

STATE OF WEST VIRGINIA

FULL PERFORMANCE EVALUATION OF THE

DIVISION OF CULTURE AND HISTORY

**Culture and History Should Carefully
Consider the Risks, Additional Expenses
and Uncertainties in Alternative Plans
to Resolve Dissatisfaction with an
Acceptable Design of the Museum**

OFFICE OF LEGISLATIVE AUDITOR
Performance Evaluation and Research Division
Building 1, Room W-314
State Capitol Complex

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Executive Summary

Issue 1: Culture and History Should Carefully Consider the Risks, Additional Expenses and Uncertainties in Alternative Plans to Resolve Dissatisfaction with an Acceptable Design of the Museum.

As the agency charged with the advancement and promotion of the state's culture, the Division of Culture and History has spent four years on a project to renovate the aging exhibits in the State Museum. After the expenditure of \$1 million for an exhibitry design and several displays, the administration of the Division changed. The new Commissioner halted the project prior to the construction phase, in order to respond to staff dissatisfaction with the new design and displays. In addition, the Division was disappointed with the content of the museum and wanted a more sophisticated product. An independent consultant was hired to assess the exhibitry design, and concluded that the design was well done and could be implemented. However, the consultant also had concerns that elements of the design did not meet specific criteria. **Nevertheless, the consultant informed the Commissioner that Chadbourne's completed design is well done, executable, and is the simplest and least expensive option, but alternative designs should be considered.** The Commissioner is now proposing alternatives that could include the replacement of the design firm that created the exhibitry design with a new firm. This proposal could involve an additional cost of as much as \$1.5 million.

The Legislative Auditor found that the original designer made a good faith effort, and provided a usable product to the Division. However, the new administration would like a more sophisticated design. **The Legislative Auditor recommends that the Division identify exactly what improvements it feels are needed, and at what additional costs.** The agency should assess whether the improvements are worth the additional costs. Furthermore, if an alternative design is pursued, every effort should be made to use as much of Chadbourne's design as possible, and to develop procedures to ensure that the improvements will be achieved through sufficient contract management. If alternative designs are cost prohibitive, the Legislative Auditor recommends that the Division consider the least expensive option of implementing Chadbourne's design with affordable modifications.

Recommendations

- 1. A new project manager should be hired to determine what improvements to the Chadbourne design the new administration wants, and how much additional cost would be incurred.*
- 2. The Legislative Auditor recommends that any Request for Proposals be submitted to the Governor's Office of Fiscal Risk and Analysis Management for its fiscal risk review.*
- 3. Any proposed improvements and additional costs should be presented to the Legislature for its review. If it is determined that the improvements are not worth the additional costs, the Division should consider executing Chadbourne's design with any necessary modifications.*

Review Objective, Scope and Methodology

This Full Performance Review of the Division of Culture and History is required and authorized by the West Virginia Sunset Law, Chapter 4, Article 10, Section 5 of the West Virginia *Code* as amended. The Division of Culture and History is responsible for the preservation and advancement of the culture of the state by creating opportunities to present, preserve, collect, document and promote the state. The West Virginia State Museum, located within the Division, presents displays that incorporate artifacts and archival information to inform the public about the state.

Objective

The renovation project of the State Museum was examined in this report, which is the first report of the Full Performance Review, in order to determine the progress of the renovation project, and its efficiency. Delays in this project had raised concerns of ineffective management of the project, and possible waste of financial resources.

Scope

The ongoing renovation project of the State Museum covers the period from 1998 - 2002. No other part of the Division of Culture and History was examined in this initial report.

Methodology

The Legislative Auditor examined documents provided by the agency such as annual reports, *Code* requirements, previous evaluations and all files relating to the museum renovation. This report was developed from personal interviews, a review of the work produced by the contracted design firm for the museum renovation, and invoices paid for the work produced. The work product was carefully examined in light of the stated concern of staff dissatisfaction with the design product, and the stated proposal to revise the design at an estimated cost which would double the amount originally paid for the design. Every aspect of this evaluation complied with **Generally Accepted Government Auditing Standards (GAGAS)**.

