



CITY OF ATLANTA
City Auditor's Office
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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
