

Dunbar Learning Center Roofing

Compliance Audit of a Capital Improvement Department Contract

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**Independent Auditor’s Report
Dunbar Learning Center Contract Audit**

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Date: August 23, 2019

To: Board of Trustees
Dr. Michael Hinojosa, Superintendent

Subject: Independent Auditor's Report – Dunbar Roofing Project

Executive Summary

The Office of Internal Audit (OIA) performed a review of the Dunbar Learning Center's (Dunbar) roofing project. The objective of the audit was to determine whether contractor1's master agreement, requisition, purchase order, and execution of same complied with state law, regulations, and District policies and procedures. The audit revealed:

- The District potentially overpaid for the Dunbar roof;
- The Capital Improvement Program Department (CIP) and contractor1 disregarded legal requirements for awarding job order contracts (JOC);
- The CIP avoided board approval, in violation of the Texas Government Code and District policy.

The implementation of OIA's recommendations related to these findings will assist the District in maintaining a properly run Maintenance and Facility Services Department in full compliance with state law and District policies and procedures.

Background

To complete the Dunbar Project, CIP reached back to 2012 master agreements for JOCs. The contractor1's master agreement covered the period from April 15, 2012, through April 15, 2017. The February 2016 job order contract for the Dunbar Project was issued as an amendment to the master agreement and was paid with insurance proceeds.

The contractor1's master agreement for JOCs specifies acceptable unit cost sources, under the heading Unit Cost Guides, and lists eight pricing methods, as well as the method of determining individual job order costs, and an explanation of the coefficient, all of which are listed in Appendix A of this report. Unit costs [in the proposal] are to be listed as shown in the Unit Price Guide (i.e., RSMMeans); the unit costs used will be the "Total Including Overhead and Profit" column, unless mutually agreed otherwise.

Seven of the eight pricing methods specify 2010 RSMMeans for various types of work. The eighth method states other methods may be proposed for consideration. In that regard, state law states other methods proposed for consideration must be framed around book prices or factors applied to price books or prepriced work items.¹ We found no evidence that the District considered any method other than RSMMeans, nor has contractor1 provided any. Contractor1's cost proposal states all unit

¹ Government Code Title 10. General Government, Subtitle F. State and Local Contracts and Fund Management, Chapter 2269.404. Contractual Unit Prices.

costs in their total bid amount are established based on the Acceptable Unit Cost Sources per the Master Agreement.

Five District officials, including legal counsel, signed acknowledgment of the job order and acceptance of the contractor’s cost proposal for the Dunbar Project for a contract amount not to exceed \$452,926. The only official still remaining with the District signed for the Executive Director, Maintenance & Facility Services:

Table 1: District Officials Who Signed the Job Order for the Dunbar Project

Document	Title
Purchasing Acknowledgement and Routing Form	Director, CIP Department
	Executive Director, Maintenance and Facility Services
	Chief Operating Officer
	Executive Director, Purchasing
Assignment of Work to Vendor Agreement	Chief Operating Officer
	School Attorney
Purchase Requisition	Director, CIP Department
	Executive Director, Maintenance & Facility Services
	Chief Operating Officer
Purchase Order	Executive Director, Purchasing

Future related audits will consider the following:

- “Pass-Through” funds (totaling \$37,609) billed as architectural services
- Potential misuse of the Minority/Woman Owned Business Enterprise (M/WBE) program
- CIP may have used separate, sequential, or component purchases to stay under the \$500,000 threshold requiring board approval.

Objective

The objective of this audit was to determine whether the Dallas Independent School District (ISD) and contractor1 complied with state law and District policies and procedures.

Scope

OIA focused on the Dunbar Project. CIP initiated procurement work on the Dunbar Project in December 2015. Work concluded in October 2016.

Methodology

To accomplish the stated objectives, Internal Audit:

- Reviewed relevant state law, the TEA FASRG², board policies, and the District policies and procedures as well as the Purchasing Manual sections applicable to construction projects and job order contracting;
- Reviewed the District's master agreements with contractor1 and the Architects' firm assigned to perform architectural services for the Dunbar Project;
- Interviewed knowledgeable parties, both within and outside the District;
- Reviewed relevant procurement records and available supporting documents; and
- Examined email communications.

