



Town of Westport – Office of Internal Audit

February 27, 2023

CHAIRMAN DUPIER AND MEMBERS OF THE TOWN OF WESTPORT'S BOARD OF FINANCE:

I respectfully submit the enclosed final internal audit report, IA 23-01 Review of Coleytown Middle School Construction Project, December 30, 2022. This audit was performed by Cohn Reznick, LLP. The time, patience and cooperation of all parties involved in this audit are greatly appreciated.

This report involved gathering information from representatives of both the Town and Westport Public Schools (WPS) to provide an overview of the project from when it began in September 2018 through its completion in January 2021, and includes some recommendations. I will be working with Town/WPS administrators to understand their responses to these recommendations.

Thank you for the opportunity to provide this information to the Board of Finance.

Very Truly Yours,

Lynn Scully

Audit Manager/Senior Accountant, Town of Westport

CC: JENNIFER TOOKER, FIRST SELECTWOMAN

GARY CONRAD, DIRECTOR OF FINANCE

JEFFREY WIESER, RTM CHAIR

**IA 23-01 Review of Coleytown Middle School Construction Project
Internal Audit of the Coleytown Middle School Renovation & Improvement
Final Report
December 30, 2022**

To: Lynn Scully, Audit Manager/Senior Accountant
From: CohnReznick LLP
Subject: Internal Audit of Coleytown Middle School Renovation & Improvement – Final Report
Date: December 30, 2022

I. EXECUTIVE SUMMARY

Scope of Engagement

CohnReznick LLP's Risk and Advisory Practice ("CR") was retained by the Town of Westport Connecticut ("TOW") to provide the following services and deliverables:

- Create a timeline of the course of events associated with the recent renovation of Coleytown Middle School ("CMS").
- Analyze and categorize construction project expenditures as compared to budgeted amounts. This included details as to how the project was funded.
- Perform a five-year look back and categorize maintenance costs associated with CMS.
- Determine if any changes have been made in the Town of Westport's processes and identify opportunities for strengthened controls subsequent to the events associated with the renovation of the CMS.
- Prepare a report detailing our work and findings as needed.

Procedures Performed

Specific procedures performed by CR included:

1. Conducting interviews with the following members of management including:
 - a. Don O'Day, Chair, CMS Building Committee
 - b. John Broadbin, Deputy Director, Westport Public Works
 - c. Elio Longo, Chief Financial Officer (CFO), Westport Public Schools ("WPS")
 - d. Susan Chipouras, Westport Project Manager, Vinmas Corporation

2. Reviewing various client documentation including but not limited to key policy and procedures and financial and operational reports.
 - a. CMS Building Committee Minutes & Updates (various dates)
 - b. Grant Commitment Notification (6/30/21)
 - c. State of Connecticut Payment Request Form (10/10/22 – date entered)
 - d. CMS Emergency Status Request (7/18/19)
 - e. CMS Transactions Reports (12/12/22)
 - f. CMS Facilities Accounts (2014-2018)
 - g. MUNIS GL Account & Detail Reports at 12/16/22
 - h. Facilities Budget Reports (2014-2018)
 - i. TOW Certified Resolutions – initial (3/5/19) & final (7/16/19) appropriations
 - j. Project Manager’s Excel Workbook (11/30/22)
 - k. Expenditures for Accounts 166 and 180 (12/1/22)
 - l. Wiss Janney Elstner (“WJE”) CMS Peer Review of Indoor Air Quality (11/18/19)
 - m. Kaeyer, Garment & Davidson (“KG+D”) Presentation to the Board of Education (“BOE”) – “Exterior Enclosure and Mechanical System Study” (11/5/18)
 - n. KG+D Presentation to BOE “CMS building Envelope & HVAC Systems (12/12/18)
 - o. KG+D Presentation to the BOE “Exterior Enclosure & Mechanical System Study 11/5/18
 - p. Yale School of Medicine (Occupational and Environmental Medicine) Report (1/13/19)
 - q. Vinmas Corporation, S. Chipouras, Program Manager Agreement with Town of Westport (March 2019)
3. Performing necessary reviews and inspections of documentation to accomplish listed project objectives.
4. Discussing potential risks, controls, control gaps and process improvements with management.

