
DEPARTMENT OF AVIATION PLANE TRAIN TRANSPORTATION COMMITTEE AUGUST 30, 2023

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OBJECTIVE

- Are controls in place to ensure Alstom complies with contract requirements, particularly in terms of performance incentives, maintenance requirements, wages, overtime pay, and allowable expenses?

FINDINGS OVERVIEW

- The city does not have standard operating procedures for managing the Plane Train contract
- Alstom exceeded annual overtime by 103%, and the city did not enforce contract terms for overtime approval
- Data management follows best practices, but system controls could improve
- Overtime burden costs could be higher than necessary
- The city should provide sole source justification

CITY DOES NOT HAVE PROCEDURES FOR MANAGING CONTRACT

- Alstom has procedures for operating and maintaining the Plane Train, the city does not have them for managing the contract
- Procedures could help identify issues:
 - June 2022 invoice missing labor costs for three employees

CITY DID NOT ENFORCE CONTRACT TERMS FOR OVERTIME

- While Alstom did not exceed its annual \$22 million budget, it exceeded annual overtime by 103%
- Actual overtime exceeded the budgeted amount of \$123,000 by nearly \$127,000
- Aviation provided 8 of 12 required overtime pre-approval forms for fiscal year 2022
- Aviation staff told us that the department is developing overtime preapproval procedures, including DocuSign approval

DATA MANAGEMENT FOLLOWS BEST PRACTICES; SYSTEM CONTROLS COULD IMPROVE

- Alstom uses SIMS (Site Information Management System), an automated system, to operate and maintain the Plane Train, which is consistent with best practices
 - SIMS collects data on performance that is used to determine incentives for system availability and reliability
 - Alstom enters some data for performance delays and preventative maintenance

OVERTIME BURDEN COSTS COULD BE HIGHER THAN NECESSARY

- Overtime burden is based on a 2018 consultant analysis undertaken when Bombardier was still party to the contract
 - It includes a 401k retirement plan and defined benefits contribution plan
- Neither the city nor Alstom could provide written support for the overtime hours being included in the retirement plan

CONTRACTOR MET PREVENTATIVE MAINTENANCE REQUIREMENTS BUT PROCESS COULD BE STRENGTHENED

- Alstom completed all scheduled preventive maintenance work orders within the required 90 days
- Several issues with preventative maintenance data collection, reporting, and oversight
 - Minor discrepancies between Alstom's data and the manually-created report that Alstom provides to the city
 - Manual reports could increase the risk of inaccurate reporting
- The reports provide data for the month, resulting in the city being unable to verify whether preventative maintenance was completed within the 90-day grace period

CITY SHOULD PROVIDE SOLE SOURCE JUSTIFICATION

- Sole source, cost-reimbursable contracts, like this one, are inherently risky
- To mitigate associated risks, best practices recommend:
 - Due diligence postings of intent to sole source
 - Timely market research processes
 - Limiting the term of the contract
 - Requiring thorough justification for sole source requests

RECOMMENDATIONS

1. The airport general manager should create internal standard operating procedures that would allow the department to track and monitor all requirements and deliverables in the contract with Alstom.
2. If a competitive procurement is not possible, the chief procurement officer should document thorough justification for a sole source procurement as required by city code and ensure that the term of the sole source agreement is reasonable.

QUESTIONS?

Full Report:

http://www.atlaudit.org/uploads/3/9/5/8/39584481/plane_train_23.04_final_8.9.23.pdf