Audit Findings

Finding I - The District Potentially Overpaid for the Roofing Work at Dunbar

Condition

On March 25, 2016, the District issued purchase order # 602268 as a JOC to contractor1 to reroof specific areas of Dunbar identified by Architects with a contract amount not to exceed \$451,926. This amount was based on a cost proposal provided by contractor1, dated December 11, 2015, which stated, "*Our proposal complies with and does not exceed the co-efficient per the Master Agreement and all unit costs are established based on the Acceptable Unit Cost Sources per the Master Agreement.*" Pursuant to [Texas Government Code 2269](#), "*indefinite quantities and orders are awarded substantially on the basis of predescribed and prepriced tasks.*"

Cause

The Chief Internal Auditor interviewed the attorney for contractor1 during which the attorney acknowledged that contractor1 did not use RSMMeans in its agreed-upon price of \$451,926. The attorney provided OIA with contractor1's written estimate of 16 items that he attested to have comprised the work initially proposed and which contractor1 priced, after the fact, using 2019 RSMMeans. The total price came out to \$456,037, an amount slightly more than contractor1's original, agreed-upon price. OIA audited these 16 items by pricing them using 2016 RSMMeans. OIA found contractor1's pricing contained excessive quantities and unit prices estimated to total \$121,194, or 26.6 percent, over the amount the contractor1 should have proposed.

The District did not check contractor1's original cost proposal to determine if its costs were the

² TEA FASRG stands for Texas Education Agency Financial Accountability System Resource Guide

same as that in RSMeans. In fact, the District did not even have an RSMeans book at the time. The District recently purchased a 2017 edition of RSMeans but not the RSMeans software. OIA recently acquired RSMeans software to conduct analysis in this and other audits.

Effect

The calculation in Appendix B shows the District should have paid \$334,843. By way of comparison, the roofing company that contractor1 hired charged \$286,992. A price quote from another roofing company for Dunbar was \$310,312. Neither the \$286,992 nor the \$310,312 was obtained under a competitive process. The District paid contractor1 \$451,926.

It is recognized that OIA personnel are not experts in calculating construction costs; even still, a comparison of the calculated amount, subcontractor amount, and the quote of a different roofing company tend to indicate a substantial overpayment.

Criteria

[Texas Education Code 44.031\(a\)](#) – Purchasing contracts

[Texas Education Code 44.032](#) – Enforcement of Purchase Procedures

[Texas Government Code, Section 2269.403](#) – Requirements for Job Order Contracts for Facilities

Contractor1’s master agreement, Section 5.6.1 Method of Determining Individual Job Order Cost

Section 5.6.2 Coefficient states:

“1. The coefficient...will provide the total fixed price stipulated sum described above.

2. The coefficient must include all costs other than those contained in the pre-priced unit prices...”

Recommendation

- 1) The District should consult with legal counsel regarding the possibility of recovering any overpayment to contractor1. It is acknowledged that OIA personnel are not expert in calculating construction costs; consequently, any negotiation or litigation should include reliance upon a construction professional from outside the District.

Acknowledgement of finding:

Agree
Disagree

Contractor1’s Response:

Contractor1 contends that there was not an overpayment, that the scope of work involved significant risk, coordination, and supervision under abnormal construction conditions. The District does not know if there was an overpayment but accepted contractor1’s proposal and paid

contractor1 for the work performed.

Management's Response:

OIA concludes that the District potentially overpaid for the roofing work at Dunbar because contractor1 was required to use RSMeans to price the project and, because “RSMeans 2010 does not include [pricing for a spray polyurethane foam (SPF) roof]; accordingly, contractor1’s proposal is not based on RSMeans. As an initial matter, the Dunbar transaction was coordinated by a former employee of the now-dissolved CIP Department. That employee is no longer employed by the District, and current Management does not have first-hand knowledge of any discussions, agreements, negotiations, or Procurement/Legal advice regarding the Dunbar project. Current Management does not know whether the District overpaid for the roofing work at Dunbar or not; however, a basic review of the project documents indicates that OIA’s conclusions regarding RSMeans are fundamentally flawed.