Results

The Coleytown Middle School (CMS) was closed by the Board of Education (BOE) in September 2018 following concerns reported by students and staff related to mold. The project was originally planned for completion by August 2020. However, this goal could not be achieved because the school's mold condition was more pervasive than expected requiring extensive renovation. This included replacing the entire roof, all the windows, changing exterior walls, adding new insulation and metal cladding, installing new heating, cooling and de-humidifying systems, adding air conditioning to the gym and regrading and installing a French drain outside. The renovation schedule was greatly disrupted by the Covid 19 pandemic which added approximately ten weeks to the completion. However, a strong project discipline enabled the Town of Westport ("TOW") to reopen CMS in January 2021, only four months later than the original projected date. The project came with a small positive variance of \$211,319, or 1% of the total amount budgeted. This was a notable accomplishment considering the numerous obstacles which had to be dealt with during the project.

Through discussions with management, we noted some learning opportunities.

- The first and most important is the need to have technically trained resources who can regularly inspect the district's school buildings and their premises to identify conditions that contribute to mold formation and other complex construction issues. The sooner that such issues are detected, the greater the opportunity for cost effective remediation.
- A second relates to understanding the cost and extensive effort required for inspecting, storing, cleaning, and testing the furniture, fixtures, equipment, and other materials that are exposed to mold. Knowing the various steps and the time and cost requirements will facilitate proper funding and project planning.
- The third relates to the need to maintain "as built" documentation for future renovations efforts. Having quality "as built" documentation on file will minimize future construction surprises and will facilitate planning, costing, and bidding efforts.

Background

Following the closure of Coleytown Middle School (CMS) by the Board of Education (BOE) in September 2018, the BOE hired KG&D, an architectural firm, to assess conditions within CMS and to determine the repairs needed to reopen the school. The KG&D report showed numerous areas requiring attention within the interior and the exterior of CMS. Repairs were estimated to take as long as three years. The Town of Westport commissioned a second opinion of the KG&D report. The firm hired to conduct the second opinion was Wiss, Janney, Elstner Associates ("WJE"), Inc. WJE's report on January 18, 2019, also found considerable damage. However, the WJE report showed a path to reopen CMS as early as January 2020. Based on these two reports with different timelines for remediation, both in extent and in duration, the BOE created a CMS Task Force. The task force

was made up of Westport residents with extensive experience in construction, engineering, and HVAC. The Task Force issued their report on February 1, 2020. They concluded that while a great deal of work was required, both inside and outside of CMS, including the purchase and installation of new equipment, the school could be safely opened by August 2020.

On March 19, 2019, the Board of Finance (BOF) and the Representative Town Meeting (RTM) appropriated \$400,000 for the initial schematic design and other project management costs. The indebtedness was to be financed by the issuance of general obligation bonds. WJE, the same firm that conducted the peer review, was hired to prepare the schematic design outlining the scope of work needed to safely re-open CMS by August of 2020. WJE subcontracted with Kohler Ronan (“KR”), an engineering firm specializing in heating, ventilation, and air conditioning (HVAC) for the schematic design of the HVAC system. The schematic design prepared by WJE, and KR was used by Newfield Construction, the construction management firm, to determine the costs and the timeline required to carry out the design. To fund the construction phase of the project, the Town of Westport appropriated an additional \$31,972,235, bringing the total appropriations to \$32,372,235. The second appropriation was also financed by general obligation bonds.

