



**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

The School Board of Orange County, Florida

Pine Hills Bus Depot – Comprehensive Needs Project



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Pine Hills Bus Depot – Comprehensive Needs Project

The School Board of Orange County, Florida
 Orlando, Florida

We have performed the procedures enumerated below on the final construction costs and the adjusted guaranteed maximum price of the Pine Hills Bus Depot – Comprehensive Needs Project (the Project), as provided by Ajax Building Corporation (the Design Builder). The Design Builder is responsible for the final construction costs that support the adjusted guaranteed maximum price.

The Design Builder declined to provide the requested written representations for this Project.

The School Board of Orange County, Florida (OCPS or the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist in determining the final construction costs and the adjusted guaranteed maximum price of the Project, as provided by the Design Builder. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

PROCEDURES	RESULTS
1. Inspect a copy of the Standard Management Contract (the Agreement), dated December 11, 2015, between OCPS and the Design Builder, and Amendment 2, dated September 19, 2017 (collectively referred to as the “contract documents”), relative to the construction of the Project.	<ul style="list-style-type: none"> ○ The contract documents were inspected by Carr, Riggs & Ingram, LLC (CRI) without exception.
2. Inquire of OCPS and the Design Builder as to whether there are any disputed provisions between the two parties, relative to the contract documents or the Project’s costs as provided in 4. below, or if there are any other unresolved disputes.	<ul style="list-style-type: none"> ○ The Design Builder and OCPS stated there were no disputed provisions between the two parties, relative to the contract documents. The Design Builder has disputed the following results of this report: the allowability of subcontractor settlement claims costs; the reduction of Project costs for subcontractor change orders to be reimbursed by the Project’s architect; the rate to be applied to the Project for insurances; the calculation of the insurances; the rate to be applied to the Project for subcontractor default insurance.

PROCEDURES	RESULTS
3. Inquire of the Design Builder as to whether there are any disputes between the Design Builder and its subcontractors.	o The Design Builder stated there are no disputes with any of its subcontractors.
4. Obtain from the Design Builder, a copy of the final job cost detail, dated May 21, 2021 (the "final job cost detail").	o Obtained the final job detail without exception.
5. Obtain from the Design Builder and OCPS, a copy of the final payment application request issued to OCPS, dated July 25, 2020 ("final pay application").	o Obtained the final pay application without exception.
6. Obtain from the Design Builder a reconciliation between the final job cost detail and the final pay application.	o Obtained the Design Builder's reconciliation between the final job cost detail and the final pay application without exception.
<p>7. From the final job cost detail, select all subcontractors with total costs in excess of \$50,000 ("selected subcontractors") and perform the following:</p> <p>a. Obtain the subcontract and related change orders, executed between the selected subcontractors and the Design Builder. Compare the total amount recorded in the final job cost detail to the original subcontract amount plus the related change orders.</p> <p>b. Obtain the labor and material pricing estimates, vendor invoices, and subcontractor markups ("supporting documentation") for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation.</p>	<p>o Selected 19 subcontractors from the final job cost detail with subcontract value in excess of \$50,000.</p> <p>a. Obtained the subcontract agreements and the related change orders, and totaled the original subcontract amount, plus change orders, for each of the selected subcontractors. Compared these amounts to the amounts recorded in the final job cost detail for all selected subcontractors without exception.</p> <p>b. Obtained supporting documentation for the subcontractor change orders and compared the supporting documentation to the change order amounts, with the following exceptions:</p> <ul style="list-style-type: none"> • The Design Builder identified \$512,614 of excess costs, related to a settlement of subcontractor claims, that were not billable to the District, per the executed owner change order #5. • The Design Builder stated \$31,850 of subcontractor change orders were to be covered by the Design Builder Fee, as reported in Exhibit A. • Subcontractor markups for overhead and profit in excess of contractual limits in the amount of \$33, as reported in Exhibit A. • Subcontractor change orders that were identified by the Design Builder as errors/omissions to be covered by the Architect, in the amount of \$26,061, as reported in Exhibit A.