The RSMeans book changes at least annually (and some items change quarterly). Even though the Dunbar roof project occurred in **2016**, OIA used the **2010** RSMeans book – a six-year old and outdated version – to conclude that “RSMeans does not include this type of roof; accordingly, contractor1’s proposal is not based on RSMeans. To the contrary, OIA should have used the 2015 RSMeans book, which was the version in effect at the time of the 2016 Dunbar project. Pages 266 and 267 of the 2015 RSMeans book explicitly set forth pricing for a Spray Polyurethane Roof.³

RSMeans has a specific coding system that provides a numerical reference to each job type found in the RSMeans book. The code for SPF roofing is “07 57.” This code matches the code found on contractor1’s original price quote.

Current Management does not know whether contractor1 faithfully applied RSMeans in calculating the cost of the Dunbar school, and Management has not attempted to calculate the RSMeans pricing for the Dunbar roof. However, OIA’s conclusion that the 2010 RSMeans guide lacks pricing for an SPF roof is flawed, and OIA’s calculations based upon a different roof type found in the 2010 RSMeans guide is irrelevant. It appears that additional audit work should be done in order to correct this oversight.

Estimated Implementation Date: N/A

Individual responsible for implementation: N/A

Internal Audit’s Response to Management’s Comments

Management is correct in that OIA originally used 2010 RSMeans cost and that the project occurred in 2016. The current calculation uses 2016 costs. However, contractor1’s master contract, Attachment C Pricing, provides the following:

5.5. | Unit Cost Guides for this CSP are as follows:

- .1 Means Facilities Maintenance & Repair Cost Data 2010
- .2 Means Building Construction Cost Data 2010
- .3 Means Mechanical Cost Data 2010

³ Several archived copies of the RSMeans guide appear to be available online through Google Books. In addition, a Google search for “RSMeans Spray Polyurethane Roof” pulls up examples of the page containing the RSMeans cost data for SPF roofing.

- .4 Means Electrical Cost Data 2010
- .5 Means ADA Compliance Pricing Guide, 2nd Edition
- .6 The Means Site Work & Landscape Cost 2010
- .7 Means Interior Cost Data 2010
- .8 Other Cost Standards may be proposed for consideration. The District reserves the right to use its own cost standard based on historical work.

The District’s master agreement with a different job order contractor which covered the same time period, stated, “Means Facilities Maintenance & Repair Cost Data (**current edition**) – (emphasis added). By contrast, a word search in contractor1’s master agreement, Attachment C Pricing, did not show “current edition” or “current” used in the same context with which RSMeans publication to use.

Management is correct in that Spray Polyurethane Roof is included in a different RSMeans book than the one OIA originally used. It is in RSMeans Building Construction Cost Data instead of RSMeans Facilities Maintenance & Repair Cost Data. Consequently, the calculated overpayment is \$121,194 using 2016 costs. Accordingly, the finding was corrected.

Based on documents provided by management, it obtained the RSMeans Spray Polyurethane Roof price by doing a Google search and using a 2012 copyrighted version of RSMeans Cost Data Student Edition. It is noteworthy that management did not obtain such information from its 2016 files for the Dunbar roof project.

Finding II - The District Failed to Obtain Board Approval of the Dunbar Project in Violation of the Texas Education Code and District Policy

Condition

The Dunbar reroofing project consisted of costs for construction, architectural services, and outside consultant services, which exceeded \$500,000. The assignment of work (AOW) for the Architects under purchase order # 594003 (PO) states, *“The contractor shall provide A/E services to conduct site visits to review, assess, and report existing conditions of the roof system in its entirety for the development of design and construction documents for the repairs to the roof system at the following campuses; in accordance with the attached proposal dated 12/11/15.”* Identified below that statement are four schools, including Dunbar.

