



MONTGOMERY COUNTY, MARYLAND

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M E M O R A N D U M

March 2, 1981

TO: County Council

Andrew Mansinne Jr.

FROM: Andrew Mansinne, Jr., Director, Office of Legislative Oversight

SUBJECT: Memorandum Report of the Office of Legislative Oversight: An Evaluation of the Executive Branch Comments on the Final Report of the County Council Ad Hoc Committee on Legislative Oversight

1. General. The County Executive has submitted comments on the December 14, 1978, Final Report of the County Council Ad Hoc Committee on Legislative Oversight. The comments, prepared under the direction of the Chief Administrative Officer (CAO), address the Committee's overall recommendations and the recommendations associated with the eight in-depth examinations. The CAO's comments of October 30, 1980, were reviewed by the Office of Legislative Oversight and draft comments were prepared and forwarded to the Executive branch on November 24, 1980. The CAO responded with additional comments on February 2, 1981. This memorandum report provides my review and analysis of all comments and actions by the Executive branch to each Final Report recommendation.

2. Background. The County Council Ad Hoc Committee on Legislative Oversight was established pursuant to Council Resolution 8-553, adopted November 18, 1975. On December 14, 1978, John Menke, Chairman of the Ad Hoc Committee, issued the Committee's Final Report. The report contained an overall discussion and individual reports on the Committee's in-depth examination of the following eight specific contracts:

- Gude Landfill Site
- COB First Floor Electrical Project
- COB Sixth Floor Renovation Project
- Public Service Training Academy
- Marriott Contract for the operation of the COB cafeteria
- Longbranch Library
- County Detention Center
- Rockville COB Employee's Garage

The Final Report contained seven overall recommendations and a number of recommendations for some of the eight in-depth examinations. The CAO's comments address six of the seven overall recommendations (the seventh recommendation related to the evaluation of contracts on a sampling basis by the Office of Legislative Oversight) and the various recommendations of the in-depth examinations.

3. Review of Executive branch actions. Even before the Final Report was published, several improvements had been initiated to correct deficiencies in contracting, purchasing, "CIP" procedures and audits/evaluations. The Final Report highlighted the following improvements:

- a) New contracting and purchasing legislation (Chapter 11B, Montgomery County Code, 1972, as amended);
- b) Creation of the Office of Legislative Oversight;
- c) Establishment of the Contract Review Committee; and
- d) Reorganization of the Office of Architectural Services into the Department of Facilities and Services.

Contract sampling by the Office of Legislative Oversight over the past year indicated other improvements, e.g. employee training sessions in contract/purchasing procedures; the requirement that "notice to proceed" orders on contracts be in writing; and the engagement of a consultant to assist in the revision of administrative procedures relating to contracting/purchasing.

Other improvements recently initiated include: a monitoring form concerning the contractors performance in the execution of all contracts; the Department of Finance is currently preparing a standardized contract file format to insure that the same material is in the same place within all contract files; and a new policy for minority procurement (TAB B).

An analysis of the comments from the Executive branch response is presented in the attached spreadsheets (TAB A). In general it reflects that there has been a number of actions directed toward correcting the shortcomings identified by the Ad Hoc Committee. Those actions, unfortunately, have been slow in coming. This is especially true in the development of revised administrative procedures to implement the contracting and purchasing law which became effective in July 1977. That law (Chapter 11B) incorporated legislation specifically directed at correcting some of the problems discovered by the Ad Hoc Committee; however, implementing administrative procedures are still in "draft." A training course on these procedures was conducted in January 1981 and they are now being used. In six months a review will be conducted of these interim procedures, appropriate revisions will be made and the AP's will be published.

The basic shortcoming in the Executive branch response to the Final Report, however, is the apparent failure to address the fundamental problem of contract administration. The Ad Hoc Committee's investigation revealed a lack of organization and established procedures to insure that the County maintained tight control during every phase of contract administration--from initial concept through contract preparation, negotiation, awarding, performance and evaluation.

Current County policies and operating procedures place responsibility for contract administration with the department receiving the contractual service. For example, a contract for consultant services requested by the Department of Police would be administered by personnel assigned to the Police Department. Likewise, a maintenance contract for elevators would be administered by the department responsible for equipment and maintenance, Facilities and Services. While it is logical

for the responsible department to be involved in contract development, execution and evaluation, this arrangement does not provide for the most efficient overall administration of the contract for the following reasons:

1) Although every department should have personnel expert in contract administration (writing, negotiating, evaluation, etc.) in reality the departments must use employees to administer the contracts as an "additional duty."

