



**COUNTY AUDIT**

**HILLSBOROUGH COUNTY**

**HILLSBOROUGH TRANSIT AUTHORITY (a/k/a HART)**

**AND**

**CITY OF TAMPA**

**JOINT STREETCAR CONSTRUCTION PROJECT**

**(INTERLOCAL AGREEMENT OF JUNE 6, 1998)**

**REPORT # 127**

**DECEMBER 10, 2004**

December 10, 2004

The Honorable Jim Norman, Chairman  
The Honorable Brian Blair  
The Honorable Kathy Castor  
The Honorable Ken Hagan  
The Honorable Thomas Scott  
The Honorable Mark Sharpe  
The Honorable Ronda Storms  
The Honorable Pam Iorio, Mayor, City of Tampa

Dear Chairman Norman, Commissioners and Mayor Iorio:

Enclosed is the report of the HART and City of Tampa streetcar construction audit. Although we did not solicit responses from HART or the City of Tampa, we reviewed the report with each one.

We express our gratitude for the cooperation and professional courtesies extended to our internal auditors by the management and employees of HART and the City of Tampa during this audit.

Sincerely,

Daniel A. Pohto, CPA, CIA  
Director, County Audit

c: Sharon Dent, Executive Director, HART  
Patricia Bean, County Administrator

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THE CITY OF TAMPA  
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## EXECUTIVE SUMMARY

### BACKGROUND INFORMATION:

On April 7, 2004, the Board of County Commissioners, City of Tampa, Hillsborough Transit Authority (a/k/a HART), and the Clerk of the Circuit Court executed an interlocal agreement. The agreement sets forth the terms and conditions under which the Clerk is to conduct an internal control and compliance audit of HART. The City of Tampa entered the agreement for the sole purpose of consenting to the limited audit of HART's and the City's construction of the streetcar system.

On June 6, 1998, HART and the City of Tampa entered into an interlocal agreement to construct the Tampa-Ybor Historic Electric Streetcar Line. The agreement outlined a Capital Funding (sources of funds) table and a Construction Financing (use of funds) table.

The Capital Funding table listed sources of funds (i.e., grants, impact fees) that totaled \$23,860,000 (HART: \$15,715,000; City of Tampa \$8,145,000).

The Construction Financing table listed uses of funds that totaled \$23,500,000 (Design:\$1,850,000; Vehicles:\$5,250,000; Construction:\$16,400,000).

The agreement did not address the \$360,000 difference between the two tables.

### OBJECTIVES:

The objective of this limited audit, as mentioned in the April 7, 2004, interlocal agreement, was to examine HART's and the City of Tampa's records with respect to the construction of the streetcar.

The internal control and compliance audit of HART (as outlined in the April 7, 2004, interlocal agreement) was issued on August 27, 2004 (Report #122).

### SCOPE:

The audit covered the fiscal years ended September 30, 2001, 2002 and 2003. The audit followed the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Our audit procedures, which we consider to be very extensive, included those mentioned in the April 7, 2004, interlocal agreement.

**OVERALL EVALUATION:**

The total Capital Funding (sources of funds) estimate of \$23,860,000 was exceeded by \$12,621,743 for a total sources of funds of \$36,481,743.

HART's Capital Funding (sources of funds) commitment of \$15,715,000 was exceeded by \$3,100,518 for a total of \$18,815,518. The \$18,815,518 was made up entirely of Federal and State grants (\$18,751,853), Impact Fees (\$25,540) and Port Authority funds (\$38,125).

The City of Tampa's Capital Funding (source of funds) commitment of \$8,145,000 was exceeded by \$9,521,225 for a total of \$17,666,225. The \$17,666,225 was made up of bond proceeds, local option gas taxes, impact fees and land.

The total Construction Financing (uses of funds) estimate versus actual is outlined in the Construction Financing Table 1 below.

**CONSTRUCTION FINANCING (use of funds)  
TABLE 1**

|                           | Interlocal Agreement<br>98-05-06 | Actual Cost<br>City of Tampa | Actual Cost<br>HART     | Total<br>Actual Cost |
|---------------------------|----------------------------------|------------------------------|-------------------------|----------------------|
| Design                    | \$ 1,850,000                     | \$1,749,835                  | \$2,888,603             | \$4,638,438          |
| Vehicles                  | \$ 5,250,000                     | 0                            | \$5,279,048             | \$5,279,048          |
| Rail Line<br>Construction | \$16,400,000                     | \$11,714,276                 | \$10,647,867            | \$22,362,143         |
| Other                     | 0                                | \$4,202,114 (1)              | 0                       | \$4,202,114          |
| <b>Total</b>              | <b>\$23,500,000</b>              | <b>\$17,666,225</b>          | <b>\$18,815,518 (2)</b> | <b>\$36,481,743</b>  |

(1) Other included land and building costs, overhead allocations and utility bills.

(2) HART used Federal and State grants to pay \$10,395,292 of this total to the City of Tampa.

