

# Primary Fire Station Continuing Operations Preservation Project – MC/CM Cost-of-Record Audit

November 2024 – March 2026

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Issue Date: June 18, 2026

MANAGEMENT ACTION PLANS ADDED ON SEPTEMBER 10, 2026

Report No. 2026-10

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## Executive Summary

The Port entered a contract with Hoffman Construction Company of Washington to serve as the General Contractor/Construction Manager (GC/CM) for the Primary Fire Station Continuing Operations Preservation Project. This project was designed to implement improvements at Station 1, assuring the facility could continue to operate effectively until it is eventually displaced by future development. The scope of work focused on maintaining operational capability and supporting the ongoing use of the existing fire station during the interim period before redevelopment occurs.

Hoffman's original contract sum was a Guaranteed Maximum Price (GMP) \$15,656,267, with \$132,949 in changes. Hoffman's contract as of March 2026 was \$15,789,216.

State law permits public agencies to use an alternative subcontractor selection process for subcontracts anticipated to exceed \$3 million when operating under the GC/CM project delivery method. This process requires public agencies to conduct an independent audit to confirm that costs have been properly accrued.

For this project, Hermanson Company LLC (Hermanson) was chosen to serve as the Mechanical Contractor/Construction Manager (MC/CM). As of the March 2026 Pay Application, Hermanson's Guaranteed Maximum Price (GMP) totaled \$4,602,214, with \$4,080,199 billed to date. The MC/CM is entitled to receive payment for substantiated costs, the agreed-upon fee, and fixed-price Specified General Conditions (SGCs), up to the final GMP value.

At the outset of the project, an external audit consultant was hired to review the MC/CM's pay applications monthly. However, since the consultant did not meet established expectations, Internal Audit assumed responsibility and performed a comprehensive cost of record review of the MC/CM's records to ensure compliance and accuracy.

The objective of this audit was to independently assess Hermanson's asserted MC/CM project costs for the Primary Fire Station Continuing Operations Preservation Project, confirming that billed amounts were properly supported, accurately recorded, and consistent with contract requirements.

During our review, we identified certain costs that raised concerns and may be classified as questioned costs. The Port should pursue these items, and Hermanson's substantiated project costs should be reduced by \$171,225,<sup>1</sup> or the appropriate documentation should be obtained.

However, upon testing Hermanson's Job Cost Ledger financial report against the amounts billed, it was determined that Hermanson coded more costs than were billed, totaling \$19,920. If these additional costs are allowed, the reduction would decrease to \$152,569. This reduction would result in GMP savings and may require Hermanson to refund the Port, as outlined in the subsequent table.

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<sup>1</sup> This statement identifies audit concerns and offers Port management a potential business opportunity and decision point. We understand that Hermanson might dispute our findings and that business decisions and accommodations may result.

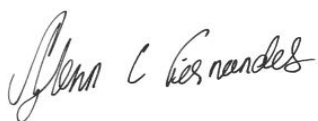
| <b>Cost Category</b>        | <b>Billed</b>    | <b>Tested JCL</b> | <b>Diff:</b>  | <b>Questioned</b> |
|-----------------------------|------------------|-------------------|---------------|-------------------|
| Labor                       | 1,139,978        | 1,144,752         | 4,774         | 132,495           |
| Specified General Condition | 970,687          | 970,687           | -             | -                 |
| MC/CM Fee                   | 258,146          | 258,146           | -             | -                 |
| Other                       | 29,672           | 29,672            | -             | 22,255            |
| Equipment                   | 662,000          | 662,000           | -             | -                 |
| Subcontractors              | 840,608          | 855,608           | 15,000        | -                 |
| Material                    | 179,108          | 179,254           | 146           | 16,475            |
|                             | <u>4,080,199</u> | <u>4,100,119</u>  | <u>19,920</u> | <u>171,225</u>    |

Note: The MC/CM Fee is not included in the JCL, instead our testing recalculated it to the Continuation Sheet without exception.

This engagement was not performed in accordance with professional audit standards, as we did not formally review internal controls. Our assessment was based solely on evidence obtained from tested documents. Our tests revealed that project cost details were generally well-documented and appropriately coded to their respective projects, timeframes, and phase codes.

Although most documentation was sufficient, we have provided specific recommendations that the Port can implement in future projects, to further strengthen process integrity and enhance project cost substantiation.

| <b>#</b> | <b>Recommendations</b>                                                                                                                                                                                                                                                                                                                                  | <b>Ref.</b> |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1        | The Port typically approves billable labor rates according to its Master Labor Rate Template, which outlines rates by craft. If someone requests higher rates, the Port should maintain justification for approval and implement additional steps during Pay Application review to confirm contractors are paying employees the extra base hourly wage. | Pg. 9       |
| 2        | Obtain Tax Rate Notices and compare them to the rates listed in the Master Labor Rate spreadsheet to ensure accuracy.                                                                                                                                                                                                                                   | Pg. 9       |
| 3        | Update SUTA and FUTA formulas on the Master Labor Rate Template.                                                                                                                                                                                                                                                                                        | Pg. 9       |
| 4        | Obtain a detailed list of contractor Shop Burden items before approving billable rates.                                                                                                                                                                                                                                                                 | Pg. 9       |
| 5        | Pre-approve proposed rental and storage rates and review itemized documentation for components such as Shop Burden.                                                                                                                                                                                                                                     | Pg. 12      |



Glenn Fernandes, CPA  
Director, Internal Audit

#### **Responsible Management Team**

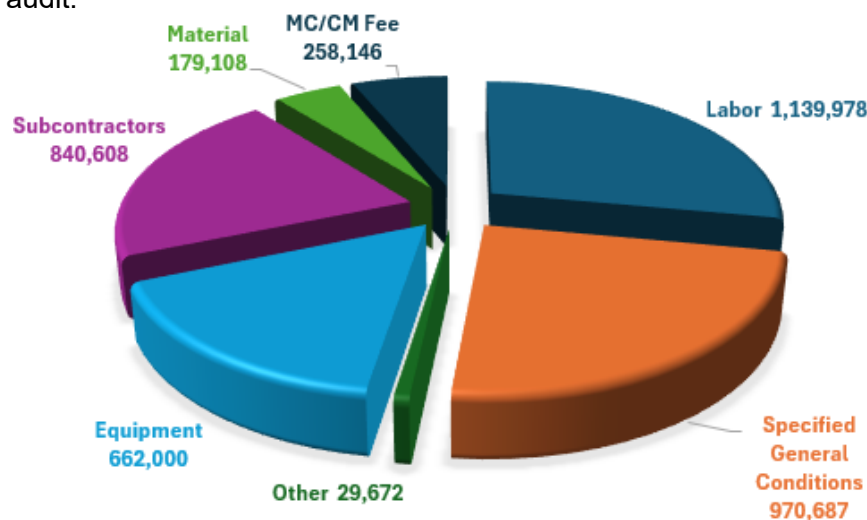
Janice Zahn, Chief Engineer, Engineering General Services  
Brian Sweet, Director, Engineering Construction Management

## **Audit Scope and Approach**

The audit approach was primarily substantive, with a strong emphasis on comprehensive testing of project costs. The procedures were designed to cover the planned scope and were executed with careful attention to detail, assuring that the audit objectives were achieved as intended. The audit report presents the principal findings and observations derived from the review, accurately representing the results of the assessment.

The audit process began by electronically obtaining Hermanson's job cost report. Multiple tests were performed to confirm the accuracy of basic mathematical functions, such as the summation of amounts and the precise calculation of extended values. These foundational checks were supplemented by focused searches within the dataset to identify and scrutinize substantial dollar charges that required further investigation.

The subsequent section of this report concentrates on the total asserted project cost of \$4,080,199, as discussed in the audit.



The audit identified that certain portions of Hermanson's asserted expenses were adequately documented and well-supported within the pay estimates submitted to the Port. However, other segments of the costs, primarily associated with labor billings, were not initially accompanied by sufficient supporting documentation for the Port's interim review and payment processing. To address these gaps, the audit team requested additional documentation from Hermanson for items that were, in their assessment, lacking proper substantiation. Upon receiving these requests, Hermanson subsequently provided further supporting materials, which were used to validate and substantiate specific amounts in question.

The scope of the audit encompassed comprehensive coverage due to the nature of Hermanson's cost assertions between November 2024, through March 2026. Our review tested 100% of billed costs. Three primary factors contributed to the high percentage of costs examined. First, a substantial portion of Hermanson's project costs originated from subcontractors operating under fixed-price agreements, which enabled extensive audit coverage of high-dollar items. Second, Hermanson received contractual

payments for its Specialized General Conditions (SGCs) on a fixed-price basis. Third, we applied electronic auditing techniques to review all Hermanson's recorded craft labor, equipment, material, and "other" coded charges.

The audit objectives and testing procedures were carefully designed and implemented to assure that all costs remained within the boundaries defined by the Contract. For example, direct costs were reviewed to confirm they did not include elements already covered by fixed general conditions or seeking direct costs for amounts recoverable through markup.

## **Detailed Audit Methodologies, Observations, and Results**

### ***Labor***

Division 00 70 01 - *General* Conditions covers a table of cost categories and markups that allows Hermanson to be reimbursed for direct labor and labor burden costs. Labor rates were set at project start and revised every six months per the Collective Bargaining Agreement. The Port provided Hermanson with a Master Labor Rates Template, requiring updates for state unemployment and worker's compensation rates. Our review found the Port lacked Hermanson's annual Tax Rate Notices needed to verify spreadsheet entries; we obtained these directly from Hermanson.

Division 00 83 00 §1.05 of the Agreement outlines the submission requirements for employee payroll and work hour records. According to the Agreement, contractors are required to submit Employee and Work Hour Records Electronic Payroll Information (EPI) to the Port. This obligation extends to the prime Contractor as well as every subcontractor and supplier who are required to pay prevailing wages. The submission must cover each week from the commencement of work on the project until its completion. Although the records are maintained in weekly increments, they are to be submitted monthly to the CPO Systems Administrator.

