were caught. Additionally, a routing sheet attached to each pay application showed that all required Renew Atlanta management had approved each payment. The city completed five of the seven payments within 30 days of receipt of the invoice.

The base contracts for these architecture and engineering task orders specify that consultants should submit monthly pay applications. Six of seven invoices we reviewed covered a period of work longer than one month. In general, this can lead to delays in payments to subcontractors or can make it more difficult for a project manager to ensure that the work invoiced matches the deliverables received. However, in these specific cases, months in which only a few hours of work were performed or resubmittal with better documentation of previously rejected invoices caused the delayed billings.

Each task order for architecture and engineering services is a negotiated amendment to the base contract. Task orders list labor rates for the roles necessary to complete the work, such as Architect, Project Manager 4, or Engineer 7. Four of seven payments that we reviewed included roles that were in the base contract but not in the specific negotiated task order. According to Renew Atlanta, they monitor work as it progresses to ensure billed roles are allowable in the base contract even if not specified in the task order. This does not change the scope of services or the total amount of the task order authorized by Renew Atlanta. The reviews conducted by the invoice administrator and project manager help to mitigate the risk of overpayment by ensuring that the total payments do not exceed the total amount of the task order. We did not observe any overpayments.

Recommendations

To provide a more useful tool when negotiating design task orders, project managers should

1. Use the estimated cost of construction for only the work covered by the design as a benchmark when negotiating design task orders.

To allow accurate monitoring of design costs relative to construction costs, the Renew Atlanta controls team should

2. Adjust the project implementation plan documents to show the design cost as a percentage of construction cost, calculated using estimates for only the work covered by the design.

Appendix

Appendix A: Management Review and Response to Audit Recommendations

Report # 18.02	Performance Audit: Renew Atlanta Fire Stations Renovations	Date: September 2018
Recommendation 1: To provide a more useful tool when negotiating design task orders, project managers should use the estimated cost of construction for only the work covered by the design as a benchmark when negotiating design task orders.		
Proposed Action: Project Managers will continue to use the estimated cost of construction for the work being covered pursuant of Renew Atlanta goals and industry standards. However, project management of Renew Atlanta vertical maintenance projects is dynamic in nature and other factors need to be accounted for when negotiating design task orders. Project Managers negotiate the adequate level of effort to complete the work outlined in the task order using the approved consultant classifications and compensation rates in FC-7383, Architectural and Engineering Services; which may be higher than industry standards in some cases. In addition, project managers must consider overall council district project budget above what is being designed, user defined priorities and requirements, current design and construction market conditions, contractors' previous experience with other City of Atlanta departments outside of Renew Atlanta, level of maintenance deficiencies, hazardous material assessments, project delivery schedules and priorities from City Council Members and/or Mayor's Office. Many of the city's facilities do not have hard copy or electronic version of existing drawings due to their age resulting in additional compensation for the architect or engineer to produce as-built drawings to complete task orders. We will continually evaluate our design management policies and procedures to ensure we obtain the best value for the City of Atlanta on each individual design task order.	Response: Partially Agree	
Person Responsible: Program Management Officer	Implementation Date: December 2019	

Recommendation 2:

To allow accurate monitoring of design costs relative to construction costs, the Renew Atlanta controls team should adjust the project implementation plan documents to show the design cost as a percentage of construction cost, calculated using estimates for only the work covered by the design.

Proposed Action:

Our project controls systems and processes were developed to support traditional procurement methods where the design scope covers the complete construction scope of a project. In the example of the fire stations and a few other projects, the design scope and construction scope are not always the same. In these unique cases to the program, we will work with the PMs provide a chart to include further details on the design scope and how it correlates to the construction scope. We will then be able to validate the design costs as a percentage of construction cost, by scope element. This chart shall be included in the notes section of the PIP with breakdown of work and associated design costs.

While the PMP has goal ranges for the soft costs related to construction cost, there are situations where the costs may be outside these ranges. In situations where the design percentages are higher than the upper limit of the range, PMs will provide an explanation in the notes section of the PIP.

Response:

Agree

Person Responsible: Project Controls Manager

Implementation Date:

December 2018