2) A review of attendees at past training sessions on contract administration and negotiations reflects that the same departmental personnel do not attend these sessions. As a result, the training may not reach the employee who will next be assigned a contract to administer.

3) The County lacks a trained core of contract negotiators who professionally represent the County in all contract negotiations against skilled negotiators from the private sector. Presently each department negotiates its own departmental contract.

4) Finally, because of the fragmentation of contract administration to the various departments and within those departments to several employees, there has been little or no post-performance contract evaluation. Consequently, the County has failed to benefit from lessons learned from the administration of previous contracts. The recently initiated contract performance monitoring form may be beneficial in this area.

In the opinion of the Office of Legislative Oversight, the above situation can be corrected by establishing a single office with responsibility for administration of all contracts. Such an office, probably located in the Purchasing Office, would have responsibility for administering all contracts from their initial preparation through post-performance evaluation. This office would work closely with the various departments concerning the technical aspects of each contract, with this office of contract administration possessing the expertise required for overall contract preparations (compliance with the law and procedures), bid announcement and selection, contract negotiations, performance, contract administration of change orders and post-performance evaluation.

The Office of Legislative Oversight was unable to obtain a consensus of the annual dollar value of County contracts. Estimates run as high as \$50 million; however, when one considers the new COB and Courthouse contract, even \$50 million seems low. However, all agree it is a substantial amount. The Office of Legislative Oversight believes it is time to recognize that the administration of contracts requires administration by specifically designated personnel with a high degree of professional training and expertise in the overall field of contracts. Its just too important to remain on "additional duty" for one or more employees in each department.

The Chief Administrative Officer has reported that the concept of a single office to administer contracts will be addressed during FY 82 by the Office of Management and Budget. Until completion of OMB's review, the Department of Finance is constrained by limited staff from implementing any proposal for a single contract administrative office.

The Office of Legislative Oversight will monitor and follow through on the several Executive branch actions relating to contract administration discussed above and in the attached spreadsheets. Among those Executive branch actions to be monitored are:

- 1) Implementation of the contract performance monitoring form;
- 2) Department of Finance standardized contract file format and documentation;
- 3) Minority procurement policy implementation;
- 4) Implementation of the revised contract administrative procedure;
- 5) OMB study of the concept of a single office to administer contracts;
- 6) Improved DF&S procedures to improve supervisory review of price estimates;
- 7) OMB development of an overall program of total records control;
- 8) DF&S development of new procedures to centrally control and maintain records;
- 9) Internal reorganization of DF&S;
- 10) New cafeteria contract; and
- 11) Activities of an OMB "Documentation Task Force."

AM:cls

Attachments

cc: County Executive
Chief Administrative Officer
Director, Department of Finance
Director, Department of Facilities and Services
Director, Office of Management and Budget
Chief, Auditing Division, Department of Finance
Chief, Division of Organization Development and Training
Council Staff Director



Montgomery County Government

ROCKVILLE, MARYLAND 20850

Charles W. Gilchrist
County Executive
(301) 279-1284
TTY 279-1083

MEMORANDUM

January 12, 1981

TO: Department and Office Heads
FROM: Charles W. Gilchrist, County Executive
SUBJECT: Minority Procurement

During the past two years, this Administration has made a strong commitment to foster a favorable local economic climate so that businesses of all types and sizes can continue to operate, prosper and expand in our County.

Our approach has been characterized by its concern to promote balanced economic growth for the well-being of all our residents. Montgomery County led the entire State in capital investment commitments last year, and more new jobs were created in our County than in Fairfax even though they spent 300 percent more than we did on economic development.

Now that we have a first-rate successful general economic development program in place, I firmly believe we should focus even more intently on a vital sector of our business community: women and minority-owned business enterprises.

This particular sector merits increased attention and support for several salient reasons. These businesses provide valuable goods and services to consumers, commerce and industry. This then results in a stronger economic stability which supports a better local job market.

Additionally, these businesses substantially contribute to our commercial tax base and other revenue sources which are used by the County Government for broad and diverse public purposes.

It is essential that women and minority entrepreneurs be a part of the mainstream of our local and national economy. To this end, this Government can and will do its part to foster the overall growth of these types of business enterprises. We will hopefully accomplish this by doing more business with women and minority-owned firms.