Furthermore, the Architect’s AOW, showed the District was to compensate the Architects a total of \$45,859 for *“design assessment for repairs or replacement of school”* and *“design fees”* associated with the Dunbar project. The AOW also allocated a total of \$20,000 for reimbursable PSI fees and the third party’s fees for an asbestos survey and roofing.

The \$451,926 AOW for contractor1 under PO # 602268 states *“The contractor shall provide all labor, materials, and equipment to re-roof specific areas, as identified by the Architects, at Paul Dunbar Elementary School, located at 4200 Metropolitan, Dallas, TX 75210, in accordance with the attached proposal dated 12/11/15.”* These two AOWs are intertwined and refer to the same roofing project at Dunbar.

The District paid a total of \$517,785 for the Dunbar project, the combined total of both purchase order amounts, which would have triggered the need for board approval, a requirement under state law.

Also, OIA found no evidence that the board expressly issued a notice of delegation, limits of delegation, and name or title of each designated person that would have precluded the need to bring the project before the board.

Cause

Based upon the language in Board Document Number 62331 “**BE IT RESOLVED BY THE DALLAS INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES (BOT)** That the Board of Trustees authorizes the District to negotiate and enter into contracts with the listed job order contracting firms for minor construction, repair, rehabilitation, or alteration of facilities projects managed by Dallas ISD Constructions Services (CS), not to exceed \$25,000,000”, CS management asserts the master agreements entered into with the vendors after the BOT approval satisfied the intent of CV Local. Therefore, they did not report each subsequent individual project purchase order/contract to the board for approval.

Effect

CIP did not bring the Dunbar project before the Board of Trustees, preventing the board from exercising its legal authority to approve the Dunbar project’s partial roof repair. The result was areas of the Dunbar roof that had been in relatively good condition were repaired; the leakiest area that required the custodian to get out the wet vac when the rain came was excluded. The District’s required warranty only covered half of the square footage that was repaired.

Criteria

[CVF\(LEGAL\)](#) and the [Texas Government Code, Section 2269.403](#) – Requirements of Job Order Contracts states the Board “*shall approve each job, task, or purchase order that exceeds \$500,000.*”

[Texas Government Code 2269.053](#) states the board may delegate its authority under Government Code Chapter 2269 regarding an action authorized or required by Chapter 2269 to a designated representative, committee, or other person. The board shall provide notice of the delegation, the limits of the delegation, and the name or title of each designated person by rule or in the request for bids, proposals, or qualifications or in an addendum to the request.

Recommendation

Procurement procedures should be changed to enable tracking costs on any project to prevent employees from evading requirements for board approval.

Acknowledgement of finding:

Agree
Disagree

Management's Response:

OIA concludes that a former employee of the now-dissolved Capital Improvement Department should have combined the roof replacement’s general construction purchase order (\$451,925.70) and the architectural services purchase order (\$65,859) and, because the combined amount is

greater than \$500,000, should have obtained Board approval for the Dunbar project under board policy CVF(LLEGAL).

OIA provides no basis in law or policy for its conclusion, and the law regarding the procurement of professional fees seemingly contradicts OIA's conclusion. Professional services (e.g. architectural fees, engineering fees, legal fees) are exempt from the competitive procurement requirements in Texas Education Code Section 44.031. In fact, Texas Government Code Section 2254.003 states that professional services for construction projects **may not** be selected by competitive bid, but rather through a separate process involving demonstrated competence and qualifications to perform the service. Thus, not only is there no law or policy requiring the District to aggregate professional services for the purposes of the \$500,000 threshold, but law would appear to dictate that professional services be procured through a separate process and aggregated.

Management also inquired with the District's procurement specialists about this issue. They agreed that the two purchase orders **should not** have been combined for the purposes of determining whether the \$500,000 threshold was met because professional services are required to be procured through wholly separate means than the JOC construction funds. (The District traditionally procures professional services through a Request for Qualifications (RFQ) that the Board reviews and approves **as part of a separate procurement process**. See, for example, Board File #08.09-022218.)

