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Eliot-Hine Modernization Report Finds Opportunities for Improvement *Contractor fails to reach required 51% D.C. residents as new hires*

January 18, 2022 (WASHINGTON) The Department of General Services (DGS) oversight of the closeout activities of the modernization of Eliot-Hine Middle School was found to need improvement in several areas, including the number of D.C. residents required by law to be hired for the project and math errors that lead to modest overcharges, according to a new report by the D.C. Auditor.

The report, produced under contract by RSM US LLP, fulfills a D.C. Code requirement to audit the use of capital funds by D.C.'s Public Schools, a task managed by DGS. It is the second report on Eliot-Hine documenting DGS's oversight of compliance with provisions of the construction contract. The new report reviews the final close-out activities. Unforeseen conditions, including contaminated soil remediation and COVID-19 delays extended the Eliot-Hine project duration by 9 months.

RSM found that contract manager Turner Construction failed to meet the statutory requirement that 51% of workers hired be D.C. residents, having reached just 39% local hires. In written comments included in the report, DGS acknowledges not reaching the 51% threshold for new hires but noted hiring targets were reached in several specific job categories.

The report documents that change orders raised the contract cost 25% from \$73 million to \$91 million including multiple design changes. RSM recommended the contractor reimburse the District an amount under \$50,000 to reflect overcharges or math errors and DGS indicated they will seek reimbursement for the majority of those funds. Referencing both reviews, RSM concluded that "the project is generally well controlled and accounted for."

RSM's other recommendations were related to subcontractor default insurance calculation, fringe benefits in labor costs, contract provisions, and document control.

The [initial Eliot-Hines report](#) published in October 2020 sought to identify any risks in the construction contract that could impact cost and legal compliance, and identify any controls needed to improve DGS's contract administration. Together they present a comprehensive review of DGS oversight of Turner Construction's compliance with the contract.

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