The Agreement further stipulates that all payroll information submitted for the specified period must be correct and complete. Specifically, it requires, "...that the wage rates paid to laborers or mechanics, as documented in these records, must not be less than the applicable wage rates established in any wage determination incorporated into the contract."<sup>2</sup>

We audited 100% of Hermanson's asserted labor hours and costs using electronic analysis and verification procedures, comparing the data to L&I certified payroll reports, payroll information submitted through the Port's Contractor Data System (CDS), and Hermanson's Job Cost Detail. All reported hours were confirmed to match those recorded in the Job Cost Detail. We then reviewed the base hourly wage paid to each worker to determine whether the wages paid were consistent with the rates approved by the Port.

Article VII (E)(2) of the United Association Local #32 Master Labor Agreement stipulates: "When special, or customer required occupied conditions exist, and none of the Sections regarding shift work can be applied, irregular shifts for a full calendar week may be established under the following conditions: (1) Prior agreement between the Employer and Local 32 is required before the commencement of shift work. (2) Employees shall receive twenty percent (20%) above the Straight Time Base Rate and Vacation for each hour worked." This stipulation does not apply to Commercial Plumbers which would consist of those working on this project. Furthermore, the Sheetmetal Workers Union has a comparable

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<sup>2</sup> General Conditions, GC/CM Contract No. MC-0320968, for General Contractor/Construction Manager Services, *Primary Fire Station Continuing Operations Preservation Project*, § 008300 1.05(B)(2)(a).

provision: "4-10 Shift work on Occupied Premises Only: When the customer or general contractor mandates that work cannot occur during regular business hours due to occupancy, this shift must be compensated at twenty percent (20%) above the regular day shift rate. Shift work on occupied premises will be permitted provided three (3) consecutive days of shifts, excluding Saturday or Sunday."<sup>3</sup>

The Port did not maintain documentation as to the negotiation on approving labor rates. However, it appears that these Articles were referenced to justify the premium "occupied space" rates, raising three primary concerns. First, Article VII of the MLA pertains exclusively to Service Plumber Mechanic and Supermarket Plumbers, and not Commercial Plumbers who made up the workforce for this Project. Second, the tasks executed were carried out during standard shifts, not qualifying as "irregular shifts," which does not satisfy the requirements set forth. Finally, the Project site was cordoned off, thereby failing to meet the criteria for an occupied space. Concerning the Sheetmetal workers, a review of the L&I Certified Payroll reports indicates no evidence of 4 ten-hour shifts as required by its Collective Bargaining Agreement.

For both the Sheetmetal workers and the plumbers & pipefitters assigned to the Project site, Hermanson compensated the fieldwork staff at the standard labor rate applicable to their respective trades and classifications; none received the "occupied space" premium. Consequently, the Port's reimbursement should have been based on the billable rate defined in its Master Labor Template rather than the "occupied space" rate. Accordingly, we are questioning \$130,965 in billed labor costs which includes the Fee portion.

| Name          | Trade (Fieldwork)       | Classification | Reported Hours  | Total Billed         | Expected Amount Using Labor Rates Paid | Questioned Costs                         |
|---------------|-------------------------|----------------|-----------------|----------------------|----------------------------------------|------------------------------------------|
| A.B.          | Sheet Metal             | Foreman        | 24.50           | \$ 3,614.73          | \$ 3,154.20                            | \$ 460.53                                |
| J.B.G.        | Plumbers & Pipe Fitters | Apprentice 3   | 378.00          | 34,535.12            | 30,933.16                              | 3,601.96                                 |
| I.B.          | Sheet Metal             | Journey man    | 16.00           | 2,113.44             | 1,841.60                               | 271.84                                   |
| W.A.D.        | Sheet Metal             | Apprentice 2   | 12.00           | 1,064.88             | 849.48                                 | 215.40                                   |
| A.M.D.        | Sheet Metal             | Lead Foreman   | 3.00            | 469.77               | 379.65                                 | 90.12                                    |
| G.I.E.        | Plumbers & Pipe Fitters | Apprentice 3   | 346.00          | 31,554.20            | 28,306.44                              | 3,247.76                                 |
| T.L.E.        | Sheet Metal             | Journey man    | 510.00          | 68,926.50            | 60,072.90                              | 8,853.60                                 |
| A.G.          | Sheet Metal             | Foreman        | 674.00          | 99,228.12            | 84,783.78                              | 14,444.34                                |
| B.E.H.        | Plumbers & Pipe Fitters | Apprentice 2   | 10.00           | 1,083.92             | 814.50                                 | 269.42                                   |
| S.P.K.        | Plumbers & Pipe Fitters | Foreman        | 8.00            | 1,190.96             | 1,028.08                               | 162.88                                   |
| E.P.K.        | Plumbers & Pipe Fitters | Journey man    | 350.00          | 48,923.00            | 42,980.00                              | 5,943.00                                 |
| M.A.K.        | Plumbers & Pipe Fitters | Foreman        | 785.00          | 119,575.15           | 102,606.99                             | 16,968.16                                |
| A.L.          | Plumbers & Pipe Fitters | Lead Foreman   | 86.00           | 13,394.50            | 11,589.36                              | 1,805.14                                 |
| Z.L.          | Plumbers & Pipe Fitters | Foreman        | 102.00          | 15,546.84            | 13,338.54                              | 2,208.30                                 |
| T.L.L.        | Sheet Metal             | Foreman        | 44.00           | 6,491.76             | 5,688.32                               | 803.44                                   |
| E.A.L.        | Plumbers & Pipe Fitters | Journey man    | 714.00          | 99,775.56            | 87,662.00                              | 12,113.56                                |
| M.M.          | Sheet Metal             | Foreman        | 1,243.00        | 180,947.46           | 154,620.94                             | 26,326.52                                |
| J.M.M.        | Plumbers & Pipe Fitters | Gen Foreman    | 507.00          | 81,648.15            | 70,341.18                              | 11,306.97                                |
| M.R.N.        | Sheet Metal             | Apprentice 6   | 810.00          | 79,446.46            | 69,144.04                              | 10,302.42                                |
| Q.A.S.        | Plumbers & Pipe Fitters | Lead Foreman   | 36.00           | 5,607.00             | 4,851.36                               | 755.64                                   |
| <b>Totals</b> |                         |                | <b>6,658.50</b> | <b>\$ 895,137.52</b> | <b>\$ 774,986.52</b>                   | <b>\$ 120,151.00</b>                     |
|               |                         |                |                 |                      |                                        | 10,813.59 Fee (9%)                       |
|               |                         |                |                 |                      |                                        | <b>130,964.59</b> Total Questioned Costs |

We found multiple errors in Hermanson's certified payroll to L&I and its submissions to the Port's Contractor Data System, mainly regarding shop workers totaling \$235,718. Hermanson acknowledged the mistakes and is correcting them. The Port's contract administrator confirmed that the closeout process includes reconciling CDS with L&I, which should catch these reporting errors.

<sup>3</sup> *Standard Form of Union Agreement Between SMACNA Western Washington and Local Union No. 66 of the International Association of Sheet Metal, Air, Rail, and Transportation Workers*, art. XVII(G), at 30 (June 1, 2024).

We confirmed that shop workers received the appropriate base labor rates. Except for two individuals who were billed above the approved rates, all others were charged correctly. We are questioning \$1,531 as detailed in the table below, which includes the Fee.

| Name          | Trade (Fieldwork)                    | Classification   | Pay code ID | Reported Hours | Rate Billed | Total Billed | Approved Rate | Expected Amount | Questioned Costs                       |
|---------------|--------------------------------------|------------------|-------------|----------------|-------------|--------------|---------------|-----------------|----------------------------------------|
| M.F.N.        | SHOP Detailer Plumbers & Pipefitters | Foreman          | REG         | 51.00          | 154.44      | 7,876.44     | 131.44        | 6,703.44        | 1,173.00                               |
| M.N.          | SHOP Sheet Metal                     | Material Handler | REG         | 2.50           | 143.03      | 357.58       | 67.13         | 167.83          | 189.75                                 |
| M.N.          | SHOP Sheet Metal                     | Material Handler | REG         | 5.00           | 75.43       | 377.15       | 67.13         | 335.65          | 41.50                                  |
| <b>Totals</b> |                                      |                  |             | 58.50          |             | \$ 8,611.17  |               | \$ 7,206.92     | \$ 1,404.25                            |
|               |                                      |                  |             |                |             |              |               |                 | 126.38 Fee (9%)                        |
|               |                                      |                  |             |                |             |              |               |                 | <b>1,530.63</b> Total Questioned Costs |

Beyond the standard labor burden, covering taxes and benefits, Hermanson applied an additional “Shop Burden” of 24.60% to SHOP-Plumbers and Pipefitters, as well as Sheetmetal workers. Typically, such a Shop Burden is intended to account for indirect costs associated with the operation of a shop, including expenses like rent, utilities, insurance, clerical support, and small tools. To validate the appropriateness of this Shop Burden, we examined the Project documentation and requested Port staff provide a detailed breakdown of the Shop Burden components. Despite these efforts, Port staff did not supply the requested information. This indicates that the Port may not have obtained or reviewed the Shop Burden components before authorizing the billable rates.

The absence of detailed documentation regarding the Shop Burden composition introduces a significant risk. Without transparency, it is highly probable that certain cost elements included in the Shop Burden percentage may also be billed separately as direct cost-of-work line items. Additionally, these elements may have already been captured within specified general conditions, regular general conditions, or the contractor fee, resulting in potential duplication and overbilling.

During our review of the Master Labor Template in addition to the questioned costs, we identified several concerns related to the calculation of Federal Unemployment Tax Act (FUTA) costs. Employers are required to pay 0.6% of an employee’s hourly wage, but only on the first \$7,000 of annual income per employee, for a total maximum of \$42.00 per employee. However, the formula used in the Master Labor Template does not recognize this maximum annual wage threshold. Instead, the template applies a flat 0.6% to the base labor hourly rate across all hours worked, regardless of the \$7,000 threshold, which leads to an inflated billable rate and provides contractors with profit beyond the actual costs incurred.

This miscalculation is often based on the misconception that owners would need to track each worker’s cumulative salary to avoid collecting FUTA after the threshold is reached. However, if the correct formula is used, pay application reviewers will not have to perform additional monitoring because contractors will automatically be reimbursed accurately when an employee spends their entire working time on a specific project.<sup>4</sup> This table shows an example of when the maximum threshold is ignored.