Perhaps most importantly, the funds used to pay architects and other professionals come from a different pool of funds than the JOC construction funds. Whereas JOC funds are approved through Management's request for a pool of funds to be used to execute competitively awarded "master agreements" with general contractors (and the Board approved that request in this case), architectural services and other professional services are non-competitively procured through an RFQ that creates a completely separate pool of funds. Although the architectural and other professional fees might generally relate to a JOC project, the architectural fees are not drawn from the funds approved for JOC projects.⁴

For the purposes of determining whether the \$500,000 threshold is met, Management believes that Texas law states that professional services should not be aggregated.⁵ If OIA is aware of law or policy that dictates otherwise, Management stands by ready to further respond.

Estimated Implementation Date: N/A

Individual responsible for implementation: N/A

Internal Audit's Response to Management's Comments

CVF(LLEGAL) and the Texas Government Code, Section 2269.403 – Requirements of Job Order

⁴ The issue of *whether the architectural services should have been aggregated with the construction costs* is entirely different from *whether prior Management should have taken the entire roofing bid package (\$4,500,000) to the Board for approval*. Current Management believes that it would have been a better practice if former Management had taken the entire \$4,500,000 bid package to the Board for formal approval. Current Management intends to seek guidance from Procurement professionals on issues like this and to conservatively interpret the Procurement rules to ensure transparency and the responsible use of District funds.

⁵ Prohibited by Board policy, "project stacking" involves taking a larger construction project and breaking it into pieces smaller than \$500,000 to avoid Board approval. If someone took a \$1,200,000 project and broke it into three separate \$400,000 purchase orders in order to avoid Board approval, this would be improper. But this is a separate issue from whether professional fees must be aggregated for the purposes of determining whether a JOC project is more than \$500,000.

Contracts state the Board “shall approve each job, task, or purchase order that exceeds \$500,000.” Regardless of how a job is funded, or what type of cost it is (professional versus construction), acquired via competitive or noncompetitive means, all these costs are part of the total cost of a job or task. Law and policy are based on total cost, not individual job components.

Costs are more specifically defined in CV(LOCAL):

“Costs relating to buildings within the District shall include all required labor, material, supplies, wages, benefits, consultants, bonds, subcontractors, advertising, and other related expenses, including those performed by District employees...Lease and deferred cost items shall also be calculated in current dollars and indicated as to funding source. These costs will be accrued by Maintenance Services, Facilities Planning and Design, Custodial Services, and other departments and applied to the cost of a project...”

Accordingly, the finding stands.

Conclusion

We conclude:

- The District potentially overpaid for the Dunbar roof;
- The Capital Improvements Program Department (CIP) and contractor1 disregarded legal requirements for awarding job order contracts (JOC).

It is significant that the management response included, “***Current Management does not know whether the District overpaid for the roofing work at Dunbar or not...***”

The Capital Improvements Program Department and other high ranking District officials accepted and approved the manner and methodology utilized by contractor1 to estimate the cost of work to be performed at Dunbar. Contractor1 appears to have conducted itself in accordance with the knowledge, consent and instructions of CIP.

This performance audit was conducted in accordance with the Institute of Internal Auditor’s International Standards for the Professional Practice of Internal Auditing. Those standards require OIA plan and perform the audit to obtain appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Management’s Responsibility

Management is responsible for the design, implementation and maintenance of internal control within the District.

We appreciate the assistance, cooperation and feedback from the Procurement Services, Maintenance and Facility Services, Risk Management, and other departments.