Continued

PROCEDURES	RESULTS
<p>(7. Continued)</p> <p>c. Obtain from the Design Builder, the final lien releases or individual payment lien releases totaling the final subcontract value submitted by the selected subcontractor (“payment documentation”). Compare the final subcontract amount to the final job cost detail to the payment documentation.</p> <p>d. Obtain a listing of owner direct purchases (ODP) from the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<p>CRI observed change orders totaling approximately \$24,000 consisting of lump sum pricing, all \$24,000 of which were approved by the District through contingency.</p> <p>CRI noted subcontractor change orders, totaling \$94,156 for which no supporting documentation was provided by the Design Builder.</p> <p>c. Obtained final lien releases and the final payment application from the selected subcontractors as the payment documentation and compared the payment documentation to the final subcontract amount without exception.</p> <p>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the net deductive ODP change orders for each of the selected subcontractors without exception.</p>
<p>8. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000 and perform the following:</p> <p>a. Obtain a copy of or access to, the original invoice, pricing document, and a copy of the cancelled check for each item selected. If there are more than 10 entries for the non-subcontractor in the final job cost detail, select a sample of at least 5 items.</p> <p>b. Compare the documents obtained in 8.a. to the amount recorded in the final job cost detail.</p>	<p>o Identified and selected the 1 non-subcontractor vendor for which costs exceeded \$50,000.</p> <p>a. Selected 5 line items for that vendor and obtained the invoices and copies of cancelled checks for each transaction without exception.</p> <p>b. Compared the invoices and the cancelled checks obtained in 8.a. above to the amounts recorded in the final job cost detail without exception.</p>
<p>9. From the final job cost detail, select amounts for payment and performance bond costs and builder’s risk insurance (as applicable) and perform the following:</p> <p>a. Obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>o Selected payment and performance bond charges from the final job cost detail. There were no charges for builder’s risk insurance included in the final job cost detail.</p> <p>a. Obtained the invoices from the Design Builder’s insurance agent, and cancelled checks, for the payment and performance bond charges and compared the amounts to the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>10. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <ul style="list-style-type: none"> a. Where applicable, obtain the Design Builder’s internal allocation for general liability insurance charges. b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 10.a. above to the amounts recorded to the final job cost detail. c. If applicable, obtain third party invoices for internal allocation amounts. d. If there is a self-insured portion of the premium, inquire regarding the calculation methodology for the self-insured portion of the premium. Obtain third party invoices or documentation for the calculation of the self-insured portion of the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation. e. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Design Builder. f. If applicable, recalculate the Design Builder’s internal allocations and compare the recalculation to the amounts in the final job cost detail. 	<ul style="list-style-type: none"> o Selected all general liability insurance charges from the final job cost detail. a. Obtained the internal allocation of the Project’s insurance (including general liability) charges from the Design Builder. b. Inspected the internal allocation method and calculation and noted the Design Builder was including the revenue from the Design Phase Services Fee and the Preconstruction fee in the calculation of the insurance charges to be allocated to this Project. The Design Phase Services Fee and the Preconstruction fee are not included in the guaranteed maximum price, and are paid under separate agreements. As a result, these should be excluded from the insurance calculation for this Project. This resulted in an adjustment of the Design Builder’s insurances calculation of \$13,018, as reported in Exhibit A. c. Obtained third party invoices for the general liability, excess liability, professional liability, D&O liability, and cyber liability premiums. However, the Design Builder declined to provide supporting documentation for the allocation base (revenue) and the estimated retained losses. d. Per the Design Builder, there were no self-insured portions of the premium. The estimated retained losses is held by the Design Builder. No supporting documentation was provided for this amount. e. The Design Builder declined to provide supporting documentation for the annual company-wide revenue that was the allocation base for the allocation. f. Per the District, due to the limited supporting documentation provided, the rate is to be recalculated at .85% of the Project value. This resulted in a reduction of the insurance charges in the amount of \$8,671, as reported in Exhibit A.