We interviewed key personnel and examined streetcar records listed below:

|                                      |                               |
|--------------------------------------|-------------------------------|
| City of Tampa Public Works records   | City of Tampa Finance records |
| HART Finance records                 | Interlocal Agreements         |
| Various audited financial statements |                               |

We present the following:

1. Cost increases were primarily due to project scope changes totaling \$8,602,827, as outlined by the City of Tampa on July 22, 2001 (See Appendix A).
2. The initial June 6, 1998, construction interlocal agreement estimate was not sufficient to cover the changes that arose during construction. A more detailed estimate of the Streetcar design and construction costs should have been accomplished before the project was given final approval.
3. Appropriate HART management approval was not always obtained and documented by the City before the City committed funds and resources. The City spent \$1,653,508 more than HART had available through grant funds. This outstanding balance was resolved by HART and the City through an interlocal agreement for HART to fund sidewalks and other access improvements at bus stops that will be built by the City.
4. The HART Streetcar construction project manager resigned on August 1, 2003. He did not have an integrated project management system in place that was able to track construction project milestones and deliverables that included cost and completion time frames. His documentation of the project appears to have been minimal.
5. The City did not have an integrated project management system in place that was able to track construction project milestones and deliverables that included cost and completion time frames for tracking and reporting to HART.

The final exit conferences with HART and the City of Tampa were held on November 30 and December 2, 2004, respectively.

**AUDIT BY:**

Daniel A. Pohto, Director  
Mark Kolman, Manager  
Pete McGregor, Manager  
Mary Ann Kominsky, Senior Auditor

## OTHER OBSERVATIONS

The Federal government and State of Florida provided \$18,751,853 in grants to HART. A total of \$10,395,292 was given to the City of Tampa by HART. The City of Tampa recorded in their financial records the assets acquired with the \$10,395,292. According to Federal Publication 49CFR18 (10-1-03 Edition), the assets acquired under a grant will vest with the recipient of the grants (i.e., HART). HART and the City of Tampa are working together to resolve the issue of asset ownership.

The Federal Transit Administration's (FTA) Project Management Oversight Program conducts audits of grants provided to grantees. The FTA's audit report entitled "Tampa - Ybor Historic Electric Streetcar Final Report - September 2003" was received by HART on November 18, 2004. The report states "The Project Management Oversight Contractor (PMOC) (*i.e., the auditor*) believes that HART has managed this program in an effective, efficient and professional manner." However, it goes on to say, in part, "The downside is that HART personnel with transit experience were not always kept in the decision-making loop resulting in claims by the contractor. The PMOC recommends that projects having this complex contractual relationship should begin with a partnering session and executive-level partnering agreement where the involved parties agree upon the roles and responsibilities of each party, lines of communication and conflict resolution."

## APPENDIX A

### CITY OF TAMPA DOCUMENT Basis for Increases to Streetcar Project Cost 7/22/01

#### **Scope Changes-Trackwork (increased \$974,493 from 30% estimate)**

Track alignment changes-relocation due to on-going development along route-6 blocks of track alignment still remain from initial design alignment

Port Authority Building and Area Development-Additional track slab in lieu of ballasted track for aesthetic appeal and pedestrian usage

Advanced construction cost at Centro Ybor was at a premium, numerous out-of-pocket expenses were borne by the City to ensure completion prior to opening

Advance construction on Channelside Drive in the vicinity of Shops at Channelside to minimize impact to development

#### **Scope Changes-Civil/Infrastructure (increased \$2,293,534 from 30% estimate)**

Alignment change at Ice Palace caused additional storm, water and sanitary infrastructure modifications, roadway over-lay and re-striping changes

Port Authority Building relocation-additional utilities relocations (Storm system, water, sanitary), reduce number of travel lanes on Channelside-overlay, restripe, modification to signalization

#### **Scope Changes-Stations (increased \$1,174,893 from 30% estimate)**

Ybor stations meet Barrio approval for Historic flavor, Channelside stations reflect area character

Stations constructed by WMBE contractor, meeting Federal goals and guidelines for project

#### **Scope Changes-Substations/Overhead Cable System (increased \$666,858 from 30% design)**

Air conditioning of cars increased the size and number of electrical substations from 1-3/4 megawatt to 2-1/2 megawatt units

Increased size of substations allows for system to proceed north to Whiting Street without addition of another power substation

In case of power failure to one of the two power feeds, one substation will power the system or provide redundancy

**Scope Changes-Signalization (increased \$804,477 from 30% design)**

The number of signalized intersections increased by 267% from 3 to 8 due to track alignment changes and to integrate the streetcar with vehicle traffic through previously unsignalized intersections for safety.

**Scope Changes-Other (increased \$2,688,572 from 30% design)**

Relocation of the yard/shop from 12<sup>th</sup> Street to Ybor City caused additional major re-design of the system in that area.

Design cost increased due to alignment changes along Ice Palace Drive, Channelside Drive in the vicinity of the Tampa Port Authority Building.

Consultant furnished CE&I for the installation of the rail in the trackwork and electrical system, unable to use City forces to perform these tasks

Construction costs have risen due to inflation (i.e., for 2.5%/year from 1998 to 2001 cost has increased \$1,806,930),

FDOT Cost Index (Year 2000) for structural concrete and reinforcing steel indicated that costs have increased 15.4% and 9.7% respectively or \$450,751 for structural concrete and reinforcing steel from 1999 to 2000.

**TOTAL ESTIMATED COST INCREASE FROM 30% ESTIMATE: \$8,602,827**