



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

August 23, 2012

MEMORANDUM FOR DALE ANDERSON
ACTING REGIONAL COMMISSIONER, PBS
NORTHWEST/ARCTIC REGION (10P)

FROM ADAM GOOCH *Hilda M. Garcia for*
REGIONAL INSPECTOR GENERAL FOR AUDITING
GREAT LAKES REGION (JA-5)

SUBJECT Administration of Contracts for Energy Conservation
Upgrades in Support of the American Recovery and
Reinvestment Act of 2009¹ at the Historical Anchorage
Federal Office Building in Anchorage, Alaska
Audit Memorandum Number A090184-52

During our review of the administration of the subject contracts, we identified two issues that warrant your attention. First, the specifications of the daylight sensors listed in the solicitation and scope of work were not adhered to. Second, the Buy American provision (section 1605) of the Recovery Act was violated.

The work in question was accomplished under two task orders issued by the Public Buildings Service (PBS). The first task order, for energy conservation upgrades, was awarded on March 29, 2010, for \$766,737² to Southwest Construction and Property Management (Southwest) under contract number GS-10P-08-LT-D-0060. The second task order, for construction management services at two buildings, was awarded on July 27, 2010, to Bratslavsky Consulting Engineers, Inc. (Bratslavsky) against Federal Supply Schedule contract number GS-23F-0027S. The work to be performed at the Historical Federal Building was for \$35,203. The construction project is 100 percent complete.

1 The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides the General Services Administration (GSA) with \$5.55 billion for the Federal Buildings Fund. In accordance with the Recovery Act, the GSA Public Buildings Service (PBS) is using the funds to convert federal buildings into High-Performance Green Buildings as well as to construct federal buildings, courthouses, and land ports of entry. The Recovery Act mandates that \$5 billion of the funds must be obligated by September 30, 2010 and that the remaining funds be obligated by September 30, 2011. The GSA Office of Inspector General is conducting oversight of the projects funded by the Recovery Act. One objective of this oversight is to determine if PBS is awarding and administering contracts for limited scope and small construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates.

2 The task order was modified for an additional \$655,939 mostly for work related to the replacement of a boiler. This modification was not funded by the Recovery Act; thus it is not within the scope of this review.

The PBS Acting Regional Commissioner, Northwest/Arctic Region, submitted a formal response to our audit memorandum, which we have incorporated below.

Daylight sensors did not have the dimming capability called for in the scope of work.

PBS, through the construction manager, did not adequately review Southwest's submittals; as a result, the contractor installed equipment that (i) did not meet the requirements of the statement of work, (ii) inconvenienced tenants, and (iii) may not have realized projected energy savings.

The statement of work specifies that

“A daylight dimming system is to be provided for individual spaces and shall include sensors that sense lighting levels so that when enough natural light is available, the electrical lighting fixtures are dimmed. The proposed system would apply to the first 15 feet of perimeter office space and would dim the house lights in this area from 10% - 100% as needed. This will require the installation of lighting sensors/controllers and installing new dimmable ballasts in existing fixtures.”

Although the statement of work required a daylight dimmable lighting system, Southwest proposed and installed only an on/off photo sensor system. Consequently, instead of dimming the lighting when sufficient natural light is available, the system turns the lights off. As a result, the tenants have put tape over the sensors to prevent the lights from being turned off during the work day (see example in Figure 1). Essentially, the system that was installed effectively eliminates the potential energy and cost savings PBS hoped to achieve with the dimmable system.

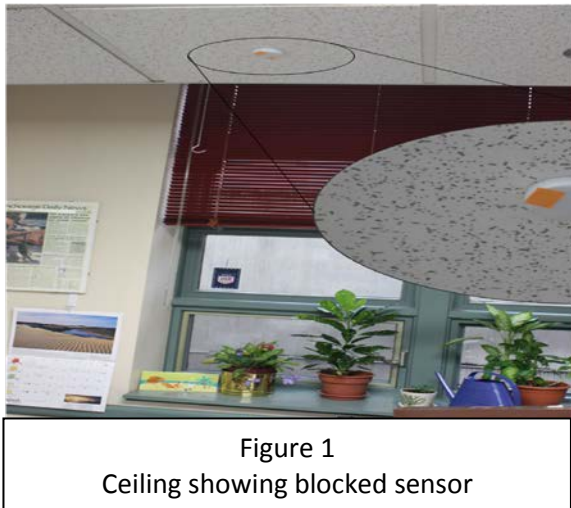


Figure 1
Ceiling showing blocked sensor

This mistake occurred because PBS reduced the oversight requirements in Bratslavsky's construction management services task order. One of the objectives of their work was to ensure design quality and adherence to GSA objectives, criteria, and standards. The original proposed scope of construction management services was reduced due to there being no need for design phase services and only a need for part-time support during onsite project management. The professional engineers' hours were removed from Bratslavsky's