It is therefore, the policy of this Administration to actively and aggressively recruit women and/or minority-owned firms for the provision of goods and services required for the performance of our governmental obligations.

To implement this policy, I am initiating the following actions:

First, the Purchasing Division has been directed to assume primary responsibility to implement, operate and monitor our program. A public administrative intern is currently employed who has, as a major portion of his duties, the responsibility to initiate and monitor this effort in the Purchasing Office. These functions will include:

- . To develop and maintain an outreach program which promotes access by women and minority entrepreneurs for contracting and procurement opportunities;
- . To aggressively recruit and provide technical assistance in the contracting and procurement process to women and minority-owned businesses;
- . To disseminate information to and assist all departments and agencies of the County Government to ensure that women and minority entrepreneurs participate in negotiated mini-contracts, and all departmental contracting and procurement;
- . To maintain and distribute a current listing, by category, of goods and services provided by women and minority-owned businesses in the County;
- . To monitor the internal operation of the contract and procurement system to assure equitable participation of women and minority-owned businesses; and
- . To maintain statistical data relative to contracts awarded to women and minority-owned businesses, and to prepare and submit summaries on a monthly, quarterly and annual basis.

Second, an intergovernmental committee on minority procurement will be established with representation from:

- . Montgomery County Government
- . Montgomery County Housing Opportunities Commission
- . Maryland State Office of Minority Business Enterprise
- . Montgomery County Public Schools
- . Montgomery College
- . City of Rockville
- . City of Takoma Park
- . City of Gaithersburg
- . Maryland-National Capital Park and Planning Commission
- . Washington Suburban Sanitary Commission

The function of the committee is to coordinate local minority business enterprise development programs, to exchange information, to evaluate the procurement market and determine present and future patterns of County procurement, and to strengthen cooperative efforts to assist women and minority-owned businesses.

The committee is to be chaired by the Director of the Montgomery County Department of Finance. The County Purchasing Office representative will be the committee's secretary and reporter.

Concurrent to these actions, the Purchasing Division will analyze procurement activity in order to determine the level of women and minority-owned business procurement.

Additionally, I will, at a later date, establish an advisory and resource committee comprised of women and minority entrepreneurs. This committee will assist the Intergovernmental Committee with reviewing progress and identifying women and minority-owned businesses.

It is essential that each of you make every effort, and strongly urge your staff to implement this policy. It will take initiative and perhaps additional effort in terms of follow-through to ensure adequate participation by women and minority-owned businesses in County procurement.

CWG:nlp



Review and Analysis of Executive Branch Comments Concerning
the Recommendations in the December 1978 Report of the
County Council Ad Hoc Committee on Legislative Oversight

Recommendation from Final Report Ad Hoc Committee
of Legislative Oversight December 1978

Executive Branch Comments of
October 31, 1980 and February 2, 1981

Review Comment of the Office of Legislative
Oversight March 1981

I. Overall Recommendations

1. Strengthen the internal audit/post audit process.

a) The post audit function should not be in the same department as the purchasing function: one or the other should be moved. Since the Charter requires that the audit function be in the Finance Department, a Charter amendment may be needed to establish proper lines of responsibility.

b) There is evidence that some audit reports have been watered down: Clear procedures must be established to prevent this. The audit should be performed in a timely fashion, so that the findings can be used by the County Attorney for possible legal action against vendors, by management to correct procedural problems, and by supervisors to provide improved training of staff. A thorough, timely, and fair audit protects everyone: the government, the County employee and the public.

2. Tighten cost estimating. There continues to be a pattern, especially on smaller jobs and/or those involving rehabilitation of a structure, of underestimating costs. Improved training of estimators should help in this, as well as improve supervisory review of price estimates.

1a. During recent deliberations on reorganization of the County government, Council concurred with the Executive's proposal for the Audit and Purchasing Divisions to remain in the Department of Finance

1b. The Executive branch knows of no audit report which was watered down. Comments that the U.S. Department of Labor recognizes the audit operations of the County's use of federal funds.

2. While recognizing that cost estimating is "less than a precise science," there have been several efforts to improve the County's cost estimating procedures. Five positive efforts instituted since 1973 include: use of a professional project cost estimating firm; training seminars on cost estimating; maintenance of an updated architectural services library; the use of local contractors not bidding a specific project to assess in-house estimating accuracy; and statistics and trends in cost estimating are collected and studied.

