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Coast Guard mismanages millions in bridge construction project

By Kellan Howell

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Call it a case of money under the bridge, but the Coast Guard, which keeps America safe by patrolling U.S. waterways, can't effectively manage the flow of millions of tax dollars spent on bridge construction projects.

Two years after the Coast Guard completed a bridge alteration in Iowa that cost more than \$80 million, most of it from the taxpayers, a new Department of Homeland Security Office of Inspector General audit revealed that the Coast Guard cannot guarantee the money was spent wisely.

In 1991, the Coast Guard determined that the Burlington Bridge, a 2,000-foot span across the Mississippi River in Iowa, was too low for its fleet to clear and ordered the bridge owner, the Burlington Northern and Santa Fe (BNSF) Railway, to alter it.

The Coast Guard and BNSF shared the costs of the project, with the company paying roughly \$8 million in addition to the \$74 million provided by the government.

But auditors found that the Coast Guard relied too heavily on BNSF to maintain records of the contracting process, work change orders, and estimates of salvageable materials, and could not prove that the project was cost effective.

The report highlights just one bridge project — as of July 2014, the Coast Guard was managing 13 bridge alteration orders.

"This is just one instance that was reviewed," said Nicole Kaeding, a budget analyst at the Cato institute, a libertarian think tank in Washington D.C. "If the Coast Guard can't keep records for this bridge — and potentially overspent — how many other bridges or programs have similar issues? Taxpayers deserve a proper accounting of how their hard-earned tax dollars are spent."

For failing to ensure millions of American's tax dollars were spent as efficiently as possible, the Coast Guard wins this week's Golden Hammer Award, a weekly distinction awarded by The Washington Times that highlights examples of questionable spending.

"This is sloppy, that these guys could do this huge bridge project and still not have the documentation, how difficult is it to document your finances?" said Leslie Paige, vice president and director of communications at the non-partisan Citizens Against Government Waste.

The audit report comes as DHS is facing a possible shutdown as lawmakers debate a funding package for the agency which has a marked history of wasteful spending habits.

"This is far from an isolated event. There are numerous instances of mismanagement and improper spending with DHS since its founding," Ms. Kaeding said.

"First we had a bridge to nowhere. Now we have a shovel-ready stimulus bridge which has no protections against Sopranos-like no-show jobs and other shenanigans," said Ryan Ellis, tax policy director at Americans for Tax Reform in an email to The Washington Times. "We're devolving as a political species."

Under federal law, it's up to the bridge owner, BNSF, to select the contractor for the construction project, but the Coast Guard must approve the owner's selection. Although Coast Guard Bridge Program officials ensured DHS investigators that pre-approval discussion with BNSF had taken place, they could not provide documentation to prove that the most competitive contractor had been selected.

"Because it did not properly document the discussions, we could not determine whether the Coast Guard thoroughly evaluated the contractors' costs and expertise to ensure that the selected contractor was the best value for the Government," investigators wrote.

Additionally, the Coast Guard relied entirely on BNSF to keep records of changes to construction work orders but those records did not always support the new costs.

Of the 68 work change directives that BNSF sent to the Coast Guard, 20 were approved totaling about \$10.9 million, that did not match up with the estimated costs of the work.

"The WCDs were missing documentation, such as estimates for the expected costs, including estimates for the costs of labor, materials, and overhead. Without such support, the Coast Guard cannot be certain of the cost of work done under these WCDs," auditors wrote.

The Coast Guard also did not have a process in place to double check BNSF's estimations on the amount of materials that could be salvaged from the old bridge to be reused in the new one. Investigators wrote that without that verification, the Coast Guard can't be sure that it got the best

value out of the materials that were available, and might have been able to save more money on the project.

Auditors estimated in the report that the salvageable steel was worth about \$184,000, but BNSF only included a salvage value of \$10,000.

"That they could have been so off on that salvage it makes you wonder what their skill set is, this is not a small understanding, this is a very large miss," Ms. Paige said.

Coast Guard officials attributed the \$174,000 difference to break down, shipping, and lead paint remediation costs that were not included in the price quote.

Management from the Coast Guard's bridge project insisted that they did maintain accurate documentation throughout the project, but admitted that some of the paperwork did not measure up to audit requirements.

"The Coast Guard is confident that its documentation fully supports both the \$74 million Federal government share and the \$8 million Burlington Northern and Santa Fe Railroad share of the total Project cost," Rear Adm. T.A. Sokalzuk, assistant commandant for resources and CFO wrote in an official response to the audit.

A spokesperson from BNSF did not respond to a request for comment.

Ms. Paige pointed out that time and time again auditors measure waste in similar reports but do nothing to ensure their recommendations are implemented, as is the case with DHS' audit of the bridge project.

"If in fact some of these agencies could claw back that money, or say 'listen, if you don't have the support documents in place and you can't prove this, we're going to take the money back,' maybe they would get their butts in line, but they don't do that," Ms. Paige said.

Coast Guard officials agreed with DHS' recommendations and planned to maintain better records on future projects. The Defense Contract Audit Agency will conduct a final contract close out audit for the project.