



LACCD OFFICE OF THE  
**INSPECTOR GENERAL**  
INTEGRITY • TRUST • COMMUNICATION

***CONFIDENTIAL REPORT***

# **Investigation Report**

*Alleged Coercion on Selection of LAMC  
Student Services Center Contractor*



LACCD OFFICE OF THE  
**INSPECTOR GENERAL**

INTEGRITY • TRUST • COMMUNICATION

August 12, 2011

Chancellor Dr. Daniel J. LaVista  
Los Angeles Community College District  
770 Wilshire Blvd.  
Los Angeles, CA 90017

Chancellor LaVista:

This is the Office of Inspector General's Investigation Report on Alleged Coercion on Selection Design Build Contractor at Los Angeles Mission College (LAMC).

This Investigation Report addresses whistleblower allegations of coercion and other irregularities that occurred during the scoring session of the Student Services Center (SSC) Design Build project.

The Office of Inspector General's investigation found several irregularities on the scoring process, most likely resulting from the influence of the VP of Administration and LAMC Facilities Director to select the FTR/NBBJ design team. However, we have not identified any incontrovertible evidence of motive, relationship or collusion between any of the specific parties involved in the selection and the selected Design Build team.

I appreciate the courtesies and cooperation extended to us during this investigation.

Sincerely,

Christine Marez  
Inspector General  
Los Angeles Community College District

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## EXECUTIVE SUMMARY

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The Office of Inspector General has reviewed whistleblower allegations of potential coercion and other irregularities in the scoring and selection of FTR International (FTR) as the Design Build contractor for the Student Services Center project at the Los Angeles Mission College (LAMC).

The investigation has disclosed that:

- The “apparent winner” identified after an initial tabulation of the score sheets was the Hensel Phelps (HP) team, by 1.88 points. “Rescoring” was proposed and ostensibly allowed because of the closeness of the scores, which resulted in the FTR/NBBJ team being identified as the “apparent winner” by .03 points after the selection committee members revised their scores.
- The VP of Administrative Services and Facilities Director were reported to have promoted the merits of the FTR design and LAMC’s past favorable working relationship with FTR to the selection committee members between the first and second scoring.
- Changes were made on four (4)<sup>1</sup> score sheets of selection committee members.
  - One selection committee member, the VP of Administrative Services, increased the FTR score tally by 12 points and decreased the HP score tally by 35 points, effectively increasing the tally in favor of FTR by 47 points. Two other scorers representing the campus interviewed acknowledged they changed their scores as well after the initial tabulation and identification of the leading Design-Build contractor/team.
  - Changes on the score sheets of the BuildLACCD and CPM scorers increased the FTR tally by 14 votes and decreased the HP tally by 16 votes, effectively increasing the tally in favor of FTR by 30. Both parties denied having made the changes to their score sheets after the initial tabulation and announcement of Hensel Phelps as the winner.
  - Changes were made on score sheet from one Student Services scorer resulted in an effective increase in the tally for FTR by 5 points; the other Student Services scorer reported the extensive changes to their score sheet were the result of originally applying scores to the wrong team. This scorer reportedly made no changes during the “rescoring” period.

Based on these reports and analyses, the OIG finds selection of the FTR/NBBJ team most likely resulted from the influence of, and opinions expressed by, the VP of Administration and LAMC Facilities Director or members of their staff or persons supporting their operations or projects during the period between initial scoring tabulation and “rescoring”.

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<sup>1</sup> Revised from “three (3)” due to error on August 12, 2011 report; no change to findings.

Based upon the findings of this investigation, the Office of the Inspector General recommends the following immediate actions to ensure accountability and integrity in the Bond Program and to avoid any impropriety or bias in the Design-Build selection process.

The District should:

- Require all Step 2 and Step 3 selection committee members to sign a *Conflict of Interest Disclosure/Confidentiality Form* prior to the scoring process, disclosing any financial or other conflicts of interests and certifying the confidentiality of any materials and/or information reviewed during the selection process.
- Eliminate the “rescoring” practice that allows selection committee members to “revise” their score sheets once a Design-Build contractor is identified during the scoring session.
- Revise current Design-Build processes, policies and procedures, specifically as listed below; and communicate revisions to all BuildLACCD, College and Campus Project Management (CPM) staff; and take necessary actions to ensure compliance. Specific revisions should:
  - Eliminate “rescoring” practices.
  - Clarify the selection committee appointment, approval, and composition to ensure that the majority of selection committee members are college representatives.
  - Require a record (sign-in sheet) of all scoring session attendees, including position and title.
  - Require utilization of a standardized presentation of “rules and policies” to all participants at the start of each Design-Build scoring session.