<sup>4</sup> As a rule, trades people work 1,500-1,550 hours per year. Using this range for the calculation, the actual burden rate increases to only \$0.03 per hour. If 2,080 hours are used, the burden rate decreases to \$0.02 per hour.

|                 | Base Hourly<br>Rate | FUTA % | Hr.<br>Burden | Workable<br>Hours | Total           |
|-----------------|---------------------|--------|---------------|-------------------|-----------------|
| Current Formula | \$100               | 0.60%  | \$ 0.60       | 2080              | 1,248.00        |
| Correct Formula | \$100               | 0.60%  | \$ 0.02       | 2080              | 41.60           |
|                 |                     |        |               |                   | <u>1,206.40</u> |

Contractor profit per employee, per year

Like the Federal Unemployment Tax Act (FUTA), the State Unemployment Tax Act (SUTA) formula applied within the Master Labor Template does not account for the maximum dollar threshold established by SUTA regulations. Rather than limiting the application of the SUTA tax rate to the designated annual wage cap per employee, the formula erroneously applies the rate to the base labor hourly rate for all hours worked throughout the year. This practice results in an inflated billable rate, leading to reimbursement amounts that exceed the contractor's actual SUTA liability. Consequently, contractors receive more payments than the true costs incurred for SUTA contributions, mirroring the miscalculation observed with FUTA.

### **Recommendations**

1. The Port typically approves billable labor rates according to its Master Labor Rate Template, which outlines rates by craft. If someone requests higher rates, the Port should maintain justification for approval and implement additional steps during Pay Application review to confirm contractors are paying employees the extra base hourly wage.
2. Each year, the Port should collect Tax Rate Notices and compare them to the rates listed in the Master Labor Rate spreadsheet to ensure accuracy.
3. Update SUTA and FUTA formulas on the Master Labor Rate Template.
4. Obtain a detailed list of contractor Shop Burden items before approving billable rates.

### **Specified General Conditions**

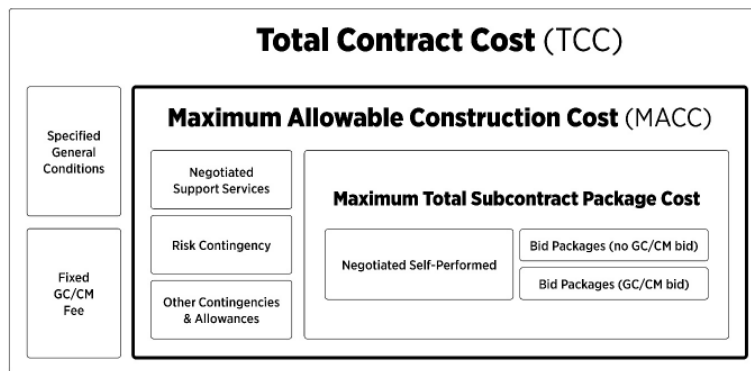
GC/CM contracts are divided into distinct subcategories as required by State Law.<sup>5</sup> The Total Contract Cost (TCC) is separated into three main components: Specified General Conditions (SGC), the Fixed Fee, and the Maximum Allowable Construction Cost (MACC).

SGCs encompass administrative functions necessary for the project. These include general conditions, subcontractor management, cost tracking, scheduling, meetings, safety, quality assurance and warranty management. SGCs may either be bid or negotiated, depending on the project requirements. The GC/CM fee is a fixed percentage applied exclusively to the MACC. This approach follows guidance outlined by the Capital Projects Advisory Review Board's Best Practices Manual.<sup>6</sup>

The following table represents how TCC is established.

<sup>5</sup> RCW § 39.10.370(4)

<sup>6</sup> Capital Projects Advisory Review Board, *General Contractor/Construction Manager Best Practices Manual* 11 (Apr. 2025).



Source: CPARB General Contractor/Construction Manager Best Practices Manual 11 (April 2025).

SGCs were approved at \$1,034,876. Pay Application # 19 reports that Hermanson invoiced \$970,687 against the SGC allocation. Since SGCs are defined as lump sum amounts, they fall outside the scope of audit procedures.

During our verification of costs charged under both the Material and “Other” categories, we identified certain line items that were considered unallowable. These items met the established criteria for inclusion as SGCs, which means they should not have been billed as cost of work items. A detailed discussion and analysis of these findings are presented in the following sections, outlining the rationale for their exclusion and the appropriate classification under SGCs.

The table below lists the items that qualify as SGCs and, consequently, should not be billed separately as cost of work. This distinction assures that all costs are categorized correctly in accordance with contract requirements and prevents duplicate billing for items already covered under the lump sum SGC allocation.

PORT OF SEATTLE PRIMARY FIRE STATION CONTINUING OPERATIONS  
MCCM **SPECIFIED GENERAL CONDITIONS** - FROM RFP RESPONSIBILITY MATRIX

| DESCRIPTION                                            | UNIT  | QTY. | DUR   | RATE         |              |
|--------------------------------------------------------|-------|------|-------|--------------|--------------|
| As-Built Drawings                                      | LOT   | 1    | 5     | \$ 600.00    | \$ 3,000.00  |
| Badging - Fitters                                      | EACH  | 6    | 8     | \$ 133.05    | \$ 6,386.00  |
| Badging - Plumbers                                     | EACH  | 2    | 8     | \$ 133.05    | \$ 2,129.00  |
| Badging - SM                                           | EACH  | 6    | 8     | \$ 127.71    | \$ 6,130.00  |
| Cell Phones                                            | LOT   | 4190 | 1     | \$ 1.50      | \$ 6,285.00  |
| Company Safety Director                                | MONTH | 8    | 12.35 | \$ 88.54     | \$ 8,748.00  |
| Company Superintendents                                | MONTH | 16   | 1     | \$ 165.96    | \$ 2,655.00  |
| Computers, Software and Internet                       | LOT   | 1    | 1     | \$ 33,534.00 | \$ 33,534.00 |
| Delivery / Pickup of Site Trailer                      | EACH  | 1    | 1     | \$ 2,800.00  | \$ 2,800.00  |
| Site Trailer Rental - 10x30                            | MONTH | 1    | 12.35 | \$ 570.00    | \$ 7,040.00  |
| Site Trailer Copier, Plotter, Furniture, Power Connect | LOT   | 1    | 1     | \$ 25,000.00 | \$ 25,000.00 |
| Advertising and Coordinating SBE outreach              | LOT   | 1    | 4     | \$ 2,500.00  | \$ 10,000.00 |
| Office Supplies                                        | MONTH | 1    | 12.35 | \$ 225.00    | \$ 2,779.00  |
| Field Admin PLA, Cert payroll, Billing Audit Support   | MONTH | 40   | 16    | \$ 96.84     | \$ 61,978.00 |
| Small Tools (Under \$500)                              | HRS   | 4190 | 1     | \$ 3.00      | \$ 12,569.00 |
| Trucks (Rental)                                        | EACH  | 3    | 12.35 | \$ 1,730.00  | \$ 64,097.00 |
| Trucks (Fuel)                                          | MONTH | 3    | 12.35 | \$ 850.00    | \$ 31,490.00 |
| Warranty                                               | LOT   | 1    | 1     | \$ 37,598.30 | \$ 37,600.00 |

Total Cost \$ 324,220.00

FEE Markup 9% \$ 29,179.80

Total additional need for Specified GC's \$ 353,400

| FROM MCCM BID                                 | Name         | Hourly Rate | Monthly Billing Rate | Total Cost | Total Months |
|-----------------------------------------------|--------------|-------------|----------------------|------------|--------------|
| Project Manager                               | David        | \$112.28    | \$19,537             | \$140,669  | 7.2          |
| On-site Supervision (Super or GF) for Project | Bruce        | \$132.83    | \$23,112             | \$277,349  | 12.0         |
| Engineer                                      | TBD          | \$54.15     | \$9,423              | \$113,070  | 12.0         |
| Safety Manager                                | Troy Harrell | \$67.49     | \$11,744             | \$14,093   | 1.2          |

Total SGC Labor from Proposal and Preconstruction Form \$545,181

Grand Total Needed for SPGC's Outlined in Responsibility Matrix \$ 898,581 7

<sup>7</sup> MC-0320968 Primary Fire Station COPP GCCM Construction Contract MACC rev., at 2200.

**MC/CM Fee**

The MC/CM fee is a set percentage, covering profit and overhead. Overhead includes office expenses allocated to the project, costs for subcontractor bidding, B&O taxes, bonds, and insurance. The *Summary Matrix of Cost Allocation* in General Conditions lists additional factors affecting the fee percentage. The Fee applies only to the MACC, not SGCs; for this project, it was set at 9%. We validated the amounts by recalculating with the Schedule of Values and the Total Completed and Stored to Date on Pay Application #19 without exception.

**Subcontractors**

Herman's Job Cost Ledger shows fixed-price subcontractor costs totaled \$855,608 as of PA #19 and were distributed among seven different subcontractors. However, only \$840,608 was billed resulting in a potential that Hermanson is entitled to \$15,000. To ensure accuracy and compliance, we verified Hermanson's reported payment amounts to each subcontractor by reviewing their Application and Certification for Payment, as well as their Conditional Waiver and Release Upon Progress Payment. Our testing confirmed that all costs were substantiated, and no exceptions were identified. This comprehensive review provides assurance that payments were correctly processed and documented.

| Subcontractor                        | Job Cost<br>Ledger | Amount<br>Verified | Amount<br>Billed (as of<br>PA #19) | Questioned<br>Costs |
|--------------------------------------|--------------------|--------------------|------------------------------------|---------------------|
| Diverse Contractors & Associates LLC | \$ 86,480          | \$ 86,480          |                                    | \$ -                |
| ISAT                                 | \$ 9,071           | \$ 9,071           |                                    | -                   |
| NCES LLC                             | \$ 4,285           | \$ 4,285           |                                    | -                   |
| Neudorfer Engineers Inc.             | \$ 26,470          | \$ 26,470          |                                    | -                   |
| Performance Contracting Inc.         | \$ 75,638          | \$ 75,638          |                                    | -                   |
| Siemens                              | \$ 82,144          | \$ 82,144          |                                    | -                   |
| Siemens Industry Inc.                | \$ 534,715         | \$ 534,715         |                                    | -                   |
| Snell Crane Service Inc.             | \$ 36,806          | \$ 36,806          |                                    | -                   |
| Grand Total                          | \$ 855,608         | \$ 855,608         | \$ 840,608                         | (15,000)            |

**Equipment**

Hermanson billed \$662,000 for equipment, all confirmed by matching invoices in the pay applications with no discrepancies.

