



Barry L. Kluger
Inspector General

Office of the Inspector General
Metropolitan Transportation Authority
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New York, New York 10121
212-878-0000

August 24, 2017

Mr. Darryl Irick
Acting President
MTA New York City Transit
2 Broadway, Rm. 20th Floor
New York, New York 11249

**Re: Disclosure of Credit AWO Estimates
by AECOM Employee**

Dear Mr. Irick:

The Office of the MTA Inspector General (OIG) has completed a review of a referral received from New York City Transit (NYC Transit) Vendor Relations regarding the improper transmittal of six credit Additional Work Order (AWO) estimates to a contractor. The estimates were prepared for Sandy Project P-36447, 53rd Street Tunnel and Roosevelt Island substation, by an AECOM employee working under an AECOM Consulting Construction Management contract for the Sandy project. This employee was also assigned to work as a consultant estimator in NYC Transit's Estimating Department pursuant to a separate contract between AECOM and NYC Transit. While we found that the transmittal of the six credit AWO estimates was inadvertent, our review raises concerns regarding the performance of AECOM's employee with respect to the integrity of the estimating.¹ While the OIG's review of policies regarding the confidentiality of estimates is ongoing, we are sending this report on the individual AECOM employee for your immediate action.

BACKGROUND

AECOM has two contracts with NYC Transit involved in this review. First, under Contract CM 1342A - Indefinite Quantity to Provide Cost Estimating and Cost Control Support Personnel (IQ contract), AECOM supplies estimators to supplement NYC Transit's own estimators and work in NYC Transit's Estimating Department (Estimating). These AECOM employees can be assigned to prepare estimates including AWOs for various NYC Transit projects under the direction of a NYC Transit Estimating manager.

AECOM also has a second contract, CM-1530, to act as the Consultant Construction Manager (CCM contract) on the 53rd Street Tunnel and Roosevelt Island Substation project. As the CCM, AECOM is part of the project management team and acts on behalf of NYC Transit to manage

¹ NYC Transit has ceased negotiation of the six AWOs in question. The estimator who prepared and transmitted the credit AWOs has been removed from NYC Transit Estimating.

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the project. Under both contracts, AECOM employees may be used to prepare estimates on behalf of NYC Transit and are required to comply with both NYC Transit Project Management Procedures (PMP) 207 and the terms of the contracts.

AECOM simultaneously used the same estimator, Chengad Sridhar (Sridhar), as an estimator on both the IQ contract and CCM contract. In his role as an AECOM employee assigned to the CCM project, by email dated May 9, 2017 Sridhar improperly sent six credit AWO estimates he prepared for the 53rd Street Tunnel and Roosevelt Island substation project to the project's contractor TC Electric, and also copied: Four AECOM employees working under the CCM contract; an AECOM DBE inspector; three NYC Transit Capital Program Management employees on the project; and a staff analyst from NYC Transit Materiel. The staff analyst informed NYC Transit Procurement of the issue and all negotiations on those six credit AWOs were halted.

NEW YORK CITY TRANSIT PROJECT MANAGEMENT PROCEDURE AND IQ CONTRACT PROVISIONS

NYC Transit PMP 207 governs how AWOs are to be handled. Specifically, regarding estimates it states the following:

3.1 Preparation, Control and Distribution of AWO Estimates (Both Changed Work and Impact Costs)

Each page of the original AWO cost estimate, Schedule Delay estimate and Impact Cost estimate prepared in either the Construction Manager's Office or by Cost Estimating and by Program/Project Schedule Control is to be marked "CONFIDENTIAL-CONTRACT COMPETITION SENSITIVE" and is never to be given to the Contractor.

The original AWO cost estimate, Schedule Delay Estimate and Impact Cost Estimate and work sheets used in the preparation of the estimate shall be kept secured when not in use, until negotiations with the Contractor have been satisfactorily completed. No additional copies are to be made.

Similarly, the IQ contract stipulates that:

The Consultant shall maintain confidentiality of cost estimates. The Consultant shall not allow access to its parent company, and subsidiaries, to final bid construction estimates that Consultant's personnel prepared or had access to.

Cost estimates shall be prepared in a spreadsheet format and in accordance with the Authority's Cost Estimating procedures and policies.

All cost estimates shall be prepared and electronically delivered upon request in a Microsoft excel latest version spreadsheet format to be outlined by the respective Cost Estimating Manager of the Authority. All cost estimating backup sheets for all requested estimates shall be delivered to the respective Cost Estimating Manager of the Authority.

All cost estimates and basis of estimates shall be attached to a cover letter addressed to the respective Cost Estimating Manager of the Authority.

All pages of the cost estimate and the basis of estimate are to be labeled "**Confidential**". The original cost estimate and worksheets used in the preparation of the estimate and computer disk (if any) shall be kept in a locked drawer/file, when not in use. If possible, when not in use, the computer disk should be kept with the Cost Estimating Manager. No additional copies are to be made. (Emphasis added).

All AWO and AWO Study cost estimates and basis of estimates shall be attached to a cover letter addressed to the respective Cost Estimating Manager.