original proposal; as a result, Southwest’s equipment submittal was not thoroughly reviewed. As Bratslavsky noted: “Because the CMA [construction management] services include reviews of submittals, change orders, schedules, pay applications, meetings with the contractor and QA/QC inspections, limiting the hours for this work is somewhat of a concern.”

PBS officials offered the following corrective action with regard to the issue of the contractor not adhering to the specifications called out in the SOW, “improvement is needed in the area of updating the SOW to reflect changes in the scope as a result of questions that arise during the solicitation phase. The contract file should have been properly documented to reflect the change in the scope of work created by amendment A01.”

Amendment A01, issued on March 3, 2010, states that GSA’s objective was to turn off the lighting when the space is not occupied or when daylight is present, not to reduce the lighting level during occupied hours. Unfortunately, the end result still inconvenienced tenants and may not have realized projected energy savings.

PBS did not ensure compliance with Buy American (Section 1605).

Southwest provided and installed foreign-made occupancy sensors, photo sensors, and power packs. This was evidenced by product packaging labeled “Made in China” or “Made in Taiwan” (see Figure 2 below).

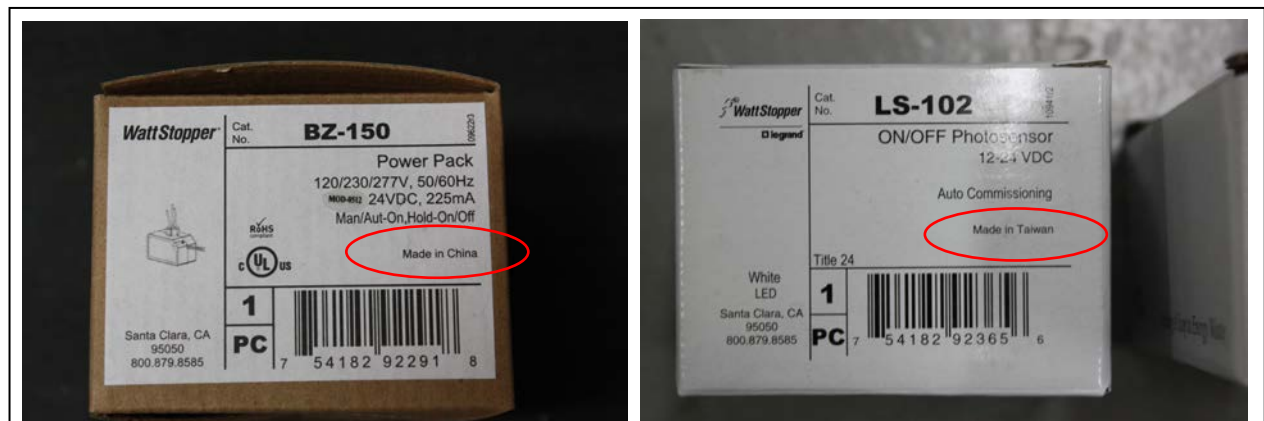


Figure 2
Power Pack and Photo sensor boxes documenting foreign manufacture

Section 1605 prohibits the use of foreign-manufactured goods for Recovery Act funded projects.

PBS should have reviewed the contractor’s equipment submittals for compliance since the use of foreign-manufactured material on the project violates the Recovery Act requirements. By allowing foreign-made construction material to be incorporated into

the Recovery Act project, PBS did not ensure that the Recovery Act goal of providing jobs for American companies was fully met.

PBS officials agreed that there were non-compliant dimmers supplied by the contractor and discovered by the auditor. These dimmers have been removed and replaced according to PBS. With regard to the issue of PBS not ensuring compliance with the Buy American Act, PBS R10 will continue to stress the importance of compliance with the Buy American Act and provide training to project managers and acquisition personnel on the applicability of all the Buy American Act Clauses.

We appreciate the support that has been provided throughout this review. If you have any questions about this memorandum, please contact me at (312) 353-0500 or Hilda Garcia at (312) 353-6695.

Report Distribution

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