Respectfully submitted,

Steven Martin, CPA, CFF, CFE, CGFM, CGMA, CIGI, RTSBA
Chief Internal Auditor

Cc:

Scott Layne, Deputy Superintendent, Operation Services
Gloria Lynn Maddox-Powell, Deputy Chief, Operation Services
David J. Bates, Executive Director, Maintenance and Facility Services
Candace Yarbrough, Interim Executive Director, Procurement Services

Acknowledgments

Ron Salo, Auditor

Sam Willson, Auditor

Appendix A - Key Excerpts from the Dallas ISD's 2012 Master Agreement for Job Order Contracting in the Dunbar Cost Calculation found in Appendix B

Article 1. Definitions

- 1.1 Coefficient: “...a numerical factor which represents costs not...included in unit price guide...including general and administrative and other overhead costs, insurance costs...profit, and indirect costs...”
- 1.2 Non-pre-priced item: “...a necessary, but incidental, part of a job or project ordered under a job order contract that is not susceptible to unit pricing using the pre-priced tasks in the unit price guide...”
- 1.3 Statement of work: “...a description of a project...which contains sufficient detail to determine quantities and quality, and the time for performance” (underlining added for emphasis)
- 1.4 Unit price guide (UPG): “...real property repair, rehabilitation, alteration, maintenance, and minor constructions tasks...with associated units of measure and unit prices...used in the administration of...contract. Unit prices include direct material, labor, and equipment cost, but not indirect costs or profit...”

Article 2. Scope of Work

“The contractor shall furnish all of the materials and perform all of the work shown on the drawings and described in the specifications associated with any statement of work provided by the owner...”

Article 5. The Contract Sum

“The price for a job or project...shall be based on the unit price guide and the the contractor coefficient, and any non-pre-priced items. Non-pre-priced items shall not exceed ten percent (10%) of the value of the job order.”

“For a job order for a job...to become effective, it must be (a) signed by the owner and the contractor, (b) a fixed price, lump sum contract, and (c) based on a statement of work...”

Attachment C – Pricing

5.2 Specifications/Scope of Work

“Work under this CSP will be per individual job order, with descriptions and division of work per 5.5 Unit Price Guides...”

“Respondents are instructed to carefully review owner’s construction documents package...”

5.5 Unit Cost Guide

5.5.1 Unit Cost Guides for this Competitive Sealed Proposal are as follows:

.1 Means Facilities Maintenance & Repair Cost Data 2010

.2 Means Building Construction Cost Data 2010

.3 Means Mechanical Cost Data 2010

.4 Means Electrical Cost Data 2010

.5 Means ADA Compliance Pricing Guide, 2nd Edition

.6 The Means Site Work & Landscape Cost 2010

.7 Means Interior Cost Data 2010

.8 Other Cost Standards may be proposed for consideration. The District reserves the right to use its own cost standard based on historical work.

5.6.1 Method of Determining Individual Job Order Cost

- 1. Descriptions and lines will be referenced in the Statement of Work...and quantities shown by the contractor.*
- 2. The Unit Price Guide unit costs (RS Means)...will be listed...in the Unit Price Guide.*

The unit costs...will be the 'Total Incl (O & P)' column, unless mutually agreed otherwise.

- 3. Prices will be calculated from quantities at cost shown in Unit Price Guide.*
- 4. Subtotal of applicable trades will be adjusted per Dallas, TX as indicated in the Unit Price Guide.*
- 5. Subtotal of all adjusted trades will be multiplied by coefficient to give value of pre-priced work.*
- 6. Value of non-pre-priced work entered.*
- 7. Total of pre-priced work and non-pre-priced work equal the total fixed price stipulated sum for job order.”*

5.6.2 Coefficient⁶

“1. The coefficient submitted with the Respondent’s proposal, used as indicated above, will provide the Total Fixed Price stipulated sum.

2, The Coefficient must include all costs other than those contained in the pre-priced unit prices, including, but not limited to direct cost of doing the work; labor burden; overhead, G&A; profit, project office expenses, supervision, quality control, safety requirements, mobilization, close out costs, bonding costs, insurance, compliance with environmental laws, protective clothing and equipment; traffic and site work barriers, computer equipment and software, vehicles, maintenance, fuel, testing and all contingencies in connection with performance of the work.

NO ADDITIONAL PAYMENT WILL BE ALLOWED FOR ANY OF THESE ITEMS.