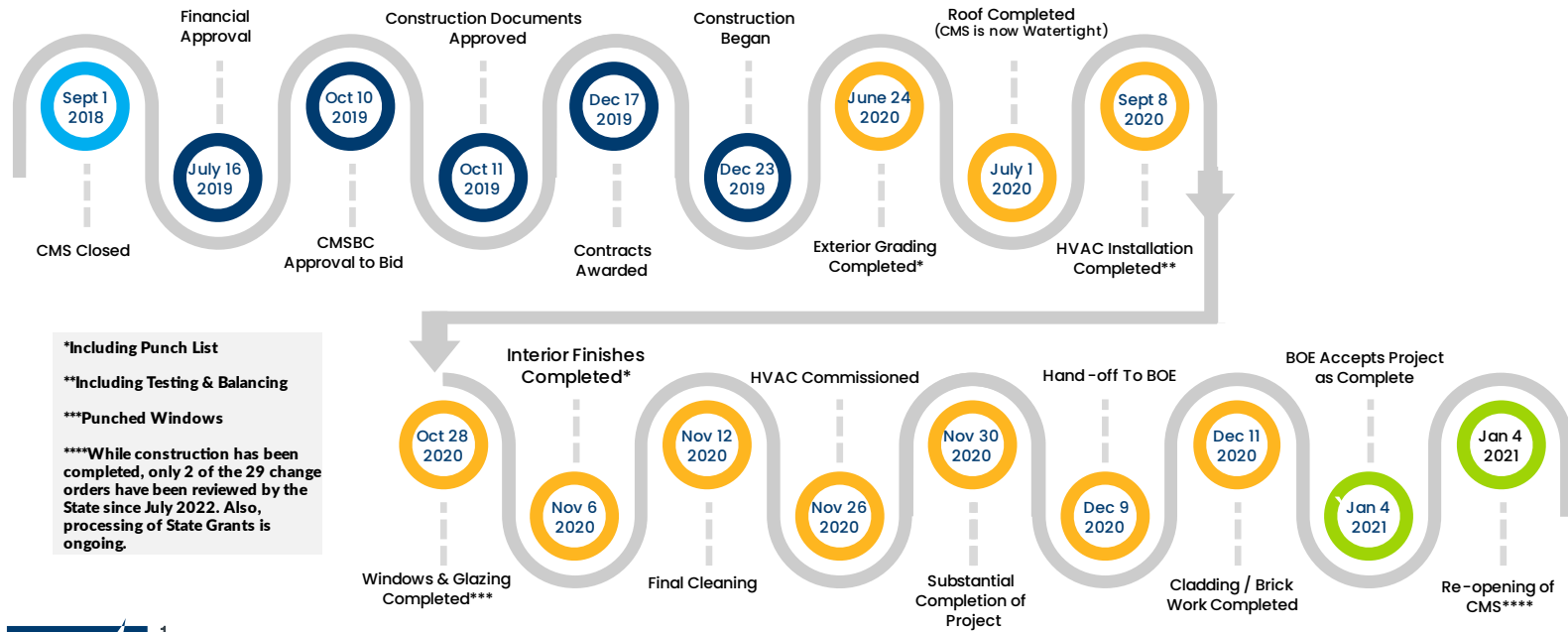
For project oversight, Town officials and the BOE established a dedicated Coleytown School Building Committee (CMSBC) to safely open the school for the 2020–2021 school year. The CMSBC was charged with planning and implementing the renovation and improvement of CMS. Its goal was to safely reopen the building no later than August 2020 by meeting the following building objectives: 1) controlling humidity; 2) minimizing water incursion and air leakage; and 3) redirecting water away from the building.

Timeline of Key Events

Completion of the project by August 2020, as originally planned, could not be achieved as the school was in far worse condition than originally believed. Also, the renovation project was disrupted by the global pandemic which impacted the workforce, and some supply chain items. These obstacles had a cascading effect on the overall project schedule. However, the Town of Westport was able to reopen CMS in January 2021, only four months later than the original projected date. The timeline of key events associated with the CMS renovation are depicted below.