As a consultant, Sridhar reported to an Estimating manager and was required to comply with provisions of PMP 207 and the IQ contract. Sridhar was therefore required to complete assigned estimates, transmit them directly to his manager, ensure that all estimates were clearly labeled "Confidential" and safeguard them prior to negotiations as stated in PMP 207 and the IQ contract. Only NYC Transit Estimating is authorized to disseminate approved estimates over \$50,000 to the appropriate individuals.

AECOM is also the CCM on the 53rd Street Tunnel and Roosevelt Island substation project for which Sridhar prepared the six credit AWOs, some of which were in excess of \$50,000. According to PMP 207, if an AWO value is \$50,000 or less, AECOM as CCM (and the NYC Transit Construction Manager on the project) can negotiate an AWO without Estimating's involvement. However, when an AWO is valued in excess of \$50,000, AECOM's estimator (in this case Sridhar) is required to send the estimate to Estimating for approval.

OIG staff interviewed Sridhar who stated his transmittal of the six AWOs occurred by mistake when he replied to an email message from an AECOM project employee who issued a Request For Proposal (RFP) that had also properly cc'd other individuals. While we found Sridhar's explanation that the transmittal was made inadvertently credible, our review of Sridhar's

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handling of those six credit AWOs led to the discovery of additional instances in which he failed to adhere to NYC Transit policies and the terms of AECOM's contracts with NYC Transit. When we informed NYC Transit management of Sridhar's actions, Estimating assigned a different estimator to review the six credit AWOs.

Specifically, we found Sridhar failed to label the six credit AWOs estimates confidential. In addition, some of the AWOs that were in excess of \$50,000 were not forwarded to Estimating for approval and dissemination as required. When questioned, Sridhar claimed to be unaware of the \$50,000 rule, and said that when he performs estimates on projects where AECOM is the CCM, he only sends these estimates to be reviewed and "checked" by the CCM staff and NYC Transit staff members on the project. Our review of previous estimate submittals by Sridhar confirmed his stated practice. OIG learned from Estimating that Sridhar's conduct in this instance was unacceptable.

OIG found that Sridhar also failed to follow PMP 207, for tracking revisions of AWO estimates. Sridhar stated he revised the six credit AWO estimates based on feedback from the project management team. In each instance the dollar amount of the credit was increased after input from the project management team, and in some instances that amount increased significantly. When asked if the scope of the AWO had changed, Sridhar explained that only one RFP had been issued and the scope had not changed which is why he did not label subsequent estimates as revisions. OIG confirmed with Estimating that estimates should not be shared with project management personnel and should not be revised at the direction of the project team absent a change in scope.

Finally, our review determined that in his role as a consultant pursuant to the IQ contract, Sridhar was assigned to prepare an internal estimate on a significant Maintenance of Way project. Our review found that Sridhar emailed his estimate from his NYC Transit email account to both his AECOM email account and his personal Gmail account. This was done prior to the contract being advertised for bid. It should be noted that many components of internal estimates such as rates, productivity factors, mark-ups, etc. are proprietary and Sridhar's transmittal of estimates to anyone other than his NYC Transit manager could have resulted in dissemination to others beyond Estimating's control. OIG has confirmed with Estimating that Sridhar's conduct in this regard was not acceptable and represented a breach of confidentiality and potential conflict of interest.

AECOM was required to fully comply with all terms of the contracts and NYC Transit procedures including PMP 207, and Sridhar's errors resulted in a failure to adhere to contract terms.

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FINDINGS

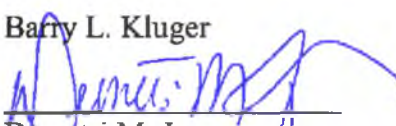
1. AECOM employee Sridhar failed to follow PMP 207 and the IQ contract terms in that he:
 - a. Provided estimates above \$50,000 directly to project personnel instead of to his Estimating manager;
 - b. Failed to have his work reviewed and approved by his Estimating manager;
 - c. Changed his estimates at the direction of project personnel with no change in scope or review by his Estimating manager;
 - d. Disclosed estimates to the contractor before negotiation;
 - e. Disseminated and revised AWOs without noting that they were revisions;
 - f. Failed to label estimates "confidential;" and
 - g. Made copies and disseminated NYC Transit estimates that he prepared as a consultant to his AECOM and personal Gmail accounts.

RECOMMENDATIONS

1. NYC Transit should inform AECOM that Sridhar is not to work on any MTA Agency related projects in any capacity.
2. NYC Transit should demand and verify that AECOM, any other estimating consultants, and NYC Transit estimating personnel are aware of, and adhere to, all NYC Transit policies related to estimates.

We acknowledge and thank NYC Transit Vendor Relations for bringing this matter to our attention. Should you have any questions, or need additional information, please contact me at (212) 878-0007 or Deputy Inspector General Demetri Jones at (212) 878-0279. Please provide a response to our recommendations within 30 days.

Very truly yours,

By: 
Demetri M. Jones
Deputy Inspector General