- 3. Line items in Division 1 of the UPG may not be used for the price of job orders as these items are to be included in the*

⁶ This citation appears to not match with Master Agreement Article 1.1 Definition of Coefficient. Article 1.1 states "Coefficient" means a numerical factor which represents costs not considered as included in Unit Price Guide unit prices, including general and administrative and other overhead costs, insurance costs, equipment rental, protective gear and clothing, contingencies such as changes in wage rates and inflation, contractor's profit, and indirect costs. Separate coefficients may be used for normal working hours and non-normal working hours. The Unit Price Guide(s) for this Contract are listed in Exhibit C and incorporated by reference.

coefficients..”

5.6.4.1 Mutual Documentation:

“Owner and The contractor shall each have duplicate versions of the RS Means software package.”

13.17 Right to Audit

At any time during the term of this Agreement and for a period of four (4) years thereafter the Owner or a duly authorized audit representative of the Owner, or the State of Texas, at its expense and at reasonable times, reserves the right to audit the contractor records and books relevant to all services provided under this Agreement. In the event such an audit by the Owner reveals any errors/overpayments by the Owner, the contractor shall refund the Owner the full amount of such overpayments within thirty (30) days of such audit findings, or the Owner, at its option, Reserves the right to deduct such amounts owing the Owner from any payments due the contractor.

APPENDIX B – DUNBAR COST CALCULATION

#	The Contractor List of Items	The Contractor Description	Unit of Meas	Quantity		The Contractor National Index 2019 Unit Cost (e4Clicks)		The Contractor Total		OIA Identified Dallas Index (85.6%) 2016 unit cost in RS Means		OIA's Total (Calculation)	
01 - General Requirements (auditor note: Master Agreement states items in 01 General Requirements may not be used for pricing of job orders because they are included in the coefficients – Appendix A)													
1	01-41-26-50-0100	Permits, rule of thumb, most cities, maximum Auditor Note: The unit cost of permits is based on 2% built into RS Means software;	Job	397,691.03	X	2.0000%	✓	\$9,006.66	X	2%	✓	0	X
2	01-54-19-50-0200	Daily crane crews, for small jobs, portal to portal, truck-mounted hydraulic crane, 25-ton	Day	2.0000	✓	\$1,575.00	✓	\$3,150.00	X	\$1,618.14	✓	0	X
3	01-54-33-40-1670-4	Rent per month for general equipment rental, without operators, barricades, portable barricade, stock, with flashers, 1 to 6 units [Auditor note:invoice requested]]	Ea.	2.1700	✓	\$61.05	✓	\$10,989.00	X	\$59.62	✓	0	X
4	01-54-33-40-2015-4 Auditor matched narrative to 01-54-33-40-2020	Rent per month for general equipment rental, without operators, forklift, pneumatic tire, rough terrain, straight mast, gas, 5000 lb., 12' lift	Ea.	3.0000	✓	\$2,090.00	✓	\$6,270.00	X	\$1,910.48	✓	0	X
5	01-54-33-60-2500-2	Rent per day for lifting and hoisting equipment rental, without operators, crane, truck mounted, hydraulic, 25 ton capacity	Ea.	2.0000	✓	\$533.50	✓	\$1,067.00	X	\$755.04	✓	0	X
6	01-54-36-50-1200	Mobilization, up to 25 mile haul distance, 50 miles round trip for mobilization or demobilization crew, small equipment, placed in rear of, or towed by pickup truck	Ea.	6.0000	✓	\$196.00	✓	\$1,176.00	X	\$150.64	✓	0	X
7	01-54-36-50-1300	Mobilization, up to 25 mile haul distance, 50 miles round trip for mobilization or demobilization crew, equipment hauled on towed trailer, 3-ton capacity	Ea.	4.0000	✓	\$305.00	✓	\$1,220.00	X	\$235.69	✓	0	X

8	01-74-13-20-0052	Cleaning up, cleanup of floor area, continuous, per day, during construction	M.S. F.	25.0000	✓	\$81.50	✓	\$2,037.50	✗	\$54.73	✓	0	✗
9	01-74-13-20-0100	Cleaning up, cleanup of floor area, final by General The contractor at end of job	M.S. F.	10.0000	✓	\$112.00	✓	\$1,120.00	✗	\$75.30	✓	0	✗