CMS RENOVATION TIMELINE



1

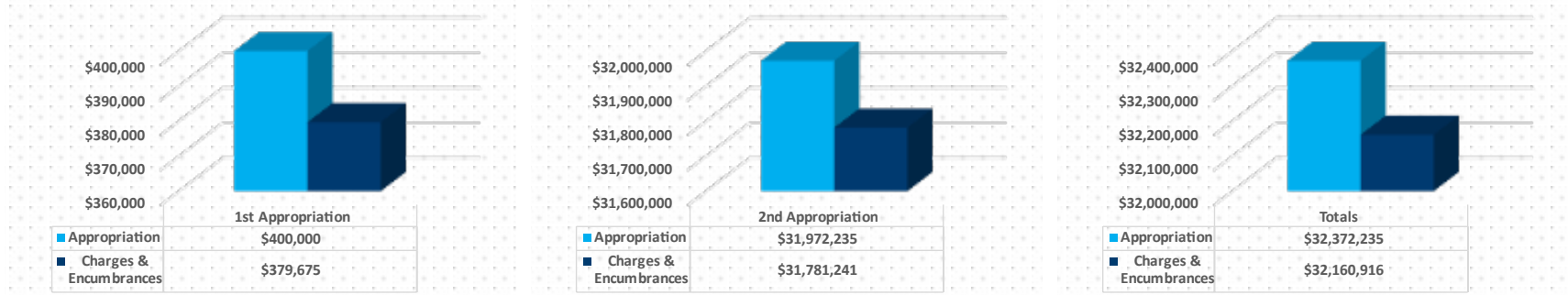
Financial Controls

Control over project expenditures was tightly maintained resulting in the CMS project coming in with a slight positive variance. As of December 16, 2022, total project costs were estimated to be \$32,160,916, \$211,319 below the total amount of appropriations

(\$32,372,235). This was an impressive accomplishment considering the numerous obstacles which had to be dealt with during the project. The total charges for each appropriation are depicted below.

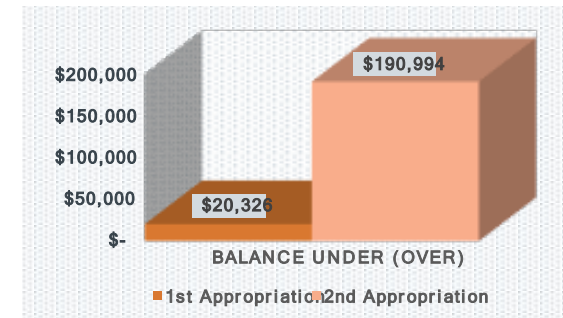


APPROPRIATIONS VS CHARGES



	Appropriation	Charges	Balance
1st Appropriation	\$ 400,000	\$ 379,675	\$ 20,326
2nd Appropriation	\$ 31,972,235	\$31,781,241	\$ 190,994
Totals	\$ 32,372,235	\$ 32,160,916	\$ 211,319