PROCEDURES	RESULTS
<p>11. Inquire of the Design Builder to determine if there are any expenditures, in the final job cost detail, to entities related by common ownership or management to the Design Builder.</p>	<p>○ Inquired of the Design Builder regarding expenditures in the final job cost detail to entities related by common ownership or management to the Design Builder and noted there were none.</p>
<p>12. From the final job cost detail, select at least five transactions determined to be the Design Builder’s internal charges to the Project, and perform the following:</p> <p>a. Obtain vendor invoices and Design Builder calculations for internal charge rates.</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 12.a. above.</p>	<p>○ Selected one data, three vehicle, and 1 dump charge from the final job cost detail.</p> <p>a. CRI obtained the following:</p> <ul style="list-style-type: none"> ● For the data charge, obtained an internal invoice from the Design Builder and noted the amount charged in the final job cost detail agrees to the original schedule of values for MIS Services in Amendment 2. ● For the dump charge, obtained an internal invoice from the Design Builder. CRI noted the charge was below the rates for dumpster pulls in the area/time frame. ● For the vehicle charges, the charges are set at \$850 per month for a contractually limited number of vehicles. CRI obtained the schedule of values for the general requirements, which includes the vehicles, for the allowable monthly charge. <p>b. Compared the internal charges in the final job cost detail for the one data, three vehicle and 1 dump charge selected to the supporting documentation in 12.a. without exception.</p>
<p>13. Obtain the Project’s Notice to Proceed (NTP) from OCPS and inspect the dates of the charges in the final job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<p>○ Obtained the NTP and inspected the dates of the charges in the final job cost detail for costs recorded prior to the date on the NTP. There were \$314 of costs dated prior to the NTP date of September 21, 2017. These costs were, per inquiry of the Design Builder, costs that are expected at the beginning of a project.</p>
<p>14. Inquire of the Design Builder to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements. If so, perform the following:</p>	<p>○ The Design Builder used a subguard program on this Project.</p>

PROCEDURES	RESULTS
<p>(14. Continued)</p> <ul style="list-style-type: none"> a. Inspect the final job cost detail, as well as, subcontracts and change order line items for the selected subcontractors noted in 7. above, for line items described as subcontractor bond costs. b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party. c. If the charges for subguard are the result of an internal allocation, obtain the internal allocation calculations that support the amounts in the final job cost detail and compare the calculations to the amounts in the final job cost detail. d. If there is a self-insured portion of the premium, inquire regarding the calculation methodology for the self-insured portion of the premium. Obtain third party invoices or documentation for the calculation of the self-insured portion of the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation. e. If internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail. f. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications. 	<ul style="list-style-type: none"> a. Inspected the final job cost detail and noted the subcontractors included payment and performance bond in their initial bids and then provided a credit change order for this amount. The Design Builder charged the District the cost of these bonds as the cost of the subguard program. No supporting documentation was provided for the actual costs of the subguard program. b. The Design Builder declined to provide supporting documentation for the subguard program. The District has stated, absent this supporting documentation, it would accept a rate of 1.20% of the subcontractor value. c. Obtained the internal allocation of subguard charges to the Project. As described above, the Design Builder charged the Project based on the costs of the payment and performance bonds included in the original subcontractors' schedule of values. d. No supporting documentation was provided for the Design Builder's subguard program, including whether there were self-insured portions of the premiums. e. Recalculated the subcontract values plus ODPs times the 1.20% subguard rate permitted by the District and compared the result with the charges in the final job cost detail. The result is a reduction of \$13,151, as reported in Exhibit A. f. Obtained written representation from the Design Builder that subcontractors enrolled in the subguard program did not include bond costs in their payment applications.
<p>15. Obtain all signed and executed change orders between OCPS and the Design Builder for the duration of the Project.</p>	<ul style="list-style-type: none"> o Obtained all signed and executed change orders between OCPS and the Design Builder without exception.