**"Other"**

Hermanson utilized the "Other" transaction category code to bill items that did not fit within the standard cost categories. A comprehensive verification was performed on all costs billed under this category. During this review, it was determined that several items billed as "Other" should instead be classified as SGCs, as outlined in the contract agreement. Other items should have been included as part of the Fee, according to the established General Conditions and the Table of Cost Categories & Markups.

Hermanson submitted \$4,538 in warehouse storage fees as part of the Pay Application. However, General Conditions G-08-04(a) stipulates specific documentation requirements for progress payments related to materials delivered to the site but not yet incorporated into the work. The contractor must provide certified invoices from subcontractors or suppliers and proof of payment, either in the form of

canceled checks or acknowledgments of receipt of full payment from those parties. In this instance, Hermanson only submitted summary documents describing the material, its location, and a charge rate of \$4 per square foot. The required supporting documents, as detailed in G-08-04(a), were not provided in the Pay Applications.

Based on our verification and documentation review, we are questioning \$22,255 which includes the applicable sales tax and MC/CM Fee.

| Cost Category- OTHER                                                      |        |        |                               |
|---------------------------------------------------------------------------|--------|--------|-------------------------------|
|                                                                           | Billed | Tested | Questioned                    |
|                                                                           | 29,672 | 29,672 | -                             |
| Small Tools, equipment, Truck Rental, etc. (includes sales tax):          |        |        | 12,863                        |
| Vehicle Monthly Rental:                                                   |        |        | 1,423                         |
| Office Supplies, PPE, Consumables, Incidentals etc. (includes sales tax): |        |        | 933                           |
| Warehouse Storage:                                                        |        |        | 4,538                         |
| Returned Tool Billed but not credited (Includes sales tax):               |        |        | 660                           |
|                                                                           | 29,672 | 29,672 | 20,417                        |
|                                                                           |        |        | 1,838 Fee: 9%                 |
|                                                                           |        |        | 22,255 Total Questioned Costs |

### **Recommendation:**

5. Pre-approve proposed rental and storage rates and review itemized documentation for components such as Shop Burden.

### ***Material – \$179,254***

We performed a thorough review on all costs billed under the “Material” category. This comprehensive verification process included an evaluation of documentation supporting each item submitted for payment. During our review, we identified certain items classified as “Material” that did not align with the Agreement’s definition. Specifically, several costs should have been categorized as SGCs, as stipulated in the Agreement. Additionally, some items were determined to fall under the Fee category, as outlined in the General Conditions and the Table of Cost Categories & Markups.

Hermanson submitted a total of \$179,254 in material costs, all of which underwent detailed testing and verification. Among these, items requiring reclassification as SGCs or General Conditions were isolated for further review and found that \$2,709 in material costs lacked adequate supporting documentation. Consequently, after our verification and review of supporting materials, we are questioning \$16,475 which includes the applicable sales tax and the MC/CM Fee.

| Cost Category- MATERIAL                                                   |         |         |                               |
|---------------------------------------------------------------------------|---------|---------|-------------------------------|
|                                                                           | Billed  | Tested  | Questioned                    |
|                                                                           | 179,254 | 179,254 | -                             |
| Small Tools, equipment (includes sales tax):                              |         |         | 7,937                         |
| Office Supplies, PPE, Consumables, Incidentals etc. (includes sales tax): |         |         | 4,469                         |
| Lack of Supporting Documentation:                                         |         |         | 2,709                         |
|                                                                           | 179,254 | 179,254 | 15,115                        |
|                                                                           |         |         | 1,360 Fee: 9%                 |
|                                                                           |         |         | 16,475 Total Questioned Costs |

## Appendix A- "OTHER" Questioned Transactions

| Date       | Purchase order | Vendor name                   | Vendor invoice number | Description                                                                                      | Total cost amount | PA |
|------------|----------------|-------------------------------|-----------------------|--------------------------------------------------------------------------------------------------|-------------------|----|
| 3/14/2025  | -              | -                             | -                     | CH Tools - Vehicles February 2025                                                                | 607.09            | 8  |
| 4/9/2025   | -              | -                             | -                     | CH Tools - Vehicles March 2025                                                                   | 815.88            | 8  |
| 4/30/2025  | PO018576       | National Safety Inc           | 0754268-IN            | 320-753237HERXLXL HD SURV LIM CLS 2 MESH VEST                                                    | 37.50             | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | DEWALT DCS380B 20V MAX RECIPROCATING SAW BARE                                                    | 153.00            | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | DEWALT DCF845B 1/4" IMPACT DRIVER BARE TOOL                                                      | 318.00            | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | DEWALT DCL079B 20V MAX CORDLESS TRIPOD LIGHT                                                     | 498.00            | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | DEWALT DCS491B 18 Gauge Swivel Metal Shears                                                      | 498.00            | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | LOUISVILLE FXP1706 6' FIBERGLASS PINNACLE PRO                                                    | 498.00            | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | DEWALT DCB205 DEWALT 20V MAX XR 5.0AH                                                            | 654.00            | 9  |
| 4/3/2025   | PO018573       | Bigfoot Construction Supply   | 96141-1               | LOUISVILLE FXP1708 8' 300 lb podium ladder                                                       | 658.00            | 9  |
| 4/30/2025  | PO018576       | National Safety Inc           | 0754268-IN            | 170-LCT100LENS CLN TOWELETES 100/BX                                                              | 6.43              | 9  |
| 4/30/2025  | PO018576       | National Safety Inc           | 0754268-IN            | 628-A1101010' CROSS ARM STRAP                                                                    | 44.57             | 9  |
| 4/30/2025  | PO018576       | National Safety Inc           | 0754268-IN            | 628-H212004HERHERMANSON CUST XL 1D HARNESS W/                                                    | 113.60            | 9  |
| 4/30/2025  | PO018576       | National Safety Inc           | 0754268-IN            | 628-H212005HERHERMANSON CUST 2X 1D HARNESS W/                                                    | 113.60            | 9  |
| 5/30/2025  | PO018574       | Bill's Locksmith Service Inc. | 128435                | LOCKS                                                                                            | 103.80            | 10 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | CORD 11-00225 VOLTEC POWER STRIP                                                                 | 47.32             | 11 |
| 7/1/2025   | PO022740       | Bigfoot Construction Supply   | 97770-1               | 41" X 17" X 35" NARROW SERVICE CART WITH 5" HEAVY DUTY LOCKING CASTERS PLEASE ASSY               | 156.00            | 11 |
| 6/1/2025   | PO022000       | Bigfoot Construction Supply   | 97419-1               | DUST EXTRACTOR ATTACHMENT FOR DCH273                                                             | 215.00            | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | WIRE SHELIVING H294063 36 X 18 X 63" WIRE SHELIVING                                              | 239.00            | 11 |
| 6/1/2025   | PO022000       | Bigfoot Construction Supply   | 97419-2               | 1/4" IMPACT DRIVER BARE TOOL 20V                                                                 | 318.00            | 11 |
| 6/1/2025   | PO022000       | Bigfoot Construction Supply   | 97419-1               | DEWALT BARE TOOL ROTARY HAMMER                                                                   | 349.00            | 11 |
| 7/1/2025   | PO022740       | Bigfoot Construction Supply   | 97770-1               | 20V MAX XR BRUSHLESS CORDLESS 1/2" HAMMER DRILL TOOL ONLY (2 @ \$289 ea.)                        | 578.00            | 11 |
| 7/1/2025   | PO022740       | Bigfoot Construction Supply   | 97770-1               | DEWALT 20V MAX XR 5.0AH SINGLE PACK BATTERY (5 @ \$109 ea.)                                      | 654.00            | 11 |
| 6/1/2025   | PO022000       | Bigfoot Construction Supply   | 97419-1               | 20V MID SIZE BANDSAW (2 @ \$359 ea.)                                                             | 718.00            | 11 |
| 7/1/2025   | PO022740       | Bigfoot Construction Supply   | 97770-1               | 30 X 18 RED PIANO DOLLY WITH RUBBER END PADS 4 POLYOLEFIN CASTERS 1PLEASE ASSY (12 @ \$174.39)   | 2,099.88          | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | SCOTT PAPER TOWELS KITCHEN PAPER TOWEL ROLL                                                      | 16.50             | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | COPY PAPER 841195 8-1/2 X 11 REAM                                                                | 17.90             | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | CHINET 1456507 80 CT COFFEE CUP WITH LIDS                                                        | 24.99             | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | BROTHER TN830 BLACK AND WHITE TONER                                                              | 79.30             | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | KEURIG K-SLIM SINGLE SERVE COFFEE MAKER                                                          | 129.00            | 11 |
| 6/1/2025   | PO021366       | Bigfoot Construction Supply   | 97194-1               | BROTHER DCP-L2640DW WIRELESS LASER PRINTER                                                       | 269.00            | 11 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | MILWAUKEE 48-22-843010 BIN PACKOUT ORGANIZER MODULAR STORAGE SYSTEM CLEAR                        | 53.81             | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | MILWAUKEE 48-22-8432PACKOUT DEEP ORGANIZER                                                       | 64.97             | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | STANLEY 33-725FAT MAX 25' X 1-1/4" MEASURING TAPE                                                | 108.00            | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | DEWALT DCL05020V MAX LED HAND HELD AREA LIGHT                                                    | 218.00            | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | TURBOTORCH STK-99SELF-IGNITING TORCH                                                             | 279.96            | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | LITTLE-GIANT 13906-071KING KOMBO INDUSTRIAL FIBERGLASS 6' TO 10' COMBO LADDER                    | 339.30            | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | KNAACK CA-01 CART ARMOUR SKIN FITS RUBBERMAID 4520-88                                            | 358.88            | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | LITTLE-GIANT 13908-071KING KOMBO INDUSTRIAL FIBERGLASS 8' TO 14' COMBO LADDER (2 @ \$412.49 ea.) | 824.98            | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply      | S4730925.001          | MAJESTIC 35-7465-XL CUT-LESS WATCHDOG GLOVES KORPLEX GRAY (PPE)                                  | 261.60            | 12 |
| 9/2/2025   | PO023103       | Bigfoot Construction Supply   | 97965-1               | 3/8X50' AIR HOSE                                                                                 | 39.99             | 13 |
| 9/2/2025   | PO023103       | Bigfoot Construction Supply   | 97965-1               | 2.5 GAL AIR COMPRESSOR                                                                           | 349.00            | 13 |
| 9/24/2025  | PO027991       | Grainger                      | 9600037270            | OSCILTOOLBLADESET,3PCS,W:0.75";1.25"                                                             | 96.39             | 14 |
| 9/24/2025  | PO027991       | Grainger                      | 9600037270            | OSCILLATING TOOL,11 1/8 IN L,20V DC                                                              | 218.37            | 14 |
| 9/24/2025  | PO027991       | Grainger                      | 9600037270            | FIRST AID KIT W/HOUSE,63PCS,2 3/8X4",WHT                                                         | 91.10             | 14 |
| 11/5/2025  | PO033686       | Home Depot                    | 901415                | 20 VOLT MAX                                                                                      | 338.00            | 15 |
| 10/22/2025 | PO029346       | Grainger                      | 9637308009            | MULTI-TOOL,SILVER,7 TOOLS MANUFACTURER # 830846 INV 9637308009                                   | 508.97            | 15 |
| 1/27/2026  | -              | Monaco, Michael               | -                     | 36331 amazon (reimbursed tool)                                                                   | 31.13             | 18 |
| 2/17/2025  | -              | -                             | -                     | CH Tools - Storage January 2025                                                                  | 72.00             | 7  |
| 3/14/2025  | -              | -                             | -                     | CH Tools - Storage February 2025                                                                 | 144.00            | 8  |
| 4/9/2025   | -              | -                             | -                     | Kent Warehouse Storage March 2025                                                                | 36.00             | 9  |
| 5/14/2025  | -              | -                             | -                     | Kent Warehouse Storage April 2025                                                                | 161.00            | 10 |
| 6/13/2025  | -              | -                             | -                     | Kent Warehouse Storage May 2025                                                                  | 1,802.00          | 10 |
| 7/15/2025  | -              | -                             | -                     | Kent Warehouse Storage June 2025                                                                 | 963.00            | 11 |
| 10/13/2025 | -              | -                             | -                     | Kent Warehouse Storage September 2025                                                            | 480.00            | 14 |
| 11/7/2025  | -              | -                             | -                     | Kent Warehouse Storage October 2025                                                              | 260.00            | 15 |
| 12/5/2025  | -              | -                             | -                     | Kent Warehouse Storage November 2025                                                             | 152.00            | 16 |
| 2/13/2026  | -              | -                             | -                     | Kent Warehouse Storage January 2026                                                              | 128.00            | 18 |
| 1/19/2026  | -              | -                             | -                     | Kent Warehouse Storage December 2025                                                             | 340.00            | 18 |
| 2/1/2025   | PO011947       | Bigfoot Construction Supply   | 93237-2               | DEWALT DW0825LG-K 12v CROSS HAIR / DOT LASER                                                     | (593.00)          |    |
| 2/1/2025   | PO011947       | Bigfoot Construction Supply   | 93237-2               | TAXDA 93237-0                                                                                    | (61.00)           |    |

