

**Nassau County
Office of the Comptroller**



**Limited Review of Ch2M's
Compliance with the Nassau County Living Wage Law**

February 19, 2015 through Present

GEORGE MARAGOS

Comptroller

December 28, 2017

NASSAU COUNTY
OFFICE OF THE COMPTROLLER

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Executive Summary

Introduction:

Nassau County (“County”) initiated a personal services agreement with CH2M to provide Construction Management Services for the Bay Park Sewage Treatment Plant Electrical Distribution system. Approximately 56 employees worked under this contract. Payments to CH2M amounted to \$3.6 million for the period June 8, 2015 – February 24, 2017.

Purpose:

The objective of this review was to determine whether CH2M was in compliance with the County’s Living Wage Law (“Law”) and the related Rules¹ for its employees who perform work under its contract with Nassau County by paying them at least the Living Wage rate and providing the Law’s required compensated time off.

Key Findings:

- The hourly rates paid to two employees were less than the rates mandated by the Living Wage law resulting in \$292 in underpayments.
- DPW approved wage rates that were far below the Nassau County Living Wage rate.

Key Recommendations:

- CH2M compensate the two employees the amounts owed and provide proof of payment to the Comptroller’s Office.
- The Department of Public Works approve employee hourly wages that are in accordance with the Nassau County Living Wage Law

The matters covered in this report have been discussed with the officials of CH2M and Nassau County’s Department of Public Works. On October 30, 2017, we submitted the draft findings to CH2M and DPW for their response. CH2M and DPW responded on November 28th and 27th, respectively. Their responses and our follow up to their response can be found in Appendix A at the end of this report.

¹ Living Wage Law Rules of the Nassau County Comptroller and Rules of the Nassau County Executive.

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Introduction

Background

The Living Wage Law was enacted by the Nassau County Legislature to ensure that all employees of contractors that do business with Nassau County earn the living wage rate and receive health benefits or a health benefit supplement. Under the Law, full-time employees who work 40 hours per week are entitled to receive no less than 12 paid days off per year, while part-time employees who work at least 20 hours per week receive proportionate compensated days off².

CH2M Hill Engineering, P.A. (“CH2M”) is a global engineering and construction company that provides consulting, design construction and operation services for corporations and federal, state and local governments. On February 19, 2015, Nassau County (“County”) initiated a personal services agreement with CH2M (CFPW15000001), to provide Construction Management Services for the Bay Park Sewage Treatment Plant Electrical Distribution system. The agreement includes furnishing resident engineers, inspectors, schedulers, cost estimators, evaluation of contractor claims and other construction related services. Payments to CH2M amounted to \$3.6 million for the period June 8, 2015 – February 24, 2017. Approximately 56 employees worked under this contract.

Audit Scope, Objectives and Methodology

In May 2017, the Comptroller’s Office Vendor Claims unit reviewed some invoices that CH2M submitted for payment and noticed several employees of CH2M were being paid less than the Nassau County living wage and several employees paid for work on this contract were located in Poland.

The objective of the review was to determine whether CH2M was in compliance with the Nassau County Living Wage Law and its related Rules³. The review period was February 19, 2015 through present.

We reviewed CH2M’s submitted claim vouchers and related supporting documentation, employee payroll records, and met with personnel. We examined approved claim vouchers for the period June 8, 2015-February 24, 2017 and corresponding employee payroll records for the period May 30, 2015 through February 24, 2017.

We believe our review provides a reasonable basis for the findings and recommendations contained herein.

² Miscellaneous Laws of Nassau County- Title 57 – Nassau County Living Wage Law

³ Rules of the County Comptroller and Rules of the County Executive.

Findings and Recommendations

CH2M

Audit Finding:

(1) CH2M Underpaid Two Employees a Total of \$292 During the Audit Period

Our review revealed that the hourly rates paid to two employees were less than the rates mandated by the Living Wage law resulting in \$292 in underpayments. The two employees located in Poland performed administrative support functions. The employees worked a total of 136 hours under the contract. Employee A is due \$277.94 and employee B is due \$14.55.