In addition, new procedures are being developed within the Department of Facilities and Services (DF&S) to provide improved supervisory review of price estimates. Initial cost estimate will be reviewed and approved by the Director and these cost figures will be reviewed during the construction phase as well as at the conclusion of the project.

1. The Auditing Division has steadily moved over the past few years from an emphasis on fiscal compliance audits to operations/performance audits. More recently it has initiated a program of auditing contracts. The division is currently auditing the contract with the Blake Construction Company for the construction of the new COB and Court House.

2. No comment.

Recommendation from Final Report Ad Hoc Committee
of Legislative Oversight December 1978

3. Improve documentation and filing. This will require a thorough assessment, probably by an outside consultant, to evaluate in detail:

- a) what documentation is now performed,
- b) the existing file system (as it actually works),
- c) improvements needed in filing, personnel training, etc.

4. Compilation of Administrative Procedures and institution of an effective training program in their application. It is not enough to write down what should be done, staff must be trained to carry out the procedures. Thus, there should be a strong formal training program for newly hired or promoted staff, as well as continuing training to maintain a high level of skill.

Executive Branch Comments of
October 31, 1980 and February 2, 1981

3. The CAO recognized the need to establish County-wide uniform guidelines for the documentation of contract preparation and administration.

In addition, the OMB has been directed to develop on a priority basis an overall program of total records management. In the interim, DF&S is working on new procedures whereby records managements will be centrally controlled and maintained. These procedures are currently being worked on and are not yet developed.

4. Administrative procedures covering contracting in general and contracts with architects, engineers, consultants and other professional service contractors were adopted in 1974 and revised in 1975. The Contract Review Committee (CRC) was established in 1975.

After the enactment of Bill 37-75 in mid-1977 on contracting and purchasing (codified as Chapter 11B, M.C. Code) a consultant was engaged to study the County's purchasing and contracting procedures and develop revised administrative procedures to conform to the new law. Those administrative procedures are now in the form of ten working drafts which will be "tested" for approximately one year. Specifically, in January 1981, the first of a series of training sessions on these working draft procedures was conducted for 44 employees. Subsequently, a test period of six months will be utilized to "work-with" the procedures. After the six months, the contracting/purchasing administrative procedures will be published in final form incorporating lessons learned in this "test period."

As to training, the County has conducted a number of training sessions on contract-related subjects since February 1977 for all level of County employees.

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3. OLO will monitor these projects and procedures and will report progress to the Council.

4. It has been generally recognized that the most significant improvement to come out of the period that the Ad Hoc Committee was in existence was the enactment of a totally revised law on contracting and purchasing (Chapter 11B). It was, in part, modeled after the draft of the American Bar Association's Model Procurement Code for State and Local Governments.

Chapter 11B became effective in July 1977. In the subsequent months the development of revised administrative procedures to implement the law has been a painfully slow process. Despite the services of an outside consultant, it will be over three years before the departments start working with revised procedures which reflect the provisions of the 1977 contracting and purchasing law and the lessons learned in the efforts of the Ad Hoc Committee.

A general review of these ten new Administrative procedures by OLO indicates that they are a significant improvement over current procedures and reflect the provisions intent of the law.

Recommendation from Final Report Ad Hoc Committee
of Legislative Oversight December 1978

5. Review contracting procedures. In about two years, after the new processes have been tested, there should be a thorough review of contracting procedures, including attention to the problems documented in the work of the Committee.

6. Develop a strong administrative procedure, tied to the post-contract audit, which will allow timely and clear decisions as to whether legal actions (suits, calling of bonds) should be taken against the contractor.

(Note: The 7th recommendation concerns the use of the Office of Legislative Oversight to evaluate contracts on a sampling basis. The Office has included contract sampling into its annual work program.)

II. Specific Recommendation on Individual In-depth Examinations.

1. Gude Landfill

a) Develop procedures re coordination and interaction between agencies on capital projects to indicate when and under what conditions capital projects will be turned over to operating agencies.

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5. The Executive branch agrees that "...additional review should be undertaken only after we gain experience with the process." The new Director of DF&S has ten years experience in contracting procedures and has placed a high priority on reviewing current contracting procedures.

6. The County Attorney's Office is more involved in contract proceedings, especially in DF&S contracts. An attorney is brought into contract proceedings at the beginning of the process, not at the conclusion. Both the contract administering agency and the attorneys are satisfied with the existing level of cooperation.