PROCEDURES	RESULTS
<p>16. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the total ODPs, from the log obtained above, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders).</p> <p>b. If the above recalculated percentage is below 25% (as per section 20.3 of the General Conditions to the Agreement), inquire of the District regarding whether it was determined the Design Builder failed to obtain any tax savings that could have been achieved. If so, inquire if the District will seek to recover the amount of any such missed tax savings from the Design Builder.</p>	<p>o Obtained the ODP log from the District without exception.</p> <p>a. Obtained the ODP log from the District without exception. CRI recalculated the percentage of the total owner direct purchases plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders).</p> <p>b. Recalculated the percentage, which is 21.39%. Per inquiry of the District, "We do not plan to recover missed sales tax savings for this project from Ajax. The Design Builder advised us at the time the GMP was issued that they would be unable to meet the goal, and we concurred with the determination."</p>
<p>17. Compare the ODP log plus sales tax savings amount obtained in 16. above, to the total signed and executed change order amounts obtained in 15. above relative to ODPs.</p>	<p>o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed owner change order amounts relative to ODPs without exception.</p>
<p>18. Utilizing the not-to-exceed general requirements detail from the contract documents in 1. above, compare to the general requirements charges noted in the final job cost detail.</p>	<p>o Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charges noted in the final job cost detail. The Design Builder overspent the not-to-exceed general requirements by \$3,685, as reported in Exhibit A.</p>
<p>19. Recalculate the adjusted guaranteed maximum price (GMP) as follows:</p> <p>a. Obtain the original GMP amount, including any fixed or percentage-based Design Builder fees or lump sums from the contract documents noted in 1. above.</p> <p>b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 15. above to get the adjusted guaranteed maximum price.</p>	<p>a. Obtained the original GMP amount without exception.</p> <p>b. The net amount of change orders was deducted from the original GMP amount and is reported in Exhibit A as the adjusted guaranteed maximum price.</p>
<p>20. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 19.b. above.</p>	<p>o Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.</p>

PROCEDURES	RESULTS
<p>21. Recalculate the final construction costs as follows:</p> <ul style="list-style-type: none"> a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the “adjusted final job costs”. b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the “final construction costs”. c. Compare the adjusted GMP amount calculated in 19.b. above to the final construction costs amount from 21.b. above. 	<ul style="list-style-type: none"> a. The results of performing this procedure are reported in Exhibit A as adjusted final job costs. b. The results of performing this procedure are reported in Exhibit A as final construction costs. c. The results of this procedure are reported in Exhibit A.
<p>22. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Design Builder’s personnel.</p> <ul style="list-style-type: none"> a. Obtain from the Design Builder a listing of the personnel that filled the positions listed in the General Conditions attachment. b. From the listing of Design Builder personnel that filled the positions in the General Conditions attachment, choose a sample of at least 15 payroll entries and obtain documentation of the selected persons’ actual pay rate for the period selected. c. Compare the actual pay rate obtained in 22.b. above to the raw rate included in the General Conditions attachment. 	<ul style="list-style-type: none"> o Obtained the raw rates for the Design Builder’s personnel included in the General Conditions attachment in the contract documents. a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Design Builder. b. From the listing of Design Builder personnel entries, CRI chose a sample of 15 payroll entries and obtained the Payroll Register report for each of the items selected to document the actual pay rates. c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in 11 of the 15 samples tested. Overall, the average actual pay rate is 12% under the raw rate for the samples selected.
<p>23. Obtain, from OCPS and/or the Design Builder, the Project’s contingency logs and usage documents and inspect all contingency usage forms for OCPS’s designated representative’s signature of approval.</p>	<ul style="list-style-type: none"> o Obtained the Project’s contingency log and usage documents and observed that all contingency usage forms evidenced approval of an OCPS designated representative without exception.