## Appendix B- "MATERIAL" Questioned Transactions

| Date      | Purchase order | Vendor name                 | Vendor invoice number | Description                                                       | Total cost amount | PA |
|-----------|----------------|-----------------------------|-----------------------|-------------------------------------------------------------------|-------------------|----|
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | MALCO MSHXLC-6 6 x 1/4-5/16" REVERSABLE NUT                       | 144.10            | 6  |
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | DIABLO DS0614BF5 DIABLO 6 STEEL DEMON 14/18 TPI                   | 32.90             | 6  |
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | DIABLO DS1214BF5 DIABLO 12 STEEL DEMON 14/18                      | 51.27             | 6  |
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | L-MSHL-9/16 QUAL 9/16 MAG NUT DRIVER                              | 62.76             | 6  |
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | NUT 3/8 BULK 3/8 ZINC PLATED HEX NUT [ 3000                       | 3.71              | 6  |
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | INTERCORP H1024 #10 X 1-1/2 UIHW HD DRILL SCRE                    | 6.66              | 6  |
| 1/29/2025 | PO011676       | Bigfoot Construction Supply | 93152-1               | MALCO MSHC REVERSIBLE 1/4 & 5/16 NUT                              | 49.90             | 6  |
| 3/3/2025  | PO014446       | Bigfoot Construction Supply | 94523-2               | KRAFT BURKE BAR FORM PRY BAR                                      | 199.00            | 8  |
| 4/2/2025  | PO018199       | Bigfoot Construction Supply | 96092-1               | DIABLO DS0614BF5 DIABLO 6 STEEL DEMON 14/18 TPI                   | 32.90             | 9  |
| 4/2/2025  | PO018199       | Bigfoot Construction Supply | 96092-1               | DIABLO DS0914BF5 DIABLO 9 STEEL DEMON 14/18 TPI                   | 44.52             | 9  |
| 4/2/2025  | PO018199       | Bigfoot Construction Supply | 96092-1               | DIABLO DSD0500S06 1/4" to 1/2" STEP IMPACT BIT                    | 185.16            | 9  |
| 4/2/2025  | PO018199       | Bigfoot Construction Supply | 96092-1               | INTERCORP H1012H 10 X 3/4" HIGH HEAD TEK SCREW                    | 231.60            | 9  |
| 4/2/2025  | PO018199       | Bigfoot Construction Supply | 96092-1               | KLENK MB78010 8 COMPARTMENT STACK-N-TOTE                          | 176.00            | 9  |
| 4/2/2025  | PO018199       | Bigfoot Construction Supply | 96092-1               | MAGIC CHEF HMM770B2 0.7 CU. FT. 700-WATT COUNTER                  | 98.12             | 9  |
| 4/10/2025 | PO016234       | Bigfoot Construction Supply | 95189-1               | DEWALT DW2542IR DEWALT IMPACT SOCKET ADAPTER                      | 26.36             | 9  |
| 6/3/2025  | PO019790       | Bigfoot Construction Supply | 96631-1               | STEEL DUST PAN                                                    | 12.14             | 10 |
| 6/16/2025 | PO019790       | Bigfoot Construction Supply | 96631-2               | TAXINV# 96631-2                                                   | 3.58              | 10 |
| 7/1/2025  | PO022806       | Bigfoot Construction Supply | 97794-1               | 2" DIA. 25 POND PULL ROUND MAGNET WITH HANDLE 3 PER PACK          | 56.97             | 11 |
| 7/1/2025  | PO022806       | Bigfoot Construction Supply | 97794-1               | 2 HOESAW BI METAL                                                 | 53.79             | 11 |
| 7/1/2025  | PO022806       | Bigfoot Construction Supply | 97794-1               | UNIVERSAL C-TYPE BEAM CLAMP galv finish                           | 78.63             | 11 |
| 7/1/2025  | PO022806       | Bigfoot Construction Supply | 97794-1               | LARGE HOESAW ARBOR 1/2 SHANK 20L-96L                              | 94.00             | 11 |
| 7/15/2025 | PO025241       | Uline                       | 194565338             | DRYWALL CART - 23 X 50" (2 @ \$290/ea )                           | 580.00            | 11 |
| 7/17/2025 | PO025569       | Bigfoot Construction Supply | 99044-2               | MILWAUKEE 3/16 HEX SHANK DRILL                                    | 50.85             | 11 |
| 7/17/2025 | PO025569       | Bigfoot Construction Supply | 99044-2               | 16 OZ. GOOF OFF                                                   | 51.66             | 11 |
| 7/17/2025 | PO026099       | Bigfoot Construction Supply | 99349-1               | TYVEK 141232/12HD                                                 | 45.00             | 12 |
| 7/17/2025 | PO026099       | Bigfoot Construction Supply | 99349-1               | RIDGID HD1400- 14 GALLON HP VACUUM                                | 169.00            | 12 |
| 7/17/2025 | PO026099       | Bigfoot Construction Supply | 99349-1               | VISSANI HVAR43GSE                                                 | 269.00            | 12 |
| 7/17/2025 | PO026099       | Bigfoot Construction Supply | 99349-1               | TAXOA - 99349-0                                                   | 63.13             | 12 |
| 7/17/2025 | PO026099       | Bigfoot Construction Supply | 99349-2               | PC9C ORANGE CLOTH DUCT TAPE                                       | 119.04            | 12 |
| 7/17/2025 | PO026099       | Bigfoot Construction Supply | 99349-2               | MK BANDSAWE BLADE 32-7/8 14/18                                    | 50.54             | 12 |
| 7/18/2025 | PO025569       | Bigfoot Construction Supply | 99044-1               | SNAP OFF INSULATION KNIFE                                         | 31.25             | 11 |
| 7/31/2025 | PO022248       | Acme Construction Supply    | S4730925.001          | UNISTRUT P2949-EGSILVER EG 2-WHEEL STRUT TROLLEY                  | 126.87            | 12 |
| 7/31/2025 | PO022248       | Acme Construction Supply    | S4730925.001          | MK-MORSE ZWEP35811MC35-3/8" 8/11 TPI BI-METAL PORT ABAND BLADE    | 89.20             | 12 |
| 7/31/2025 | PO022248       | Acme Construction Supply    | S4730925.001          | MK-MORSE ZWEP44811MC44-7/8" 8/11 TPI BI-METAL PORT ABAND BLADE    | 84.70             | 12 |
| 7/31/2025 | PO022248       | Acme Construction Supply    | S4730925.001          | REED 04434DEBO DEBURRING TOOL POCKET PENCIL                       | 85.90             | 12 |
| 8/22/2025 | PO026712       | Acme Construction Supply    | S4751791.004          | PART FLANGED HEX                                                  | 83.28             | 13 |
| 8/22/2025 | PO026712       | Acme Construction Supply    | S4754389.001          | MAGNETIC 9" TORPEDO LEVEL TRUE BLUE                               | 59.94             | 13 |
| 8/22/2025 | PO026712       | Acme Construction Supply    | S4754389.001          | FASTBACK FOLDING UTILITY KNIFE                                    | 53.82             | 13 |
| 8/22/2025 | PO026712       | Acme Construction Supply    | S4754389.001          | FATMAX KNIFE BLADE [100 PK                                        | 23.95             | 13 |
| 8/22/2025 | PO026712       | Acme Construction Supply    | S4754389.001          | LED FOCUS FLASHLIGHT WITH RED LASERPOINTER; MAGNET & USB RECHA    | 243.00            | 13 |
| 8/22/2025 | PO026712       | Acme Construction Supply    | S4754389.001          | 54PC. SHOCKWAVE DRIVER BIT SETMAGNETIC BIT HOLDER; BITS TIPS;& NU | 57.82             | 13 |
| 8/22/2025 | PO026231       | Acme Construction Supply    | S4754385.001          | EXTENSION LADDER 16' FIBERGLASSORANGE TYPE 1A 300LB. DUTY RATING  | 245.78            | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | 3/8" SOCKET DRIVER FOR CONCRETE HANGER                            | 59.04             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | DRILTEC 1/4 X 6-1/4 SDS PLUS CARBIDE BIT / MAK 00876-25           | 10.50             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | DRILTEC 3/8 X 6-1/4 SDS PLUS CARBIDE BIT / MAK D00929-25          | 14.54             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | 12 X 1 TEK 3 HWH SELF DRILL                                       | 11.40             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | DIABLO DSA0S00 1/4 HEX TO 1/2 SQUARE SOCKET                       | 11.54             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | WISE GRIP 11R                                                     | 34.03             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | GEARWRENCH 84S12N 1/2""DRIVE 1-1/8"" STANDARD                     | 9.91              | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | CRESCENT CCW12-0S COMBINATION WRENCH,15/16""                      | 15.46             | 13 |
| 8/29/2025 | PO023816       | Bigfoot Construction Supply | 98343-1               | DEWALT DD5116                                                     | 28.32             | 13 |
| 8/29/2025 | PO024209       | Bigfoot Construction Supply | 98445-1               | DEWALT IMPACT SOCKET ADAPTER 1/4 HEX X 3/8"DR                     | 26.36             | 13 |
| 8/29/2025 | PO024209       | Bigfoot Construction Supply | 98445-1               | PERFORMANCE 9/16" RATCHETING WRENCH / TITAN 12606                 | 28.14             | 13 |