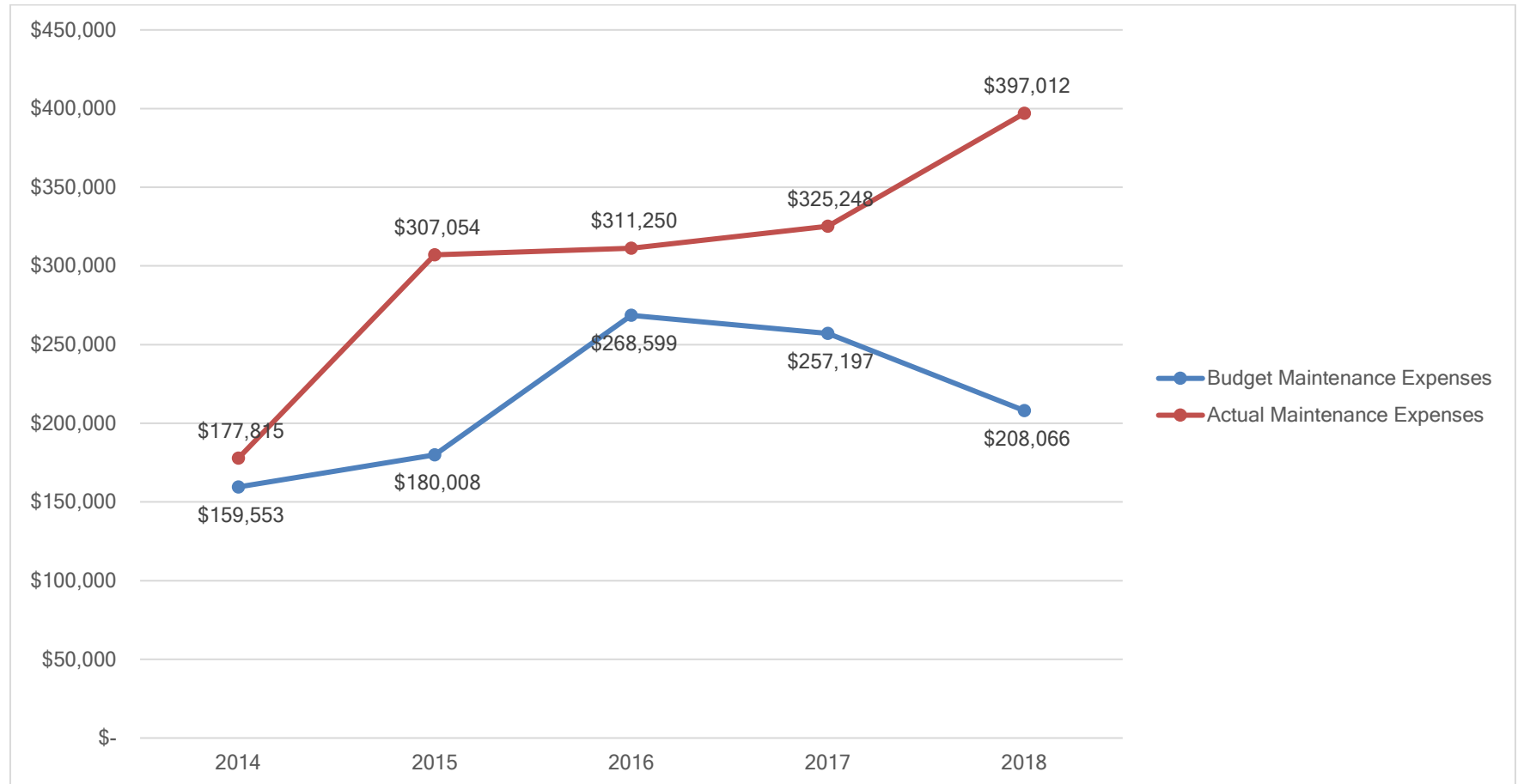
Information obtained from Munis System @ 12/16/22



Five-Year Look Back on CMS Maintenance Expenses

Our review included a five-year look back at CMS maintenance expenses for the years from 2014 to 2018. The purpose of the look back was to determine whether maintenance expenses had been sufficient in the five-year period prior to closing CMS in 2019. Our review indicated that between 2015 and 2018, CMS expenditures on maintenance were more than \$300K each year except for 2014, when the total expenditures was only about \$178K. In comparing the total expenditures for each of the five years with budgeted amounts, we noted the maintenance expenditures exceeded the budgeted amounts for all five years, resulting in a total variance of \$445K for the five-year period. This can be seen in the graph below comparing the total maintenance expenditures to the budgeted amounts for the five-year period.

