



South Florida Water Management District Governing Board Audit and Finance Committee Minutes

This meeting is open to the public

Thursday, January 31, 2008

9:00 A.M.

B-1 Headquarters – Storch Room

3301 Gun Club Road

West Palm Beach, Florida 33406

All or part of this meeting may be conducted as a teleconference in order to permit maximum participation of Governing Board members. The order of items appearing on the agenda is subject to change during the meeting and is at the discretion of presiding officer. Public Comment will be taken after each presentation and before Governing Board action. Public Comment will also be taken at the end of the meeting.

Audit & Finance Committee members present:

Charles Dauray, Chairman

Mike Collins

Shannon Estenoz (arrived at 10:10 am)

Patrick Rooney, Jr.

Governing Board members present:

Eric Buermann

Nicolas Gutierrez

1. Call to Order

Chair Dauray called the meeting to order at 9:15 am.

2. Agenda Changes/Additions/Deletions

Mr. Dauray announced that Item 7 would be presented and discussed after Item 3 on the agenda.

3. Approval of Minutes of October 9, 2007 Audit and Finance Committee Meeting

- **Motion made by Michael Collins, seconded by Patrick Rooney to approve the following item :(3). Vote called. Voting yes: Charles Dauray, Patrick Rooney, Michael Collins. Motion passed.**

4. Audit of the Everglades Agricultural Area A-1 Reservoir Construction Management at Risk Contract - Tim Beirnes, Director of Auditing, Office of Inspector General

Tim Beirnes, Director of Auditing, presented information on the audit of the Everglades Agricultural Area A-1 Construction Management at Risk Contract. He provided background information and the contract terms for this project.

Mr. Beirnes reported on the audit objectives which were the contract charges (Phase 1) and equipment hourly rates (Phase 2).

Mr. Beirnes presented information and recommendations on the general and administrative overcharges due to misclassified expenses, invoice review of Barnard Parson's records, and the alternatives for builder's risk insurance policy.

Mr. Beirnes reported on the cost savings of \$28,023,000.

Mr. Buermann had questions regarding equipment cost issues.

Mr. Dunnuck provided information on the final negotiation fee with Barnard Parsons and the impacts due to market value.

Chairman Dauray asked if staff are preparing a benchmark policy for future construction contracts.

Mr. Dunnuck reported on the standard practice of contract negotiations.

Joseph DeMaria, Tew Cardenas LLP, provided additional information regarding contract negotiations.

Mr. Collins said he supports the process team.

Ms. Wehle made recommendations that the process team document the negotiation process.

Mr. DeMaria reported on the GMP process, the low bid contractors, and change orders with increased costs.

- **Motion made by Mike Collins, seconded by Shannon Estenoz to accept the Audit of the Everglades Agricultural Area A-1 Reservoir Construction Management at Risk Contract. Vote called. Voting yes: Charles Dauray, Mike Collins, Shannon Estenoz, and Patrick Rooney. Motion passed.**

5. Update on GMP #4 Negotiations for Everglades Agricultural Area A-1 Reservoir - Ken Ammon, Deputy Executive Director of Everglades Restoration

John Dunnuck, Program Implementation Manager, presented information on the amendment to the Barnard Parsons Joint Venture Agreement for the construction of the Everglades Agriculture Area (EAA) Reservoir.

Mr. Dunnuck provided the history of the agreement, the major factors impacting the costs, and the breakdown of the pricing. Mr. Dunnuck focused the discussion on GMP#4 negotiations and requested approval on the following items by the Committee.

- **Motion made by Mike Collins, seconded by Patrick Rooney, to approve staff's recommendation:**
 - **Authorize an amendment for construction of the EAA Reservoir from a not to-exceed amount of \$400 million to \$600 million.**
 - **Authorize \$5.5 million for continuation of the OCIP program.**
 - **Authorize the District to purchase builder's risk insurance at a cost of \$8 million project.****Vote called. Voting yes: Charles Dauray, Mike Collins, Shannon Estenoz, and Patrick Rooney. Motion passed.**

6. Inspector General's Quarterly Report – John W. Williams, Inspector General, Office of Inspector General

Mr. Williams presented the Inspector General's Quarterly report to the Committee members.

There was Committee discussion regarding procurement fraud and the Small Business Program.

Cathy Linton, Sr. Attorney, provided information pertaining to the rule and the possibility of amending this rule.

Mr. Collins recommended amending the process regarding procurement fraud.

There was Committee discussion regarding a complaint on the alternative water supply grant program and Jupiter Country Club Homeowners Association.

Terrie Bates, Assistant Deputy Executive Director, provided additional information regarding this complaint.

Mr. Williams reported the FY07 Annual Report will be presented at the February 13, 2008 Audit & Finance Committee meeting.

Mr. Dauray asked about additional staff for the Inspector General's office.

Mr. Collins reported on hiring a contract compliance officer for the Inspector General's office.

Mr. Collins provided comment on the audit of the State and Federal cost share agreements.

Mr. Olliff reported on the timing of expenditures regarding the cost share agreements.

7. Preliminary Budget Development Guidance – Tom Olliff, Assistant Executive Director, Executive Office

Tom Olliff, Assistant Executive Director, provided a copy to the Committee of a memorandum addressed to Carol Wehle, Executive Director, from Governing Board Chairman Eric Buermann regarding Budget/Policy Review and Efficiencies.

Mr. Olliff provided information on the priority projects for FY09 and the funding for them. He requested that the Budget Department look into internal cost reviews of fleet replacement costs, cost savings for IT functions, deferring the design of the auditorium, and phasing out SAP consultant costs.

Mr. Collins asked about the timeframe for replacement of SAP consultants with District full-time employees (FTEs).

Mr. Olliff provided additional information pertaining to the number of FTEs per resource area to support the individual SAP modules.

Mr. Buermann provided comment on the economic impacts and the operations of the Governing Board. Mr. Buermann said they will review offsite Governing Board meetings and then work through the organization for expense savings.

Mr. Collins said the agency needs to focus on the core mission.

Mr. Rooney asked about the policy for purchasing of motor vehicles.

Mr. Olliff explained the terms for replacement of District vehicles.

8. Old Business/New Business

New Business: Ms. Estenoz requested from the Inspector General's office feedback of the Small Business Enterprise, prompt payment requirements, proposal processes, and interaction with District project managers. Mr. Williams said they could do a survey on the small business program.

Frank Hayden provided information on the contract process and training for project managers.

9. Public Comment

There was no public comment.

Adjourn

Chair Dauray adjourned the meeting at 11:30 am.

Charles Dauray
Chairman
Audit and Finance Committee

Recorded By:

Cathy Widness
Administrative Assistant Senior
Governing Board and Executive Services
SFWMD