01 - General Requirements Total								\$36,036.16	✗	0	✗
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02 - Existing Conditions

10	02-41-19-19-0840	Selective demolition, rubbish handling, the following are to be added to the demolition prices. Dumpster, weekly rental, includes one dump per week, 40 C.Y. capacity, 10 tons	Week	9.0000	✓	\$850.00	✓	\$7,650.00	✗	\$850.00	✓	\$7,650.00	✓
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02 - Existing Conditions Total								\$7,650.00	✗	\$7,650.00	✗
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#	The Contractor List of Item	The Contractor Description	UM	Quantity		The Contractor National Index		The Contractor Total		OIA Identified Dallas		OIA's Total (Calculation)	
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						2019 Unit Cost (e4Clicks)			Index (85.6%) 2016 unit cost in RS Means		
06 - Wood, Plastics, and Composites											

11	06-11-10-30-5980	Roof framing, roof curbs, untreated, 2" x 12"	L.F.	160.0000	✓	\$5.35	✓	\$856.00	X	\$3.99	✓	\$638.40	✓
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06 - Wood, Plastics, and Composites Total								\$856.00		\$638.40	X
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07 - Thermal and Moisture Protection

12	07-05-05-10-3725	Selective demolition, thermal and moisture protection, roofing, built-up, loose gravel removal	S.F.	15,670.0000	✓	\$0.53	✓	\$8,305.10	X	\$0.33	✓	\$5,171.10	X
13	07-21-29-10-0320	Sprayed-on insulation, closed cell, spray polyurethane foam, 2 pounds per cubic foot density, 2" thick [auditor note: only ½ roof demolished-see above item 12]	S.F.	15,670.0000	✓	\$1.91	✓	\$63,354.70	X	\$1.67	✓	\$26,168.90	X
14	07-56-10-10-0900	Elastomeric roofing, 5 coat neoprene deck, 60 mil thick, over 10,000 S.F.	S.F.	33,170.0000	✓	\$12.95	✓	\$429,551.50	X	\$9.92	✓	\$329,046.40	X

07 - Thermal and Moisture Protection Total								\$501,211.30	X	\$360,386.40	X
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Trades [AUDITOR NOTE: Used 2016 RSMeans to determine electrician (elec) and roofer (rofc) rates]

15	ELEC	Electricians - 2016 RSMeans Facilities O&P Rate	Hour	120.0000	✓	\$85.20	✓	\$10,224.00	X	\$82.45	✓	\$9,894.00	X
16	ROFC	Roofers, Composition - 2016 RSMeans Facilities O&P Rate For removing and installing flashing for new roof curbs. 4*16 = 64.00	Hour	64.0000	✓	\$75.25	✓	\$4,816.00	X	\$71.05	✓	\$4,547.20	X

Trades Total						\$15,040.00	X		\$14,441.20	X
						\$560,793.46	X		\$383,116.00	X
Coefficient of 92% per Master Agreement									\$352,466.72	X

Estimate Grand Total	\$560,793.46	X		\$352,466.72	X
RSMeans Dallas Index, CCI 2019, 85.60% (Auditor Note: Contractor applied 2019 Dallas index to National Index grand total; OIA applied 2016 Dallas index to each item)	-\$80,754.26	X		N/A	
Contractor Overtime Non-Federal (-5.0000%)	-\$24,001.96	X		\$17,623.34	X
Total Agreed to Preliminary Estimate by the Contractor vs. OIA	\$456,037.24	X		\$334,843.38	X

Potential Overpricing by Comparing contractor's Total to OIA's Total using RSMeans	\$121,193.86	X	Percent Over priced	26.6%	X
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Acknowledgement to Auditors: Dwain Pridemore, Maliha Qamar, and Ron Salo

Legend

✓ means traced to source

X means computation verified

Ron Salo 10/18/2019