Issue 1: Culture and History Should Carefully Consider the Risks, Additional Expenses and Uncertainties in Alternative Plans to Resolve Dissatisfaction with an Acceptable Design of the Museum.

The West Virginia State Museum provides for the advancement of culture by creating opportunities to collect, document, present, preserve, and promote the State of West Virginia. Visitors to the State Museum are able to explore the state's arts, culture and history through exhibitions which incorporate the state's collection of artifacts and art. The present exhibits in the State Museum were created 26 years ago, when the museum first opened in the Cultural Center. In an effort to modernize the museum, the Division of Culture and History (Division) began planning a renovation in 1998.

A nationally recognized design firm (Chadbourne) completed a fully executable exhibitry design for the State Museum in December 2000, and oversaw installation of some exhibits at a paid renovation cost of \$1 million. However, the administration of the Division changed in February 2001. The new Commissioner received comments of dissatisfaction from Division staff concerning Chadbourne's design, and consequently halted work on the second phase of the contract. In order to gain an independent professional opinion of the completed design, the Commissioner hired an external consultant with over 10 years experience in exhibit production. The consultant had some concerns that elements of the design did not meet specific criteria; however, the consultant also felt that the original Request for Proposal did not require these elements be produced. **Nevertheless, the consultant informed the Commissioner that Chadbourne's completed design is well done, executable, and is the simplest and least expensive option, but alternative designs should be considered.** As a result, the new Commissioner is considering alternatives which may involve hiring a new design firm and incurring additional costs that could be as high as \$1.5 million.

In review of this project, the Legislative Auditor found that Chadbourne made a good faith effort and provided a credible exhibit design to the Division that is a viable option. However, the new administration would like a more sophisticated design. **The Legislative Auditor recommends that the Division identify exactly what improvements it feels are needed, and at what additional costs.** The agency should assess whether the improvements are worth the additional costs. Furthermore, if an alternative design is pursued, every effort should be made to use as much of Chadbourne's design as possible, and to develop procedures to ensure that the improvements will be achieved through sufficient contract management. If alternative designs are cost prohibitive, the Legislative Auditor recommends that the Division consider the least expensive option of implementing Chadbourne's design with affordable modifications.

Background of the Museum Renovation

The West Virginia Museum Renovation Project began in 1998 following a request to the Legislature for appropriations to renovate, and update the aging exhibits in the State Museum. In response, the Legislature appropriated \$4,500,000 toward the project. An additional \$2,000,000 was

sought by the Division from private pledges.

To select a design firm for the renovation, the Division issued a formal Request for Proposal in which it was stipulated the project be completed by Spring 2001. Christopher Chadbourne Associates (Chadbourne Associates) was selected by the Division to “*plan, design, and provide fabrication oversight of renovations to the state museum*” at an initial cost of \$1,058,139. The Massachusetts based Chadbourne Associates specifically agreed to:

- Manage and conduct a public review process with constituent groups of the plan;
- Produce the exhibition master plan for the renovation;
- Research and design the exhibitions;
- Prepare final construction drawings to be bid to fabricators;
- Provide oversight for the exhibit fabrication and installation phases.

Prior to beginning the process, Chadbourne Associates informed the Division that deadlines could be met, but “*the demands for rapid decision-making and not changing direction that it would require are generally greater than a normal exhibit process can withstand.*” After consideration, the Division provided a revised project time line that projected an October 2001 opening date.