Based on other information discovered in the course of this investigation, the OIG further recommends that an independent investigation be opened to identify and document the nature and extent of suggested relationships between FTR, Gateway Science and Engineering (GSE), LAMC’s CPM firm, and former members of the campus administration for possible collusion on this and other Bond Program construction expenditure decisions.

## **ALLEGATION**

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It is alleged that the Design-Build scoring process for the Student Services Center (SSC) at the Los Angeles Mission College (LAMC) was subject to irregularities and potential bias and coercion that resulted in selection of the FTR International/NBBJ (FTR) Design-Build team.

## **BACKGROUND**

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The LAMC Student Services Center (SSC) was to be a 55,000-60,000 square foot, multi-story facility that was to house all LAMC student services and the college's administrative services departments, including the college president's office, at a single destination. It was also to be the new gateway building and public face for LAMC, including a new public entrance into the LAMC campus along Eldridge Avenue. The project budget, inclusive of all costs of design, engineering, construction, permitting, fees, supervision, and management was \$29,933,464.

The Design Build selection and contracting mechanism was chosen for this project. The Design Build project was opened to pre-qualified Design-Build contractors in the category of *General Classroom and Administration, Greater than \$25 Million*.

## **INVESTIGATION APPROACH**

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To start the investigation, documentation relating to the allegation was requested, obtained, and reviewed. This included project files from BuildLACCD relating to the selection process and e-mails from various parties involved in the selection process.

From the information provided, parties familiar with and/or involved in the issue were identified for interviews to obtain additional relevant information and/or documentation. Interviews with the identified parties were conducted and the findings documented.

Those interviewed included:

- Zenaida Barreau, LAMC Business Office (*Scorer*)
- Walter Bortman, LAMC Facilities Manager (*Scorer*)
- Bill Corneli, CPM GSE (*Scorer*)
- Michael Mallery, BuildLACCD (Facilitator)
- Dennis Schroeder, LAMC Financial Aid Manager (*Scorer*)
- Daynard Tullis, BuildLACCD Design Manager (*Scorer*)
- Ludi Villegas-Vidal, LAMC EOP&S (*Scorer*)

## FINDINGS

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The Design-Build (Step 2) Request for Qualifications (RFQ) was issued on November 2, 2009 and twenty-four (24) submissions were received on November 16, 2009. The Step 2 review of the 24 submissions received was performed on November 18, 2009 by the following parties:

- Matthew Flores, CPM (GSE)
- Johnson Nee, BuildLACCD
- Peter Ruppel, CPM (GSE)
- Michele Walters, CPM (GSE)

When the scores were tabulated, the results suggested a strong bias towards FTR International by the three scorers from the CPM staff, i.e., FTR lead the next closest teams of Hensel Phelps and Matt Construction by 20 points. As it was observed that the initial review group did not include any representatives of the campus, a second Step 2 review of the 24 submissions received was performed on January 19, 2010 by the following parties:

- Walter Bortman, LAMC Facilities Manager
- Karen Hoefel, LAMC VP Administration
- Joe Ramirez, VP Student Services

The first and second sets of scores were combined and the following three (3) highest Step 2 scoring teams were short-listed including Hathaway Dinwiddie/DES with 223.23 points, FTR/NBBJ with 223.15 points and Hensel Phelps/Carrier Johnson with 223.12 points.

The Design Build (Step 3) Request for Proposal (RFP) was issued on February 23, 2010 with proposals due on April 16, 2010 and the proposer's Best and Final Offers (BAFO) on May 10, 2010. Subsequent to that, six (6) addenda were issued. Because of the number of addenda, the submittal of BAFOs was moved to May 17, 2010 and the Confidential Comments issued by BuildLACCD on May 18, 2010 rescheduled to May 26, 2010.

A Step 3 selection committee was identified and consisted of the following people:

- Zenaida Barreau, LAMC Business Office (*Scorer*)
- Walter Bortman, LAMC Facilities Manager (*Scorer*)
- Bill Corneli, CPM (GSE) (*Scorer*)
- Karen Hoefel, LAMC VP, Administrative Services (*Scorer*)
- Dennis Schroeder, LAMC Financial Aid Manager (*Scorer*)
- Daynard Tullis, BuildLACCD Design Manager (*Scorer*)
- Ludi Villegas-Vidal, LAMC EOP&S (*Scorer*)

Two (2) of selection committee members reported to LAMC Vice President Karen Hoefel whose groups would occupy the facility. Two (2) other members reported to the Student Services Vice President. The other two (2) members were representatives from BuildLACCD and the CPM.

