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Community college review finds contract-award 'irregularities'

An internal review questions the awarding of two major building contracts, with an Irvine firm winning \$104 million in work after a rival first scored higher in bid evaluations.

By Gale Holland and Michael Finnegan, Los Angeles Times

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An internal review has found "irregularities" in the awarding of two major construction contracts at Los Angeles community colleges, with an Irvine company winning \$104 million in work after a rival scored higher in initial bid evaluations.

Twin reports by the inspector general of the Los Angeles Community College District questioned the awarding of two contracts to FTR International Inc. One was a \$75-million contract to design and build a performing arts, classroom and office complex at West Los Angeles College in Culver City. The other was a \$29-million contract for an office building at Mission College in Sylmar.

In initial reviews by campus selection committees, FTR's proposals received lower scores than those of Hensel Phelps Construction Co. of Colorado, according to the inspector general's reports, released Wednesday evening.

In both cases, college officials or construction consultants then expressed enthusiastic support for FTR's proposals and invited committee members to adjust their scores, the reports said.

After new tallies were taken, FTR finished just ahead of Hensel Phelps in each case, and the district's elected board of trustees awarded both contracts to FTR.

The investigation by inspector general Christine E. Marez was sparked in part by inquiries from The Times about the Mission and West L.A. contracts.

Marez urged the district to "ensure accountability and integrity" in the bidding process by banning rescoring, requiring conflict-of-interest disclosures by selection committee members, and strengthening rules and documentation on bid evaluations.

The inspector general said she found no "incontrovertible evidence" of collusion between FTR and those involved in awarding the contracts.

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However, one of her reports called for an independent investigation into "possible collusion" between FTR, Gateway Science & Engineering of Pasadena and unnamed others who worked for the college system.

Gateway is a construction management firm that supervises building projects at Mission College for the district. A Gateway official served on the selection committee for the \$29-million contract at Mission. At the time, Gateway was a subcontractor to FTR on the West L.A. project, Marez reported.

"This relationship may represent a possible conflict of interest," one of the reports said.

Board President Miguel Santiago called the reports "unsettling and troubling" and said he had directed the district's general counsel and chancellor to develop proposals for the "toughest action" possible.

In a statement, FTR said it was "the lowest responsible bidder on both public projects.... We believe we were awarded the contracts fairly. FTR was not part of the selection committee's internal process."

Gateway owner Art Gastelum denied any improper relationship with FTR and said bid rescoring was common on campus building projects.

He said FTR's bid on the Mission College contract was \$1 million less than its competitor's, and that the rescoring was aimed at saving the district money.

"There is no rule that says you cannot revisit the score if you can save money," Gastelum said.

The inspector general's reports make no mention of cost savings as a factor in the rescoring.

Both the Mission and West L.A. projects were so-called design-build contracts, which, unlike traditional public construction jobs, do not have to go to the lowest bidder. State law allows public agencies to weigh not just price, but also design aesthetics, a contractor's track record and other factors.

The seven-member committee that evaluated proposals for the Mission College office building, known as the Student Services Center, included Karen Hoefel, then Mission's vice president for administrative services.

When Hensel Phelps emerged as the highest scorer, Hoefel "reminded the other selection committee members" that FTR's design "better supported the operations of the college," Marez reported. Committee members, including two college officials who reported to Hoefel, then adjusted their scores, the inspector general said.

On her own evaluation sheet, Hoefel increased FTR's score by 12 points and lowered Hensel Phelps' by 35, "effectively increasing the tally in favor of FTR by 47 points," one of the reports said. On a scale of 1 to 100, FTR finished first in the rescoring by a margin of 0.03 points, Marez found.

For the West L.A. College project, the five-member selection committee included James Sohn, then a vice president of URS Corp. who was leading day-to-day management of the district's construction program. Sohn "was quite vocal in communicating his preference for the FTR design," the inspector general found.

When Hensel Phelps won the highest score, unnamed construction consultants stated that "this was not going to work" and "we need to rescore," Marez reported.

Sohn was one of the committee members who changed his scores, helping FTR edge past Hensel Phelps, the report said.

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