7a. Attached chart, at Appendix 1, illustrates the transferral process between OMB and DF&S. Another major improvement occurred in January 1978 with the organization of the Department of Facilities and Services (DF&S) and the transfer of the Office of Architectural Services (OAS) to that department. For environmental construction projects, the offices of Environmental Planning and Construction and the Division of Solid Waste were recently reorganized within one agency, DEP.

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5. I believe the Executive branch response means that, although two years have elapsed since the Final Report was issued, that the "new process" is just now beginning with the test of the working drafts of the Administrative procedures. Consequently, any review must be in the future.

This may be the only logical action given the inordinate time delays. It is the opinion of OLO that a review be a priority assignment for the evaluation section of OMB

6. No comment.

7a. The attached chart reflects the transfer of responsibility from planning to design. The chart is actually a simulation of the ideal and does not reflect all cases. The transfer of OAS to DF&S facilitated coordination from design and through construction for maintenance and operational requirements.

In a January 1981 comment on this matter from the Director, DF&S, the following was stated:

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b) Decisions affecting the cost of economic returns on capital projects should be reduced to writing, and procedures developed to permit correlation and ready recall of all pertinent files on a given project.

c) County Attorney opinions should be reduced to writing.

2. COB First Floor Electrical Project. (The Ad Hoc Committee did not issue any specific recommendations.)

3. COB Sixth Floor Renovation. (The Ad Hoc Committee did not issue any specific recommendations.)

4. Public Service Training Academy. (The Ad Hoc Committee issued the following extensive recommendations on the PSTA.)

Based upon the findings of lack of control over the administration of the contracts of the subject projects and the resulting fragmentation of responsibility, it is observed that among the responsibilities the Capital Project Coordinator should have are the following:

1b. Decisions effecting the cost or economic returns are reduced to writing and are on file.

1c. When required, the County Attorney's Office issues opinions in writing. However, many times assistance is "correctly given" verbally, with the County Attorney the best judge on whether a written opinion is needed.

2. N/A

3. N/A

4. Recommendations 1-9. The project Architect is responsible for the actions listed by the Committee, with the exception of Item 9 (post audits) and generally achieves the goals cited as reasons for the recommendations. Post audits are selectively chosen to best utilize the County's staff. Specific comments from the Director, DF&S in January 1981 on actions #1, #2 and #3 were:

"The Executive Branch comment refers to the organization of the DF&S and the transfer of the Office of Architectural Services to that Department. There still exists, however, a lack of the desired coordination between the design development stage and the maintenance and operational stage. DF&S has been reorganized to provide much needed engineering emphasis into the design and development phases of construction projects. Early projects received only cursory engineering review and comment. That coordination has now begun."

1b. No comment.

1c. No comment.

2. N/A

3. N/A

4. The brevity of the Executive branch's response to the Ad Hoc Committee's findings required that OLO seek additional information from OAS.

The recommendations of the Ad Hoc Committee are not clear. First the responsibilities of the Capital Project Coordinator are, in fact, the responsibilities of the OAS project architects. Second some of the ipulative

Recommendation from Final Report Ad Hoc Committee
of Legislative Oversight December 1978

(1) To work with the outside architect to assure that there is a clear understanding of what the County wants with respect to the design of the property;

(2) To work with the outside architect or engineer and involve him in the bid selection process to assure that the construction bid will conform to the architect's design;

(3) To assure that the engineering contracts are cleared with the engineers in OFM (now DF&S) to test their feasibility and their conformity for the design approved by the County;

(4) To monitor change orders to see that they are truly needed and not already mandated by the provisions of the contract (the Contract Review Committee would still review the change orders and would work directly with the staff person assigned to the project);

(5) To control and coordinate planning changes by the County so that such changes are not made after the above contracts are signed unless absolutely necessary;

(6) To check all of the terms of each contract for compliance before the project is finally accepted by the County. If there is lack of compliance by any outside contractor, to then have the authority to implement the negotiation process setting a time certain for the end of negotiations;

(7) To work with the County Attorney's Office if the matter is still unresolved, with the recommendation in writing that legal action be taken;

(8) To request from the County Attorney's Office a written response as to whether legal action will be taken and if not, why not;

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(1) Currently being done.

(2) Currently being done.