Our review of the provision for accrued compensated time off for CH2M's employees noted that CH2M was in compliance with compensated time off policies for its employees. We also reviewed CH2M's employee benefits manual regarding the provisions for health insurance and found CH2M to be compliant with the Law.

Audit Recommendation:

We recommend that CH2M compensate the two employees the amounts owed and provide proof of payment to the Comptroller's Office.

Findings and Recommendations

Nassau County Department of Public Works (“DPW”)

Audit Finding:

(2) DPW Approved Wage Rates Below the County’s Living Wage Rate

Our review revealed that DPW approved wage rates that were far below the Nassau County Living Wage rate. See Exhibits I and II on pages 4 and 5 for the wage approval request letters signed by DPW authorizing the wages.

As a result, two CH2M employees who performed administrative support functions were paid below the Nassau County Living Wage rate as well as below Federal and State minimum wage rates. One employee was paid \$6.80 per hour and the other was paid \$11.65 per hour.

Audit Recommendation:

We recommend that the Department of Public Works approve employee hourly wages that are in accordance with the Nassau County Living Wage Law.

Findings and Recommendations

Exhibit I

EDWARD P. MANGANO
COUNTY EXECUTIVE



SHILA SHAH-GAVNOUDIAS, P.E.
COMMISSIONER

COUNTY OF NASSAU
DEPARTMENT OF PUBLIC WORKS
1194 PROSPECT AVENUE
WESTBURY, NEW YORK 11590-2723

February 23, 2017

CH2M New York
22 Cortland Street, 31st Floor
New York, New York 10007

Att: [REDACTED] Vice President

Re: Bay Park Sewage Treatment Plant
E2/E3 CM Services
Wage Approval Request

To Whom It May Concern:

We have reviewed the information contained in your letter dated January 29, 2016, and approve the wage rates of the following employees effective immediately, as follows:

NAME	TITLE	MAXIMUM	Effective Date
[REDACTED]	Civil/Mechanical Inspector	\$55.00	October 1, 2016
[REDACTED]	Project Administrative Support	\$6.80	July 1, 2016
[REDACTED]	Electrical Start-Up Lead	\$59.53	January 1, 2017
[REDACTED]	Electrical Inspector	\$46.00	January 10, 2017

Approval of additions to your staff for work on Nassau County projects will be considered subject to the terms of your agreement with us. However, the utilization of any of your employees for work on Nassau County projects will be done solely at the discretion of the Department of Public Works.

Regardless of the rates approved herein, the firm is still bound by the terms and conditions of the specific agreement(s) under which services are being provided including the hourly wage rate cap contained within such agreement(s).

Very truly yours,

[REDACTED]
Chief Deputy Commissioner of Public Works

- c: [REDACTED] Commissioner of Public Works
- [REDACTED] Deputy Commissioner of Public Works
- [REDACTED] Deputy Commissioner of Public Works
- [REDACTED] Assistant to Commissioner of Public Works
- [REDACTED] Fiscal Officer, Comptroller's Office
- [REDACTED] Accounts, Dept. of Public Works
- [REDACTED] Inspector, Comptroller's Office

k. Support Staff Author [REDACTED] (1125) Wage Rate letter- 01/21/2017 [REDACTED].doc

Findings and Recommendations

Exhibit II

EDWARD P. MANGANO
COUNTY EXECUTIVE



SHILA SHAH-GAVNOUDIAS, P.E.
COMMISSIONER

COUNTY OF NASSAU
DEPARTMENT OF PUBLIC WORKS
1194 PROSPECT AVENUE
WESTBURY, NEW YORK 11590-2723

November 17, 2016

CH2M New York
22 Cortland Street, 31st Floor
New York, New York 10007

Att: [Redacted] Vice President

Re: Bay Park Sewage Treatment Plant
E2/E3 CM Services
Wage Approval Request

To Whom It May Concern:

We have reviewed the information contained in your letters dated October 13, 2016, and November 3, 2016, and approve the wage rates of the following employees effective as follows:

NAME	TITLE	MAXIMUM	Effective Date
[Redacted]	Cost Estimator	\$25.96	9/1/2016
[Redacted]	Electrical Inspector	\$46.00	10/1/2016
[Redacted]	Project Administrative Support	\$11.65	7/1/2016
[Redacted]	Resident Engineer	\$74.52	9/1/2016
[Redacted]	Assistant Resident Engineer	\$48.33	8/1/2016
[Redacted]	Cost Estimator Support	\$22.12	11/1/2016
[Redacted]	Office Engineer	\$57.68	11/1/2016
[Redacted]	Project QC	\$49.86	8/1/2016
[Redacted]	Electrical Inspector	\$48.56	5/17/2016

Approval of additions to your staff for work on Nassau County projects will be considered subject to the terms of your agreement with us. However, the utilization of any of your employees for work on Nassau County projects will be done solely at the discretion of the Department of Public Works.

Regardless of the rates approved herein, the firm is still bound by the terms and conditions of the specific agreement(s) under which services are being provided including the hourly wage rate cap contained within such agreements(s).

Very truly yours,

[Redacted]
Chief Deputy Commissioner of Public Works

RPM:KGA:WSN:ac

- c: [Redacted] Commissioner of Public Works
- [Redacted] Deputy Commissioner of Public Works
- [Redacted] Deputy Commissioner of Public Works
- [Redacted] Assistant to Commissioner of Public Works
- [Redacted] Fiscal Officer, Comptroller's Office
- [Redacted] Accounts, Dept. of Public Works
- [Redacted] Inspector, Comptroller's Office

K:\Support Staff\Author\ [Redacted] Wage Rate CH2M 9 Employees.ap.doc

CH2M’s Response - Received November 28, 2017



Mary Kay Morville
Corporate Counsel

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Englewood, CO 80112
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Mary.morville@ch2m.com
www.ch2m.com

VIA EMAIL AND U.S. MAIL

JoAnn F. Greene
Director of Field Audit
OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

RE: Nassau County Review of CH2M Hill Engineering Compliance with the Nassau County Living Wage Law

Dear Ms. Greene,

Please accept this letter as CH2M Hill’s formal response to Nassau County’s findings following the limited compliance review which were provided to CH2M Hill by letter dated October 30, 2017. This letter is also a formal follow up to my email dated November 1, 2017. As recommended in the October 30, 2017 letter, CH2M Hill will make the recommended payments to our two employees, and will provide documentation when completed. Payment to the employees will be made in their next monthly payroll payment, and we will provide you proof of the payments once they have been made.

Thank you, and please feel free to contact me if you have any questions or concerns.

Regards,

Mary Kay Morville
Corporate Counsel

Cc: Brian Gackstatter, via email only

Legal text Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla adipiscing congue consequat. Nullam mollis lorem eu quam walfend ullamcorper in ac leo. Aenean aliquam semper tempus. Duis ut dolor metus. Donec quis frusa sit amet leo eleifend tristique. Morbi nec enim risus. Donec facilisis lectus ipsum, a accumsan mi bibendum eu. Nunc sit amet diam mi, euismod viverra diam. Vivamus dictum dignissim tempus. Donec nec feila odio, a blandit nulla. Praesent nulla purus, dictum sed viverra in, eleifendum blandit erat.

Auditor’s Follow-Up Comment

We concur with CH2M’s intention to make the payments to the two employees and provide proof of payment to the Nassau County Comptroller’s Office.

DPW’s Response - Received November 27, 2017

In response to your audit findings the Department issued a SOP regarding wage rate approvals. The living wage rate is posted on the Comptroller’s website each year on August 1st. Our Unit Head will email his staff related to the rate each year. In addition, Staff is to refer to that rate when approving wage rates, including firms outside of the Country.

Auditor’s Follow-Up Comment

We concur with DPW’s issuance of a Standard Operating Procedure (“SOP”) to ensure that wage rate approvals are in compliance with Nassau County’s Living Wage Law.