MAINTENANCE EXPENSES VS BUDGET



To provide further context regarding the overall adequacy of the maintenance expenditures for prior years, we reviewed the Report prepared by Yale School of Medicine Report (Occupational and Environmental Medicine) for the Westport Board of Education (1/13/19) which indicated that problems with water intrusion and dampness had been documented as far back as 15 years prior to closure of the school. The report included a listing of complaints from school personnel for CMS over the last 15 years which indicated that specific actions had been taken in response to each of the reported complaints.

Our discussions with management on the causes of the water intrusion into CMS were generally consistent among team members. These included leaking window systems, poor building perimeter site grading, water coming in through the unit ventilator systems, improper construction design, and the impact of the energy conservation program in July 2018 which turned-off the ventilator units in unoccupied rooms. Consequently, based on our reviews, it appears that the problems developed over a long period of time and were not the result of insufficient maintenance in the prior five-year period (See Opportunity 2).

Grants Applications With State Of Connecticut

The Town of Westport is currently pursuing a school construction grant from the State of Connecticut. The CMS renovation project was given Grant Approval with an effective date of June 30, 2021. The reimbursement rate is 21.07%. However, the reimbursement would be reduced in a few ways:

- Ineligible costs - These include such items as BOE custodial costs, library books and allowances. (Note: Eligible costs = Total Project Cost – Ineligible Costs).
- Allowable square footage - CMS exceeds the allowable square footage by approximately 32%. Without a space standards waiver from the state, CMS will only get about 14.03% of the eligible costs.

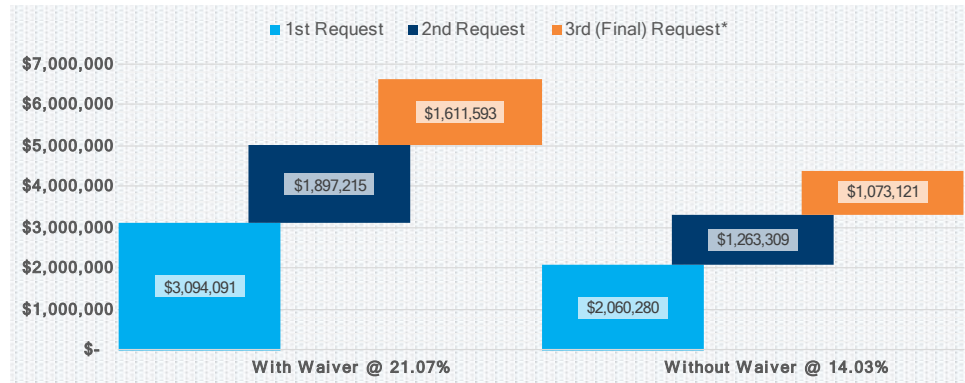
The Project Manager has submitted several drafts for a Space Standards Waiver, but the State keeps asking for revisions. If the Space Standards Waiver gets rejected, CMS would have the option of going to the State Legislature through their Westport Representative. According to the Project Manager, other districts have been successful in getting a Space Standards Waiver this way.

The first request for reimbursement was submitted to the State electronically on 10/10/22. The eligible cost amount in that request was \$14,684,818. Assuming a reimbursement rate of 21.07%, the TOW would receive a reimbursement of \$3,094,091. The State has not reviewed or processed this request yet but expects to review it shortly. A second request of \$9,004,344 was drafted by the Project Manager. The maximum reimbursement rate would yield a reimbursement of \$1,897,215. This second request cannot be submitted until the State has processed the first request. A third and final request was estimated by the

Project Manager to be \$7,648,757, and could result in an additional reimbursement of \$1,611,593, bringing the total State reimbursements to \$6,602,900. These individual Grant reimbursements are shown below for reimbursement at rates of 21.07% and 14.03% (without a waiver) based on information provided by the Project Manager.