Chadbourne Associates held six public hearings for citizen input, and developed a 75 page “Master Plan” document of state history to be used in developing the exhibits. The Master Plan is simply the stories from West Virginia’s history that will be told in the exhibits of the museum. This “working document” was reviewed by nine historians knowledgeable about West Virginia history. The comments of the historians were both positive and negative, depending upon the historian’s professional focus. Some responses seemed to reflect the historian’s personal views. For example, a historian who is the Eastern Regional Coal Archivist made unfavorable statements, such as: “*The treatment of coal mining, my principal concern, failed adequately to address the importance of Appalachian bituminous coal in the transformation of America from a rural agrarian society to an urban-industrial giant capable of defending itself– and democracy– in two ruinous world wars.*” Others made comments like: “*This is an impressive proposal. It excites me because it is a living document that indicates a great potential to respond to changing public interests, and it is an honest document that fully addresses the difficult passages in West Virginia’s history as well as the more successful issues.*” **The varying responses from the historians demonstrate that disagreement is inherent, depending upon the perspective of the individual.**

In addition to the historical review of the Master Plan, a content review committee of senior staff was established at the Division to review the work of Chadbourne, and assist with providing artifacts and graphics from the State Archives, and State Museum Collections.

As of February 2001, the museum renovation project was progressing with a projected opening of August 2002. Chadbourne Associates had spent two years of intensive work with staff of the Division. **At this point, over \$1 million had been spent on the museum renovation.** However, the current Commissioner halted the museum renovation in February 2001. Since then, the Division has spent 14 months assessing the sources of dissatisfaction over the museum renovation.

Consultant's Review

In an effort to gain an understanding of the project, the new Commissioner hired a consultant with over 10 years of experience in exhibit production. In review of the design produced for the Division, this consultant noted in February 2001:

All in all, I was quite pleased with the design of the exhibit...My review has revealed a very thorough and meticulous design process that has been managed pretty well. I am convinced that the State of West Virginia will get the best possible exhibit for the money spent.

This review was taking place because the new Commissioner had been made aware of staff dissatisfaction with the project. Senior staff within the Division had been involved to the point that conflicts arose and hindered the process from moving forward. In response to this problem, the consultant to the Division stated in the February 2001 memo:

*It is apparent to me that there are too many fingers stirring the pot with regard to the design and execution of this exhibit. Management and oversight are one thing, but direction of the design needs to be clearly centralized and directed, otherwise, the process will become chaotic and costly...[Certain senior staff] are to serve in a resource/support role with oversight of content only from this point forward. By my understanding, they have all closely monitored and participated in the design process. **Now they need to confine their roles to a more technical one.** [Emphasis added]*

Thus, as early as February 2001, staff dissatisfaction had been identified and evaluated. In addition, the consultant had reviewed the design produced for the Division. However, the Division had expressed concern that the content and presentation of the exhibits contained a number of flaws. In addition, the new administration wanted a more technologically sophisticated museum.

The consultant encouraged the consideration of alternatives, because he believed all the elements usual to designs were not present. A total of three options were presented for the Division to consider. Of the three options, the one that dealt with the existing Museum plan was noted to be the “*simplest*” and “*least expensive*” option. The second option included a redesign of the museum, in which the consultant stated, “*The people of West Virginia may be better served by creating a smaller, flexible space; [however,] the design costs would be significant.*” The final option involved structuring a welcome center to the Capitol complex through the museum, and was deemed “*the most costly option.*” The exploration of the second and third options delayed the project while possible costs were explored.

It has now been determined by the Division that the use of a welcome center through the museum will not happen quickly. Therefore, the Division decided to move forward without including the final option. Given the two remaining options, the Division is contemplating an alternative plan,

which may involve hiring a new design firm and incurring additional costs that could be as high as \$1.5 million. In addition, in order to save time, the Division hopes to hire a new design firm through a sole source purchasing procedure.

Risks of Alternative Plans

The Legislative Auditor recognizes that the new administration and the consultant feel alternative designs should be considered. However, the Legislative Auditor's concern is that the state has a completed design that can be executed. At issue is:

1. **Whether any improvements over Chadbourne's design will be worth the additional costs; and**
2. **Whether the Division can develop a plan that will ensure the improvements will be achieved.**

Should the Division move forward with an alternative design plan rather than the Chadbourne design, the Legislative Auditor has identified the following risks that should be considered:

- **Budget Depletion:** A review of Chadbourne Associate's work and design documents by a professional consultant raised the concern that fabrication costs for the existing design could be more than already budgeted for the entire museum renovation. Even so, the Division is considering alternatives that could involve spending an *additional \$1.5 million* more than already budgeted on changes to the *completed design, without any guarantee that a new design would be an improvement over the existing design*. When asked how the funding for the additional work will occur, the Commissioner noted the Division will try to recoup costs through grant or foundation monies. However, if these monies do not become available, the Commissioner further stated, *"Depending on the cost of the new consultants, the fabrication costs of the actual exhibits could be affected. We may have to put less money into the exhibit fabrication."* **The budget risks depletion, resulting in less money remaining for actual museum displays.**
- **Design of Request for Proposal:** The Division realized that Chadbourne was being paid on a monthly basis without a clear schedule of deliverables, resulting in confusion in how much work had actually been produced. This was compounded because of the nature of the product and the inexperience of the Division in undertaking a project of this complexity. If an alternative design is pursued, **Request for Proposals need to be carefully designed and reviewed by a professional to ensure all desired elements are present and the contractor is held accountable.** The Legislative Auditor recommends that Request for Proposals be submitted to the Governor's Office of Fiscal Risk and Analysis Management for its fiscal risk review.

- **Review Committee:** The Division has determined that the review process used for the Chadbourne contract involved a large number of staff members which made it unwieldy and unfocused. In addition, committee members were unclear of their roles. This had the effect of inhibiting, rather than facilitating the process. **To minimize disagreement, staff participation should be limited, with final approval of the product given to one individual in a senior management position.**
- **Sole Source Proposal:** Under an alternative plan outlined by the Commissioner, the Division is considering hiring a new consulting firm and project manager to complete the museum renovation. The Division is proposing using the Sole Source Acquisition process in hiring the consulting firm and project manager. **The Legislative Auditor fully agrees with the need of the Division to hire a project manager, and also understands the desire to move the museum renovation forward as quickly as possible.** However, the Division is planning on the use of a sole source purchasing process and does not have knowledge that Purchasing would approve the purchasing method. If the request for sole source acquisition is denied, and a bid process must be used, the museum renovation deadlines could extend well into the future.
- **Extended Deadlines:** The time it would take to hire a new design firm through the required purchasing process, in addition to the time it could take for the new design firm to evaluate the project and complete a finished product, could extend beyond the current administration.

Conclusion

The Division has expended staff time, effort and money for the redesign of the State Museum exhibits. This intensive process extended over two years and resulted in the creation of a detailed museum redesign which could be implemented as soon as a fabrication firm is identified and hired. However, the Division has expressed concern over the existing design, because of the content and the lack of technological sophistication of exhibits. In February 2001, the current administration halted the second phase of the original contract due to dissatisfaction. Currently, the content and fabrication of the exhibits remains to be completed. The Division is exploring alternatives that would result in additional expenditures of time and money and could duplicate work already produced. In addition, if further alternatives are explored, there is no guarantee of improvement, or that the existing monies for the museum renovation would be sufficient to create a more sophisticated museum. **It is clear to the Legislative Auditor that a project manager is needed by the Division to oversee the completion of the museum renovation.** However, if an alternative design is pursued, the Division should use as much of Chadbourne's design as possible. In addition, it is imperative that the Division develop a detailed Request for Proposal, documentation procedures, and internal approval processes to ensure that the improvements will be achieved. If alternative designs are cost prohibitive, the

Legislative Auditor recommends that the Division consider the least expensive option of implementing Chadbourne's design with affordable modifications.

Recommendations

1. *A new project manager should be hired to determine what improvements to the Chadbourne design the new administration wants, and how much additional cost would be incurred.*
2. *The Legislative Auditor recommends that any Request for Proposals be submitted to the Governor's Office of Fiscal Risk and Analysis Management for its fiscal risk review.*
3. *Any proposed improvements and additional costs should be presented to the Legislature for its review. If it is determined that the improvements are not worth the additional costs, the Division should consider executing Chadbourne's design with any necessary modifications.*