PROCEDURES	RESULTS
<p>24. Compare the ending balances in the contingency funds, per the contingency logs obtained in 23. above, to the change order amount of the funds returning to OCPS, as obtained in 15. above.</p>	<ul style="list-style-type: none"> ○ The remaining balances in the contingency funds were returned to OCPS in the final change order except for an owner contingency balance totaling \$2,679. Per OCPS, "The final GMP reconciliation CO #11 did not return any monies to the District because there were no monies due to the District. The approved project costs exhausted fee, contingency, GRs, buyout, and insurance/bond, and there was no requirement to collect liquidated damages or reimbursements of any kind."
<p>25. Obtain a listing of assets acquired by the Design Builder for the Project and verify the assets were turned over to OCPS.</p>	<ul style="list-style-type: none"> ○ Obtained a listing of assets which indicated the assets not consumed were transferred to another OCPS project without exception.
<p>26. Obtain the Certificate of Substantial Completion, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.</p>	<ul style="list-style-type: none"> ○ Obtained the Certificates of Substantial Completion without exception. The substantial completion dates, as reported on the Certificates, were compared to the time requirements contained in the contract documents, adjusted by owner change orders, with the following exceptions: <ul style="list-style-type: none"> • Substantial completion for Phase 1A was accomplished 234 days after the agreed upon date. • Substantial completion for Phase 1B was accomplished 112 days after the agreed upon date. • Substantial completion for Phase 2 was accomplished 47 days after the agreed upon date.
<p>27. Obtain the Certificate of Final Inspection, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.</p>	<ul style="list-style-type: none"> ○ Obtained the Certificate of Final Inspection without exception. The final completion date, as reported on the Certificate of Final Inspection, indicated the Design Builder achieved final completion 566 days after the contractually required date. Final completion is to be achieved within 120 days after the date of substantial completion, which for this Project was April 25, 2019. The Certificate of Final Inspection was signed by the Architect on November 11, 2020.

PROCEDURES	RESULTS
<p>28. Utilizing the Certificate of Final Inspection obtained in 27. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.</p>	<ul style="list-style-type: none"> ○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection and noted a \$1,500 charge from BRPH Architects. Per the Design Builder, "The designer was due \$1,500 for additional services related to design of a parallelogram lift. The design team performed services for work required to get final inspection. The change order was delayed and appeared to be work post completion but the work occurred during construction."
<p>29. Obtain the SAP/Purchase Order reconciliation from OCPS and compare the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the Design Builder's final pay application, as noted in 5. above.</p>	<ul style="list-style-type: none"> ○ Obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application without exception.

We were engaged by The School Board of Orange County, Florida, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the final construction costs and the adjusted guaranteed maximum price. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Ajax Building Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of The School Board of Orange County, Florida, and is not intended to be and should not be used by anyone other than the specified party.

Carr, Riggs & Ingram, L.L.C.

Orlando, Florida
November 7, 2023

**The School Board of Orange County, Florida
Pine Hills Bus Depot – Comprehensive Needs Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Design Builder job costs	\$ 16,910,421
Costs related to a subcontractor settlement of claims, in excess of the amount agreed by the District in owner change order #5	(512,614)
Subcontractor markup for overhead and profit in excess of the contractual limits	(33)
Subcontractor change orders for errors/omissions to be covered by the Project's architect	(26,061)
Project insurances reduced to remove preconstruction and Design Phase fee from the calculation	(13,018)
Project insurances rate reduced to .85% due to limited supporting documentation provided by the Design Builder	(8,671)
Project subguard program rate reduced to 1.20% due to limited supporting documentation provided by the Design Builder	(13,151)
General requirements in excess of the contractual not-to-exceed	(3,685)
Adjusted final job costs	<u>16,333,188</u>
Original lump sum general conditions	<u>874,863</u>
Calculation of the Design Builder fee:	
Original Design Builder fee	901,236
Subcontractor change orders funded by Design Builder fee	(31,850)
Additional fee through owner change orders	28,205
	<u>897,591</u>
Final construction costs	\$ 18,105,642

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price - Amendment #2	\$ 21,742,090
Adjustments from change orders	(3,542,629)
Adjusted guaranteed maximum price	\$ 18,199,461
Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 18,105,642
Owner direct purchases	4,674,387
	\$ 22,780,029