## Appendix B – “MATERIAL” Questioned Transactions (Cont.)

| Date       | Purchase order | Vendor name                 | Vendor invoice number | Description                                                     | Total cost amount | PA |
|------------|----------------|-----------------------------|-----------------------|-----------------------------------------------------------------|-------------------|----|
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | DRILTEC 3/8 X 6- 1/4 SDS PLUS CARBIDE BIT / MAK D00929-25       | 14.54             | 13 |
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | 12 X 1 TEK 3 HWH SELF DRILL                                     | 11.40             | 13 |
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | DIABLO DSA0S00 1/4 HEX TO 1/2 SQUARE SOCKET                     | 11.54             | 13 |
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | WISE GRIP 11R                                                   | 34.03             | 13 |
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | GEARWRENCH 84S12N 1/2""DRIVE 1-1/8"" STANDARD                   | 9.91              | 13 |
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | CRESCENT CCW12-0S COMBINATION WRENCH,15/16""                    | 15.46             | 13 |
| 8/29/2025  | PO023816       | Bigfoot Construction Supply | 98343-1               | DEWALT DD5116                                                   | 28.32             | 13 |
| 8/29/2025  | PO024209       | Bigfoot Construction Supply | 98445-1               | DEWALT IMPACT SOCKET ADAPTER 1/4 HEX X 3/8""DR                  | 26.36             | 13 |
| 8/29/2025  | PO024209       | Bigfoot Construction Supply | 98445-1               | PERFORMANCE 9/16" RATCHETING WRENCH / TITAN 12606               | 28.14             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-32-401054PC. SHOCKWAVE DRIVER BIT SET              | 86.73             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-1502FLIP UTILITY KNIFE WITH BLADES              | 59.88             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | IRWIN 2084300[D-MAN]BI-METAL UTILITY KNIFE BLADES               | 33.13             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-5107COMPACT 7" BILLET TORPEDO LEVEL             | 65.94             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-7214STRAIGHT 14" ALUMINUM PIPE WRENCH           | 99.94             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-7218STRAIGHT 18" ALUMINUM PIPE WRENCH           | 129.94            | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | STANLEY 87-47312" ADJUSTABLE WRENCH CHROME                      | 39.24             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 2163-21USB RECHARGEABLE HARD HAT HEADLAMP             | 139.94            | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MAKITA B-433159/16" X 12" HOLLOW SHAFT NUT RUNNER               | 78.94             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MAKITA B-433653/4" X 12" HOLLOW SHAFT NUT RUNNER                | 86.22             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-94083/8DR 28PC. SAE SOCKET SET DEEP             | 104.97            | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-3100FINE POINT BLACK INKZALL PERMANENT MARKER   | 43.20             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-8425PACKOUT LARGE TOOL BOX                      | 179.94            | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | MILWAUKEE 48-22-8432PACKOUT DEEP ORGANIZER                      | 129.94            | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | DEWALT DCS374B20V MAX DEEP-CUT FULL-SIZE LARGE CORDLESS BANDS/  | 359.00            | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | DEWALT DCS378B 20V MAX XR 3-1/4" CUT MID-SIZED CORDLESS BANDSAW | 349.00            | 13 |
| 9/2/2025   | PO023816       | Bigfoot Construction Supply | 98844-1               | PTW30254 PERFORMANCE 1/2" RATCHETING WRENCH                     | 13.37             | 13 |
| 9/2/2025   | PO023816       | Bigfoot Construction Supply | 98844-1               | PTW30255 PERFORMANCE 9/16" RATCHETING WRENCH                    | 14.07             | 13 |
| 9/8/2025   | PO023816       | Bigfoot Construction Supply | 98343-2               | SHOCKWAVE 5/16-18 IMPACT RATED DRILL TAP BIT                    | 54.87             | 13 |
| 9/23/2025  | PO024209       | Bigfoot Construction Supply | 98445-2               | 2-1/2 HOLES AW BI METAL                                         | 25.64             | 14 |
| 9/24/2025  | PO027083       | Bigfoot Construction Supply | 99684-1               | ALBION B1 10OZ CARTRIDGE GUN 7:1 NO DRIP                        | 20.56             | 14 |
| 10/8/2025  | PO028592       | Bigfoot Construction Supply | 100391-1              | MK ZWEP3518W MK BANDSAWE BLADE 35-3/8 18 3PK                    | 50.54             | 14 |
| 10/13/2025 | PO028592       | Bigfoot Construction Supply | 100512-1              | BATES IN 1 5 IN 1 SCRAPER TOOL                                  | 35.85             | 14 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | FLIP UTILITY KNIFE WITH BLADES                                  | 63.88             | 15 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | 50PC. UTILITY KNIFE BLADES                                      | 12.97             | 15 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | 9/16" X 12" HOLLOW SHAFT NUT RUNNER                             | 79.70             | 15 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | FINE POINT BLACK INKZALL PERMANENT                              | 47.52             | 15 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | FILE 8" HALF ROUND BASTARD                                      | 259.20            | 15 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | DEBURRING TOOL POCKET PENCIL REAMER                             | 179.40            | 15 |
| 1/12/2026  | PO036872       | Home Depot                  | 956491                | MAKITA 3/8" KEYLESS CHUCK DRIVER                                | 40.97             | 17 |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | NIAGRA BOTTLE WATER 16.9 FL OZ 24PK                             | 17.97             | 7  |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | 3MIL BLACK CONTRACTOR BAGS 32PK                                 | 24.95             | 7  |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | KITCHEN GARBAGE BAG 32/BX                                       | 30.03             | 7  |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | KITCHEN PAPER TOWEL ROLL 30PK                                   | 5.31              | 7  |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | PAPER PLATE 100PER PACK                                         | 39.90             | 7  |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | PAPER BOWL 56 PACK                                              | 21.50             | 7  |
| 2/18/2025  | PO012234       | Bigfoot Construction Supply | 93374-1               | CUTLERY ASSORTED CUTLERY SET                                    | 17.99             | 7  |
| 4/1/2025   | PO014446       | Bigfoot Construction Supply | 94523-1               | BOTTLE WATER                                                    | 17.34             | 8  |
| 4/2/2025   | PO018199       | Bigfoot Construction Supply | 96092-1               | FOLDING CHAIR FOLDING CHAIR STEEL FRAME                         | 143.07            | 9  |
| 4/2/2025   | PO018199       | Bigfoot Construction Supply | 96092-1               | FOLDING TABLE 6 PLASTIC TABLE                                   | 179.96            | 9  |
| 4/10/2025  | PO016234       | Bigfoot Construction Supply | 95189-1               | BUCKET LID 2G 2 GALLON BUCKET LID ONLY                          | 125.64            | 9  |
| 4/30/2025  | PO016234       | Bigfoot Construction Supply | 95189-1               | BUCKET 5G 5 GALLON PLASTIC BUCKET EMPTY                         | 305.64            | 9  |
| 5/16/2025  | PO018842       | Bigfoot Construction Supply | 96342-2               | 5 GALLON PLASTIC BUCKET                                         | 169.80            | 10 |
| 5/16/2025  | PO018842       | Bigfoot Construction Supply | 96342-2               | 5 GALLON BUCKET LID                                             | 66.20             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | NIAGRA BOTTLE WATER 16.9 FL OZ                                  | 35.94             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | BLACK SHARPIE FINE POINT                                        | 20.05             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | IDEAL MARKER BLACK 12/CS                                        | 68.77             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | SOFT KNEES 5050 14X21" KNEEL                                    | 85.10             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | DRY ERASE KIT                                                   | 10.35             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | 7 GALLON TRASH CAN                                              | 25.58             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | KITCHEN GARBAGE BAG                                             | 30.03             | 10 |