(3) Internal reorganization of DF&S directly addresses this issue in that the engineering section, reassigned to the Office of Architectural Services will have to approve engineering drawings and the actual mechanical construction. In the future, the department will not only review and accept the architect that is to be used but will also review and accept the consultants engineer. This has not been done previously.

(Note: There were no specific comments for #4 thru #10.)

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responsibilities are not accurate. For example, #(6): It is unclear to OLO what that portion referring to "lack of compliance..." means; and #(10) refers to a "irresponsible bidders list." The County no longer has provisions for such a list. However, the executive branch replied that the project architect is complying with the outdated recommendation.

(9) To request from the Auditing Division, a post completion audit of the project; and

(10) To make the recommendation, if warranted, that a particular contractor or contractors be placed on the irresponsible bidders list under section 20-25(f) of the Montgomery County Code.

5. Marriott Contracts for COB Cafeteria.

a) Records be kept of the total County dollars expended monthly for cafeteria operation, included but not limited to: gas, electricity, water and sewer; labor to maintain equipment; depreciation; replacement equipment; space usage; and trash removal.

b) Consider rebidding the contract;

c) If rebidding not desired; then delete the escrow arrangement and charge rent to Marriott; institute a management-fee arrangement; and strengthen the contract language re county control of prices and purchases by Marriott of food from subsidiaries; and

d) Use a County contract drawn up by County Attorney not one drawn up by private industry.

5. Bids were requested in the spring of 1980 to provide food services in the new Government Center and the existing COB cafeterias. All of the Committee's suggestions have been considered and when practical have been incorporated into the bid specifications.

However, in order to specifically record utility costs meters would have to be installed. Given the relative accuracy of the estimates of these costs and the cost of meter installation, it is extremely doubtful that such action would be cost-effective.

The Director of DF&S added in January 1981: "[Above] Executive Branch comments are accurate and stand. The contract has been rebid and is being drawn up by the County Attorney. This contract is not being prepared by the private industry. The new contract is for the existing COB and the new Government Center and includes the operation of the ice rink. Annual audits will be called for in the contract and will be implemented by the Department of Finance. The recommendation to institute a management fee arrangement is a matter of opinion and it is felt by DF&S that the current arrangement is in the best interest of the County. Separate meters are impractical. The escrow account is to our benefit as this account can be available to cover maintenance funding requirements to replace dishes, silverware, etc."

5. No comment.

6. Long Branch Library.

a) Prior to undertaking the design of a building, the Architect retained by the County should be responsible for the completion of a study of site conditions which includes test borings and a soil analysis. This study should be reviewed by County officials as part of the design process.

b) The general contractor, as provided in the Long Branch construction contract, should be responsible for ascertaining topographical conditions. This requirement should be strictly enforced even when adverse conditions are encountered.

c) The County should continue to implement the new procedure which does not pay additional compensation to an architect for the redesign of plans and specifications which exceed the cost limitations established in the architectural design contract.

d) Final plans and specifications should not be accepted by the County when and until the Architect has obtained all local governmental approvals and a building permit.

6a. The County policy presently provides for a consultant study of site conditions, which includes test borings and a soil analysis as suggested by the Committee. This study is in turn reviewed by the County prior to design commencement.

6b. All standards such as the A.I.A. Document A-205, "General Conditions of the Contract for Construction" as well as the adopted Montgomery County document provide for the Owner to "furnish all surveys describing the physical characteristics, legal limits and utility locations of the site of the Project." In this manner, the County is in fact adhering to the Committee's recommendation regarding topographical studies.

6c. The County adopted a policy in 1975 which provides that additional compensation will not be paid to an architect for the redesign of plans and specifications which exceed the cost limitations established in the architectural design contract.

6d. While this recommendation has merit, the continuity of ever-increasing inflation is a factor in this consideration. Waiting to accept final plans until all permits are obtained could delay the project causing a substantial project cost increase merely due to inflation. Common sense and judicious practices must be used in dealing with each project.

6. No comment.

e) Where the County decides to bid plans for which no building permit has been issued, the County's construction contract should provide the County with the right to cancel the contract and rebid the work. This right should arise where the final plans had to be redesigned to obtain a building permit, and the additional cost for the work charged by the general contractor is substantial (e.g., an increase in excess of 3 percent of the contract price).

f) The County should institute procedures to require timely and effective performance by its Architect by strictly enforcing the provisions of the architectural services contract to assure an effective design development process and competent construction supervision.

g) The County should scrutinize change orders and only allow additional costs for items of work which could not be obtained by strict and diligent enforcement of the contract.

h) County employees responsible for supervision of construction contracts should work more closely with the Office of the County Attorney with regard to change orders, the enforcement of performance bonds and other warranties, express or implied.