GRANT STATUS



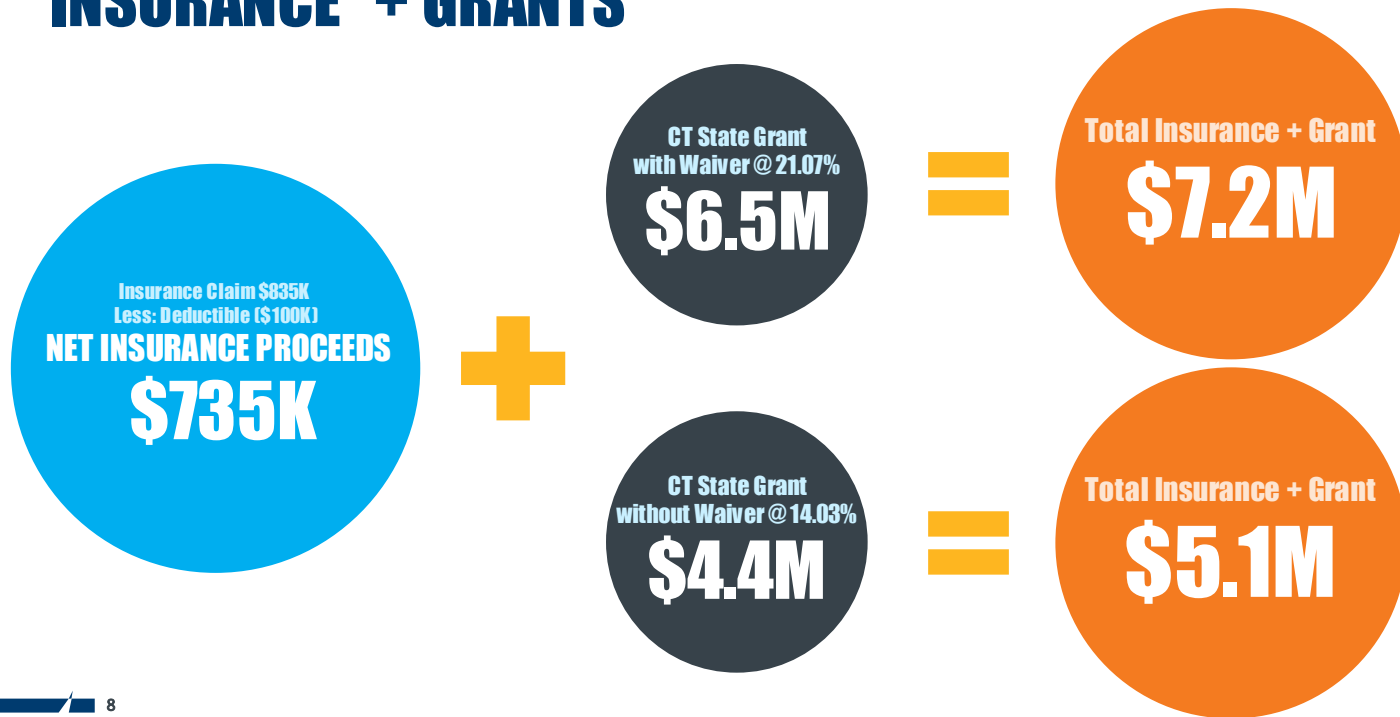
Reimbursement Request	Date Submitted To State	Status	Estimated Reimbursements		
			Eligible Cost	With Waiver @ 21.07%	Without Waiver @ 14.03%
1st Request	10/10/2022	CT State to review in Jan. 2023	\$14,684,818	\$3,094,091	\$2,060,280
2nd Request	Not Yet Submitted	Pending State processing of 1st Request	\$9,004,344	\$1,897,215	\$1,263,309
3rd (Final) Request*	Not Yet Submitted	Pending State processing of 1st & 2nd Requests	\$7,648,757	\$1,611,593	\$1,073,121
<i>*Final Request = Tot. Project – Prev. Requests - Ineligibles</i>			\$32,188,376	\$6,602,900	\$4,396,710

AIG/Chubb Insurance Claim Reimbursements

The TOW has received a net insurance settlement of \$735,263 (including a \$100,000 deductible) from AIG (Chubb). The net insurance recovery together with the estimated State Grant reimbursements (at the higher and lower reimbursement rates) would result in total proceeds as depicted below.