## Appendix B – “MATERIAL” Questioned Transactions (Cont.)

| Date       | Purchase order | Vendor name                 | Vendor invoice number | Description                                                         | Total cost amount | PA |
|------------|----------------|-----------------------------|-----------------------|---------------------------------------------------------------------|-------------------|----|
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | ANGLE HOUSE BROOM                                                   | 15.37             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | HAND WIPE SCRUBS                                                    | 41.90             | 10 |
| 6/3/2025   | PO019790       | Bigfoot Construction Supply | 96631-1               | 3M N95 DUST MASK WITH VALVE                                         | 27.35             | 10 |
| 6/10/2025  | PO020574       | Johnstone Supply-Tacoma     | S101090684.001        | W69-752 RT600D DYNA WIPES WATERLESS                                 | 25.32             | 10 |
| 6/10/2025  | PO020574       | Johnstone Supply-Tacoma     | S101090684.001        | W69-514 2337X GLOVE NITRILE XL                                      | 18.72             | 10 |
| 6/16/2025  | PO019790       | Bigfoot Construction Supply | 96631-2               | 24 X 36" WHITE BOARD                                                | 35.00             | 10 |
| 7/1/2025   | PO022806       | Bigfoot Construction Supply | 97794-1               | HARD HAT HEAD LAMP RECHARGABLE                                      | 316.00            | 11 |
| 7/1/2025   | PO022806       | Bigfoot Construction Supply | 97794-1               | MEDIUM ROAST ORGANIC K-CUP                                          | 49.00             | 11 |
| 7/1/2025   | PO022806       | Bigfoot Construction Supply | 97794-1               | NIAGRA BOTTLE WATER 16.9 FL OZ BOTTLES 24 PER CASE 84 CASES PER PAL | 35.94             | 11 |
| 7/17/2025  | PO025569       | Bigfoot Construction Supply | 99044-2               | BUCKET WIPES                                                        | 195.00            | 11 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-1               | SWIFFER STARTER KIT                                                 | 47.98             | 12 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-1               | SWIFFER 003700077198                                                | 43.90             | 12 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-1               | COFFEE MATE .38OZ                                                   | 32.00             | 12 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-1               | PENCIL SHARPENER                                                    | 11.98             | 12 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-2               | 22 OZ. PLASTIC SPRAY BOTTLE                                         | 11.14             | 12 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-2               | NIAGRA BOTTLE WATER 16.9 FL OZ                                      | 35.94             | 12 |
| 7/17/2025  | PO026099       | Bigfoot Construction Supply | 99349-2               | SUGAR IN THE RAW                                                    | 21.98             | 12 |
| 7/18/2025  | PO025569       | Bigfoot Construction Supply | 99044-1               | 72 WIPES PER BUCKET6 BUCKETS PER CASE                               | 125.70            | 11 |
| 7/25/2025  | PO022248       | Acme Construction Supply    | S4711341.006          | ENERGIZER EN91-24AA (24-PACK) INDUSTRIAL ALKALINEBATTERIES          | 32.46             | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply    | S4730925.001          | ENCORE 201859WHITE PLASTIC BUCKET 1-GALLON                          | 10.78             | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply    | S4730925.001          | KRAFT GG468WHITE PLASTIC BUCKET 5 GALLON PAIL                       | 17.72             | 12 |
| 7/31/2025  | PO022248       | Acme Construction Supply    | S4730925.001          | ENERGIZER EN92-24AAA (24-PACK) INDUSTRIAL ALKALINEBATTERIES         | 97.38             | 12 |
| 8/22/2025  | PO026231       | Acme Construction Supply    | S4754385.001          | CLEANSING DISINFECTING WIPES LEMONSCENTED 75-COUNT CANISTER         | 71.92             | 13 |
| 8/22/2025  | PO026231       | Acme Construction Supply    | S4754385.001          | WHITE TERRY CLOTH BAR WIPERS 5LB.BOX STRIPED 100% TURKISH TOWEL     | 83.40             | 13 |
| 8/22/2025  | PO025118       | Acme Construction Supply    | S4737923.004          | FIRST-AID-ONLY 91138                                                | 201.12            | 13 |
| 8/29/2025  | PO024209       | Bigfoot Construction Supply | 98445-1               | 3MIL BLACK CONTRACTOR BAGS 32 BAGS PER BOX                          | 24.95             | 13 |
| 8/29/2025  | PO024209       | Bigfoot Construction Supply | 98445-1               | NIAGRA BOTTLE WATER 16.9 FL OZ BOTTLES 24 PER CASE 84 CASES PER PAL | 35.94             | 13 |
| 9/2/2025   | PO024238       | Acme Construction Supply    | S4731411.001          | ENERGIZER HDBIN32EBHEADLAMP LED FLASHLIGHT                          | 39.38             | 13 |
| 9/24/2025  | PO027083       | Bigfoot Construction Supply | 99684-1               | GARBAGE BAGS RTP325030-32 3MIL BLACK CONTRACTOR BAGS 32/BOX         | 49.90             | 14 |
| 10/8/2025  | PO028592       | Bigfoot Construction Supply | 100391-1              | BOTTLE WATER NIAGRA BOTTLE WATER 16.9 FL OZ                         | 35.94             | 14 |
| 10/8/2025  | PO028592       | Bigfoot Construction Supply | 100391-1              | BUFFALO RAG 25 BT 25# BOX BAR TOWEL RAGS 12054                      | 118.00            | 14 |
| 10/8/2025  | PO028592       | Bigfoot Construction Supply | 100391-1              | COFFEE MATE .380Z .38 OZ. FRENCH VANILLA CREAMER                    | 16.80             | 14 |
| 10/8/2025  | PO028592       | Bigfoot Construction Supply | 100391-1              | COFFMATE CREAMER .380C IC IRISH CREAM COFFE CREAMER                 | 16.80             | 14 |
| 10/13/2025 | PO028592       | Bigfoot Construction Supply | 100512-1              | SQWENCHER 060099-SL STRAWBERRY LEMONADE KWIKSTI                     | 71.00             | 14 |
| 10/13/2025 | PO028592       | Bigfoot Construction Supply | 100512-1              | SQWENCHER 060100-OR ORANGE KWIK STI                                 | 71.00             | 14 |
| 10/15/2025 | PO029949       | Bigfoot Construction Supply | 100750-1              | NIAGRA BOTTLE WATER 16.9 FL OZ                                      | 35.94             | 14 |
| 10/15/2025 | PO029949       | Bigfoot Construction Supply | 100778-1              | MEDIUM ROAST ORGANIC                                                | 92.60             | 14 |
| 10/15/2025 | PO029949       | Bigfoot Construction Supply | 100778-1              | HOT CUP / SLEEVE                                                    | 39.96             | 14 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | AA (24-PACK) INDUSTRIAL ALKALINE                                    | 64.92             | 15 |
| 10/17/2025 | PO029548       | Acme Construction Supply    | S4778979.001          | AAA (24-PACK) INDUSTRIAL ALKALINE                                   | 64.92             | 15 |
| 10/20/2025 | PO030448       | Acme Construction Supply    | S4790751.001          | SR5226 RESPIRATOR CLEANING WIPES[250/BX]Pn: 282442                  | 189.04            | 15 |
| 10/21/2025 | PO031693       | Bigfoot Construction Supply | 101664-1              | BOTTLE WATER NIAGRA BOTTLE WATER 16.9 FL OZ                         | 41.94             | 15 |
| 1/10/2025  | -              | -                           | -                     | GALVANIZED COIL 26GA X 5.394"W CSA G90                              | 129.89            | 6  |
| 1/10/2025  | -              | -                           | -                     | 24 GA (0236 MIN) X 60" GR33 G90 GALVANIZED COIL                     | 131.02            | 6  |
| 1/10/2025  | -              | -                           | -                     | GALVANIZED COIL 26GA X 5.394"W CSA G90                              | 17.77             | 6  |
| 1/10/2025  | -              | -                           | -                     | 22 GA (0236 MIN) X 60" GR33 G90 GALVANIZED COIL                     | 95.83             | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD J-FLANGE HEAVY J-CONNECT                                       | 70.80             | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD J-CORNER HEAVY 200/BOX                                         | 73.93             | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD SUPERSEAL DUCT SEALER W/FIBER GRAY 1 GALLON                    | 17.88             | 6  |
| 1/10/2025  | -              | -                           | -                     | DYMONIC FC GRAY SEALANT 10.1oz CARTRIDGE                            | 236.10            | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD GASKET TAPE BUTYL 30FT ROLL 25RL/CS                            | 112.46            | 6  |
| 1/10/2025  | -              | -                           | -                     | GALVANIZED SHEET 20GA 48X120"                                       | 5.71              | 6  |
| 1/10/2025  | -              | -                           | -                     | GALVANIZED SHEET 24GA 48X120"                                       | 90.20             | 6  |
| 1/10/2025  | -              | -                           | -                     | HARD ROLLED SQUARE BAR 3/8" X 20'L                                  | 4.85              | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD J-FLANGE HEAVY J-CONNECT                                       | 26.55             | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD J-CORNER HEAVY 200/BOX                                         | 14.79             | 6  |
| 1/10/2025  | -              | -                           | -                     | DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX                      | 25.56             | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD CLEAT-STANDING S LOCK 22GA 1"X10LF                             | 18.99             | 6  |
| 1/10/2025  | -              | -                           | -                     | WARD CLEAT-DRIVE- 24GA                                              | 6.30              | 6  |
| 1/10/2025  | -              | -                           | -                     | CONDUIT 1/2" EMT                                                    | 4.85              | 6  |
| 1/10/2025  | -              | -                           | -                     | JM LINACOUSTIC DUCT LINER 1"X60"X100' - 500SF/RL                    | 61.08             | 6  |