Other parties who were present at the scoring session, but not voting, included:

- Steve Bell, CPM (GSE)
- Helen Ferraro, BuildLACCD
- Hal Fremer, Fremer Architects
- Michael Mallery, BuildLACCD
- Chet Widom, BuildLACCD

A Step 3 “Design Presentation” scoring session took place with the selection committee on May 4, 2010. The second part of the scoring occurred on June 15, 2010.

Based upon the interviews conducted with most of the key personnel listed above, and a preliminary review of available documentation, the following events, actions, and discussions that occurred during the Design-Build Selection Process are:

- At a May 4, 2010 “Design Presentation” scoring session, the design teams presented their materials and answered questions from the selection committee. Score sheets were distributed at the start of this session and returned at the end of this scoring session. Michael Mallery was identified as having given “ground rules” at the start of the session and having provided direction on how to complete the score sheets.
- The Design Build teams submitted BAFOs, as scheduled, on May 26, 2010. Included in these submittals were project schedules that proposed construction start dates starting as early as January 3, 2011 and substantial completion dates as late as May 13, 2013 along with construction durations ranging from 24 to 28 months. On June 2, BuildLACCD issued an “Additional Proposal Comments” memo to the Design Build teams establishing the construction start date as January, 2012 and setting the construction duration at 21 months, i.e., completion during or before September, 2013, and requiring submittal of a second BAFO on June 7, 2010<sup>2</sup>.
- At the June 15, 2010 scoring session (in the CPM trailer office), Chet Widom, BuildLACCD, was the scoring session facilitator. Score sheets were distributed at the start of this selection session along with those from the earlier scoring session. Mr. Widom explained the Design Build process, its overall goals and made clear the “fairness” of the selection process. He also advised that selection committee members were free to change any scores previously awarded during the session as additional information was presented including scores assigned during the May 4 session. Steve Bell, a GSE Project Manager, presented an evaluation of the BAFOs for each team and whether that team’s proposal met, didn’t meet, or exceeded the project criteria. The selection committee members reported that they scored various categories for each proposed project as it was presented during the session.

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<sup>2</sup> All the teams submitted revised schedules that met those dates and increased the cost to reflect the delayed start and compressed schedule.



- At the end of all the presentations, the selection committee members submitted their score sheets. Helen Ferraro and Michael Mallery from BuildLACCD tabulated the totals and announced that, while the scores were very close, the Hensel Phelps team was the “apparent” winning firm by 1.88 points.
- When this was announced, several members of the selection committee indicated their surprise at the results. In the discussion that followed, the Vice President of Administration and Director of Facilities both allegedly reminded the other selection committee members of how FTR had worked with the College on a previous project that was considered successful and how the proposed building design presented by the FTR team better supported the operations of the college and reflected the existing theme of the campus.

At one point during the discussion, it was reported that Michael Mallery asked if the selection committee wished to re-score the selection. The scoring sheets were returned to the selection committee members and revisions made. As the sheets were returned to Mr.-Mallery, [REDACTED] (A BuildLACCD staff member) reportedly asked each party “Are you happy now? Is this your final choice?” When the revised results were tabulated, the FTR team was announced as the “apparent” winner by .03 points.

Generally, the individual accounting of the events that occurred at the June 15, 2010 session varied. Only one of the participants recalled, without prompting, that a rescoring had occurred. Only one participant recalled that Ms. Hoefel and Mr. Bortman actively promoted the selection of FTR after the initial scoring was announced although only those participants reporting to Ms. Hoefel volunteered during their interviews that any comments made had no influence on their revision of the scores. And the member of the selection committee from the CPM staff whose parent company is part of the FTR Design Build team selected for a project on another LACCD Campus and who indirectly reports to LAMC Facilities Director, could recall in great detail the scoring process but had little recollection of the rescoring event.

The OIG’s review and analysis of the individual scoring sheets of the selection committee members found:

- Two different copies of the May 4, 2010 scoring sheets, provided to the OIG and others, contained different entries. Further investigation determined that the copies of score sheets maintained in the project’s “official” electronic archives were those entered after the May 4 session (for security purposes) and never replaced with the score sheets redistributed at the June 15 scoring session. This was evidenced by the absence of the BuildLACCD’s QA/QC person’s initials (who verifies entries of correct values into the Excel Scoring Tabulation Spreadsheet) on the electronic archive copies and their presence on the “wet copy” originals. The values used to calculate the “apparent winner” after the rescoring were compared with those entered by the selection committee members during the rescoring to verify that the final results reported were those calculated.
- Changes were made on four (4)<sup>3</sup> sheets of seven selection committee members.