INSURANCE + GRANTS



II. OPPORTUNITIES AND OTHER RECOMMENDATIONS

Opportunity 1

The original portion of the CMS building was built in the early 1960s. Some of the 1960 drawings were found but not the amount of detail or “as-built” drawings that were available in later years later years, i.e., 1990s. The consultants worked with all the existing drawings that were available as best as they could. “As built” has been the standard practice in the construction industry since the early 1970’s. Unforeseen conditions are expected in every construction project, especially when the buildings are older. Also, the team was tasked with starting the construction as soon as possible. Additional time available to spend investigating the building would have been optimal.

Key Learning:

Requirements for maintaining “as built” documentation should be documented and kept in a secure location so they can be readily accessed in future years for renovation and other construction purposes. Management should institute a requirement for Westport BOE Facilities Department to maintain “as built” documentation for all renovation and construction activity within the Westport School District. This is particularly important in the current work environment with continuous turnover in the workplace.

Opportunity 2:

The Westport Public School’s Facilities Department may not have the necessary technical skills and expertise to identify complex construction issues (including mold) in the earliest stages when remediation is still a viable option. The front-line custodial staff are currently responsible for identifying these issues. This concern was brought to our attention by one member of management who indicated this weakness exists throughout the district (total of eight schools). We subsequently discussed this with the WPS CFO who said this issue was being addressed by Colliers, a commercial real estate firm, who was engaged to perform a building envelope evaluation of the district’s schools. Specifically, \$150K had been allocated and approved in their FY 2023 Capital Funding. Also, for FY 2024, another \$150K was allocated for similar purposes but the funding has not yet been approved. This evaluation would include a review of the building and roof to identify area’s requiring further maintenance to prevent future deterioration. Further, the WPS CFO indicated that a Supervisor of Building Operations was hired to oversee this area as one of his responsibilities.

Key Learning:

Sufficient funds need to be requested and allocated to perform technical reviews of each school in the district to identify potential issues in their infancy. These technical reviews should be the cornerstone of the maintenance program and funds should be

annually earmarked for them and be independent of school administration changes or other priorities that can shortchange these maintenance efforts.

Opportunity 3:

Some members of the management team indicated that they had underestimated the effort and cost required to inspect, store, clean, and re-test the furniture, fixtures, and equipment due to the mold condition. Before any area could be “cleared”, it had to be determined to be environmentally safe, which required final and hygienic cleanings. It should be noted that the CMS Building Committee made the decision to take a very meticulous approach toward the cleaning and testing protocol to achieve the best possible outcome and ensure there wasn’t any mold left in the restored building. With respect to the school’s library books, the CMS Building Committee made the decision early on books with a musty odor couldn’t be cleaned and had to be disposed of. Ultimately, the replacement costs for the library books were not substantial (approximately \$250K). Replacement cost of the books was not included in the request for appropriations from the town’s funding bodies. Instead, these costs were covered by experiencing lower costs elsewhere and through effective cost management on the project.

Key Learning:

For future renovation projects involving mold conditions, management should consider the experiences noted at CMS regarding the time and cost for remediating these conditions. Also, for library books and other soft goods, it is likely they will need to be disposed of and the corresponding replacement costs should be included in the funding request.

Opportunity 4:

In reviewing the descriptions for the various maintenance accounts within the WPS budget, we were unable to locate descriptions that related to the following accounts:

- Building Projects (Account #435)
- Grounds Projects (Account #436)
- Restoration/Preventive Maintenance (Account #437)

We recommend management develop formal definitions for these accounts to ensure they are used consistently to facilitate tracking, reporting and communication of this activity.