**Appendix B – “MATERIAL” Questioned Transactions (Cont.)**

| Date      | Purchase order | Vendor name | Vendor invoice number | Description                                                  | Total cost amount | PA |
|-----------|----------------|-------------|-----------------------|--------------------------------------------------------------|-------------------|----|
| 1/10/2025 | -              | -           | -                     | H-102 FLT TWIST KNOB HANDLE BEARING COMBO 200/BX             | 2.83              | 6  |
| 1/10/2025 | -              | -           | -                     | ROSSI B-SNAP SNAP-IN BEARING 3/8"                            | 0.50              | 6  |
| 1/10/2025 | -              | -           | -                     | DAMPER DISC 14" STACKABLE                                    | 8.88              | 6  |
| 1/10/2025 | -              | -           | -                     | DYMONIC FC GRAY SEALANT 10.1oz CARTRIDGE                     | 31.48             | 6  |
| 1/10/2025 | -              | -           | -                     | GRIPNAIL WELD PINS #107 FOR 1" LINER                         | 9.08              | 6  |
| 1/10/2025 | -              | -           | -                     | GALVANIZED SHEET 22GA 48X120"                                | 28.20             | 6  |
| 1/10/2025 | -              | -           | -                     | GALVANIZED SHEET 24GA 48X120"                                | 159.90            | 6  |
| 1/10/2025 | -              | -           | -                     | WARD J-FLANGE HEAVY J-CONNECT                                | 35.40             | 6  |
| 1/10/2025 | -              | -           | -                     | WARD J-CORNER HEAVY 200/BOX                                  | 20.70             | 6  |
| 1/10/2025 | -              | -           | -                     | DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX               | 51.11             | 6  |
| 1/10/2025 | -              | -           | -                     | WARD CLEAT-STANDING S LOCK 22GA 1"X10LF                      | 37.99             | 6  |
| 1/10/2025 | -              | -           | -                     | WARD CLEAT-DRIVE- 24GA                                       | 12.60             | 6  |
| 1/10/2025 | -              | -           | -                     | JM LINACOUSTIC DUCT LINER 1"X60"X100' - 500SF/RL             | 159.75            | 6  |
| 1/10/2025 | -              | -           | -                     | GRIPNAIL WELD PINS #107 FOR 1" LINER                         | 23.76             | 6  |
| 1/10/2025 | -              | -           | -                     | GALVANIZED SHEET 22GA 48X120"                                | 122.20            | 6  |
| 1/10/2025 | -              | -           | -                     | DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX               | 8.52              | 6  |
| 1/10/2025 | -              | -           | -                     | JM LINACOUSTIC DUCT LINER 1"X60"X100' - 500SF/RL             | 108.07            | 6  |
| 1/10/2025 | -              | -           | -                     | GRIPNAIL WELD PINS #107 FOR 1" LINER                         | 16.07             | 6  |
| 1/10/2025 | -              | -           | -                     | GALVANIZED SHEET 18GA 48X120" SPECIALTY                      | 56.58             | 6  |
| 1/17/2025 | -              | -           | -                     | GALVANIZED SHEET 24GA 48X120"                                | 24.60             | 6  |
| 1/17/2025 | -              | -           | -                     | DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX               | 3.33              | 6  |
| 1/17/2025 | -              | -           | -                     | GALVANIZED SHEET 20GA 48X120"                                | 32.47             | 6  |
| 1/17/2025 | -              | -           | -                     | WARD CLEAT-HEMMED/FLAT S-CLEAT 26GA                          | 17.80             | 6  |
| 1/17/2025 | -              | -           | -                     | GALVANIZED SHEET 12GA 48X120" SPECIALTY                      | 3.03              | 6  |
| 1/17/2025 | -              | -           | -                     | WARD PUNCHED FIRE DAMPER ANGLE 16GA X 1-1/2 X 1-1/2"         | 16.45             | 6  |
| 1/24/2025 | -              | -           | -                     | GALVANIZED SHEET 24GA 48X120"                                | 139.40            | 6  |
| 1/24/2025 | -              | -           | -                     | WARD J-FLANGE HEAVY J-CONNECT                                | 26.55             | 6  |
| 1/24/2025 | -              | -           | -                     | WARD J-CORNER HEAVY 200/BOX                                  | 11.74             | 6  |
| 1/24/2025 | -              | -           | -                     | DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX               | 54.06             | 6  |
| 1/24/2025 | -              | -           | -                     | JM LINACOUSTIC DUCT LINER RC-IG W/ADHSV 1 X 59" X 100'- 491. | 90.41             | 6  |

## Appendix C – Management Response

The Port of Seattle Construction Management (CM) department received the internal audit report for Primary Fire Station Continuing Operations Preservation - MC/CM Cost-of-Record Review from the Capital Project Audit team on June 15, 2026. The report provided an analysis of the records for Mechanical Subcontractor, Hermanson, finding errors encountered and providing recommended solutions to either correct the records or prevent errors from occurring in future contracts. The following is CM department's response to the report. We will provide record of immediate actions taken if required, preventative actions taken for future projects, and then identify any other issues not adequately captured within the report provided.

### **Recommendation #1 – Billable Labor Rates**

*"The Port typically approves billable labor rates according to its Master Labor Rate Template, which outlines rates by craft. If someone requests higher rates, the Port should maintain justification for approval and implement additional steps during Pay Application review to confirm contractors are paying employees the extra base hourly wage."*

#### **Discussion:**

CM concurs with the recommendation that the rates billed should match the Master Labor Rate Template and that the "occupied space" premium should have been validated with more rigor to justify billing. Per SOP, CM is not required to evaluate payrolls and validate the premium rates were passed down to the employees in accordance with MLA/CBA.

#### **Immediate Response:**

CM is pursuing correction of the \$130,965 in billed labor by either having Hoffman return the billed amount in total to the Port or to pay the workers the 20% premium they were entitled.

Complete: Q4 2026 or will be elevated.

#### **Preventative Action:**

Construction contracts for aviation require maintenance of airport operations during execution of construction with Contractors working near operational environments, which makes "occupied space" subjective to applicability. CM is going to provide definition for "occupied space" in contracts to align with MLA/CBA definition while accounting for the specific limitations of our environment. CM will also incorporate reference to MLA and CBA requirements into new contracts. Cost will be evaluated whether this can be included in current contracts.

Training to be provided to CM staff on Master Labor Rate Template and resolving deviations from based rates.

Complete: Q4 2026

### **Recommendation #2 – Tax Rate Notices**

*"Each year, the Port should collect Tax Rate Notices and compare them to the rates listed in the Master Labor Rate spreadsheet to ensure accuracy."*

#### **Discussion:**

CM concurs with the recommendation that Tax Rate Notices should be submitted by the Contractor to document changes and improve pay application evaluation.

#### **Immediate Response:**

CM will request all Tax Rate Notices be provided for incorporation into the project file.

Complete: August 2026

#### **Preventative Response:**

CM will validate provisions of GCCM contract to align with CBA requirements and incorporate timelines for initial submission and recurrence intervals. Training will be provided to CM staff on topic.

Complete: Q4 2026

### **Recommendation #3 – SUTA/FUTA**

*"Update SUTA and FUTA formulas on the Master Labor Rate Template."*

Discussion:

CM concurs with Audit the process for management of SUTA and FUTA needs improvement to allow for better visibility and prevention of overpayment.

Immediate Response:

CM is evaluating the payroll records for overpayment on SUTA and FUTA. Any overpayment will be requested from Hoffman.

Complete: August 2026

Preventative Response:

CM will update the formulas in the Master Labor Rate Template to provide better tracking and visibility of payment on projects to provide real time status for potential overpayment. The general conditions will be updated to clarify requirements for FUTA and SUTA. System for tracking and prevention of overpayment will be developed and implemented.

Complete: Q4 2026

**Recommendation #4 – Shop Burden**

*“Obtain a detailed list of contractor Shop Burden items before approving billable rates.”*

Discussion:

CM concurs with the recommendation.

Immediate Response:

CM will request a breakdown of the shop rate for validation. Any discrepancies will be discussed and resolved with Hoffman.

Complete: September 2026

Preventative Response:

CM will update specifications to require Shop Burden and Offsite Work Matrix be submitted and negotiated during preconstruction. Incorporate provisions into contract stipulating any cost elements determined billable under Contractor shop burden or offsite work rate should be excluded from direct cost-of-work, SGC, or fees and allowable markups. Training will be provided to CM staff on updates.

Complete: Q4 2026

**Recommendation #5 – Rental and Storage**

*“Approve proposed rental and storage rates prior to reviewing the detailed list of contractor Shop Burden items and approving billable rates.”*

Discussion:

CM concurs with the recommendation to validate rates and dates the rental and storage start and stop.

Immediate Response:

CM is evaluating if rates paid follow contract requirements. Any discrepancies will be discussed and resolved with Hoffman.

Complete: August 2026

Preventative Response:

CM will incorporate off-site storage provisions into contract templates. Contractor's will be required to submit storage rental rates for Port CM approval. CM will develop system to validate dates for storage/rental. Training will be provided on updates.

Complete: Q4 2026

**Other Issues**

**Small Tools and Equipment**

The report identifies small tools and equipment as included in the SGCs but billed as cost of work items. CM concurs with the recommendation that all small tools and equipment should be included in the SGCs or allowable markup on the changed work and will evaluate the claim and pursue action with Hoffman for any overpayment.

CM will develop a methodology for better tracking and payment for small tools. A new matrix and Division 1 narrative is being developed by the Port and this will be better clarified. CM will reach out and

coordinate with Associated General Contractors of America (AGC) clarification and validation of this issue.

Complete: Q4 2026

**Certified Payroll Discrepancy**

The report identifies a discrepancy between the Contractor Data System and certified payrolls submitted to Washington Department of Labor and Industries (L&I). CM has no action on this issue, but the CPO will resolve with L&I prior to project closeout per their current SOPs. CPO will not close the contract and authorize the release of retainers until the CDS and LNI information are matching.

**Audit Frequency**

CM agreement with Audit required monthly evaluation and communication of issues from the audit team. The Port established this agreement to prevent issues from developing into larger problems and being more proactive in communication and resolution. The audit team member assigned failed to meet these requirements and all audit results were provided at the end of the contract. CM requests Audit provide a procedure to identify audit issues and discuss findings on a monthly basis and how to resolve when timelines are not being met.

**Internal Audit Response to Audit Frequency**

*Internal Audit concurs with management that the consultant failed to fulfill the responsibilities as outlined in the Scope of Work section of the Service Agreement, specifically as required in Tasks and Deliverables § 1.4: "Provide Port project management staff and Port IA monthly memos, the results of pay application review including questioned costs."*