7. County Detention Center.

a) Changes in specifications should be treated as an amendment to the construction contract subject to the review and approval of the Contract Review Committee.

b) The Contract Review Committee should not accept a modification to a specification, even when it serves as a set-off to a change order cost, unless it has received and approves an explanation why the modification is appropriate and why the original plans and specifications called for more stringent or expensive requirements.

6e. The County has the right to terminate most contracts for "the convenience of the government." Once again, this authority must be used judiciously so as not to discourage contractors from bidding on County projects. Competition is one of our most significant forms of cost control.

6f. The County currently does require timely and effective performance by architects. This practice is viewed as extremely important and our procedures concerning this are constantly reviewed for improvement.

6g. While we certainly agree with this recommendation regarding change orders, it must be noted that requests for change orders do receive extremely careful scrutiny and review.

6h. As was noted in Part C of the comments on the Gude Landfill Study, we are encouraging as much interaction as possible with the County Attorney's Office on contracting matters.

7. The Purchasing Office reviews changes involving items under \$3,000 and takes whatever action that Office deems appropriate. This action is then reported to the CRC where it can be altered should the Committee so desire. Items involving greater than \$3,000 automatically are forwarded to the CRC for review and action. In both instances the Purchasing Office and/or the CRC require a detailed explanation as to the reason and justification for the modification proposed.

7. No comment.

Recommendation from Final Report Ad Hoc Committee
of Legislative Oversight December 1978

8. COB Employee Garage.

a) Improve and better manage record retention including, but not limited to:

(1) an orderly filing system;

(2) a complete set of "master" files for each project;

(3) proper logging in and out of documents;

and

(4) retention in one locale of signed original or conformed copies of all contracts.

b) Improve lines of responsibility and follow-up.

c) Develop administrative procedures for pursuing remedies available to the County on performance and completion bonds and warranties.

d) Integrate procedures with performance audits.

Executive Branch Comments on
October 31, 1980 and February 2, 1981

8. The Purchasing Office currently maintains all the items suggested in recommendation a. Nonetheless, the Documentation Task Force will be evaluating their filing procedures. Recommendation b, c and d have been discussed in detail in previous sections of this report.

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8. The Executive branch's response is confusing. A review of their report fails to reveal any reference to a "Documentation Task Force." In addition, the Executive branch's response does not detail how and when the County Attorney would become involved to pursue remedies on performance and completion bonds and warranties.

WORK ELEMENTS

PROJECT INITIATION

PROJECT COORD'TN THROUGH CIP

SITE SELECTION

PROGRAM DEVEL'MT & MASTER PLAN

PLANS & CONCEPT SCHEMATICS

WORKING DRAWINGS

OPCP

- user agency justification
- critical project evaluation
- citizen coordination
- council input
- master plan review
- CIP review

- user agency criteria
- management decisions
- citizen input
- other agency input
- Planning Board
- CIP coordination

- site selection report and schedule
- citizen meetings
- mandatory refer'l
- public hearing
- user agency coordination
- specific site data
- coordination with other agencies

- translate mgmt, citizen, user, agency, other agency info. into functional program
- select & supervise master plan consultants

- review plans and drawings
- ensure commitments are met
- revise original program and follow through on subsequent requirements, if necessary
- overall user agency liaison

- public information
- liaison with citizens and community groups

OAS

- initial cost estimate
- critical project evaluation
- cost effectiveness advice

- cost estimate for budget
- site size
- building characteristics
- project timing based on OAS workload and manpower projections

- site engineering - soil borings - survey, etc. - environmental considerations
- utility requirements
- site use review
- traffic evaluation - access roads - parking

project supervision transfer

- select consult. (architect, engineer, etc.)
- technical coordination
- contract negotiations
- estimate of probable cost
- design schedule

- administration of consultant contract
- user agency design review and comments
- design program development
- review of drawings and outline spec.
- expenditure and cost controls

- status reporting
- project supervision
- progress reviews of drawings and specifications

PERCENTS

100%

50%

OPCP 90%

OAS 10%

OPCP 80%

OAS 20%

OPCP 70%

OAS 30%

OPCP 50%

OAS 50%

OPCP 20%

OAS 80%

10%

OAS 90%