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<sup>3</sup> Revised from “three (3)” due to error on August 12, 2011 report; no change to findings

- One selection committee member, the VP of Administrative Services, increased the FTR score tally by 12 points and decreased the HP score tally by 35 points, effectively increasing the tally in favor of FTR by 47 points. Two other parties interviewed acknowledged they changed their scores as well after the initial tabulation and identification of the leading Design Build contractor/team.
- Changes on the score sheets of the BuildLACCD and CPM scorers increased the FTR tally by 14 votes and decreased the HP tally by 16 votes, effectively increasing the tally in favor of FTR by 30. Both parties denied having made the changes to their score sheets after the initial tabulation and announcement of Hensel Phelps as the winner.
- Changes were made on score sheet from one Student Services scorer resulted in an effective increase in the tally for FTR by 5 points; the other Student Services scorer reported the extensive changes to their score sheet were the result of originally applying scores to the wrong team. This scorer reportedly made no changes during the “rescoring” period.
- In the initial scoring, Hensel Phelps received a total score of 84.69 points – 1.88 points more than FTR’s score of 82.81 points.
- After the “rescoring”, Hensel Phelps’ scores dropped by 2.10 points for a total of 82.59 points while FTR’s scores dropped by 0.19 points, for a total of 82.62 points – making FTR the “apparent winner” by 0.03 points.
- The biggest change was a significant reduction in points received by Hensel Phelps in the Design Presentation category—almost 1.3 points—with a corresponding increase in the points awarded FTR in the Design Presentation category of almost 0.6 points. The OIG considered this of particular interest considering the Design Presentation had been made roughly six (6) weeks previously.

## **CONCLUSION AND RECOMMENDATIONS**

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Based upon the findings and analyses made during this investigation, it is apparent that that the selection of FTR was influenced by the favorable viewpoint towards FTR expressed by the Vice President of Administrative Services during the scoring session. That two of the selection committee members reported directly to her and the cumulative change in values by the three (3) members of the Administrative Services staff alone exceeded the cumulative change in values by the other four (4) selection committee members supports this finding.

Review of this selection process suggests that the BuildLACCD’s administration lacked “best practices” and proper protocols required for managing the procurement process (i.e., no written scoring guidelines, attendance sheets, recordings of the 1<sup>st</sup> and 2<sup>nd</sup> scorings, etc.).

The OIG recommends the following actions to help ensure the accountability and integrity of the Bond Program, and to avoid any potential impropriety or bias in the Design Build selection process.

The District should:

- Eliminate the “rescoring” practice that allows selection committee panel members to “revise” their score sheets once a Design-Build contractor is identified during the scoring session.
- Require all Step 2 and Step 3 selection committee members to sign a *Conflict of Interest Disclosure/Confidentiality Form* prior to the scoring process, to disclose any financial or other conflicts of interests including parent firm participation on other projects with the Design Build team General Contractor and/or Architect of Record; and to certify confidentiality of any materials and/or information reviewed during the selection process. BuildLACCD Design-Build administrators should review and report all conflicts of interest to the Facilities Executive.
- Revise the current Design-Build processes, policies and procedures, specifically as listed below; and communicate revisions to all BuildLACCD, College and CPM staff; and take necessary actions to ensure compliance. Specific revisions should:
  - Standardize the Design-Build selection and scoring process.
  - Eliminate the “rescoring” practice.
  - Clarify the selection committee appointment, approval, and composition to ensure that the majority of selection committee members are college representatives.
  - Require a record (sign-in sheet) all scoring session attendees, including position and titles
  - Require utilization of a standardized presentation of “rules and policies” to all participants at the start of each Design-Build scoring session.

The OIG has also found other apparent irregularities in the administration and execution of Bond Program projects at Mission College. Based on its finding in the course of this investigation, the OIG further recommends an independent investigation be opened to identify and document the nature and extent of these irregularities and the suggested relationships between FTR, GSE employees and former members of the campus administration for possible collusion on this and other Bond Program construction expenditures.

## **REPORT DISTRIBUTION**

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Board of Trustees  
Chancellor Daniel J. LaVista  
Dr. Adriana Barrera, Deputy Chancellor  
Tom Hall, Director of Facilities Planning & Development  
Camille Goulet, General Counsel

## EXHIBITS

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