



**DATE:** March 17, 2023

**TO:** Brett Rushing, Contract Manager

**FROM:** Paula Rivera, Chief Auditor

**CC:** Finance and Audit Subcommittee of the Board  
Brian Kelly, Chief Executive Officer  
Richard Yost, Capital Procurements

**SUBJECT:** Pre-award Review of HSR 22-41

The Audit Office of the California High-Speed Rail Authority (Authority) has completed its review of the draft agreement and cost proposal for Environmental Services for the Merced to Fresno Project Section, RFQ No.: HSR 22-41, between the Authority and TY Lin International.

A pre-award review is performed when an agreement for architectural and engineering services is to be awarded based on qualifications. In accordance with Title 40, United States Code, Section 1104 and California Government Code Title 1, Chapter 10 Section 4528(a)(1), fair and reasonable compensation is negotiated. A pre-award review is not an audit; however, it is performed to assist in negotiations with the most qualified proposer.

The scope of the review was limited to examining the draft agreement and the cost proposal dated 2/15/23. For the purpose of accepting contract progress billings, the objectives of the review were to determine if:

- The necessary fiscal provisions were incorporated in the draft agreement.
- The proposed costs are reasonable and in compliance with the Code of Federal Regulations, Title 48, Chapter 1, Part 31 and the agreement.

We completed a risk assessment of the subconsultants and determined the following subconsultants would be reviewed for this pre-award:

- GPA Consulting
- LSA Associates Inc.
- H.T. Harvey

Based on the review of the draft agreement and the cost proposal, except as discussed in the following *Issues and Recommendations* section, no material deficiencies came to our attention.

Our review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing for consulting engagements.

This report is intended for the information and use of the contract manager in support of contract negotiations, and management of the Authority. However, this report is a public document, and its distribution is not limited.

## ISSUES and RECOMMENDATIONS

### Cost Proposal

#### **Issue 1 – Missing/Incorrect Loaded Billing rates**

The following subconsultants did not include, or included incorrect, calculations for the loaded hourly billing rates for proposed classifications:

1. LSA Associates, Inc: all classifications
2. H.T. Harvey: all classifications

Also, in the cost proposal rate sheet under the “Actual Hourly Rate” column H.T. Harvey proposed average rate calculations for their classifications.

**Recommendation:** The Contract Manager should have LSA Associates Inc include the calculation for loaded hourly billing rates and H.T. Harvey submit corrected loaded hourly billing rates for proposed classifications. Also, the Contract Manager should have H.T. Harvey remove the average rate calculations for classifications that are listed as “Actual Hourly Rate”.

### Direct Labor

#### **Issue 2 – Unsupported Hourly Rate**

The following subconsultant’s have unsupported hourly employee/classification rates:

<b>Consultant Name</b>	<b>Name/Classification</b>	<b>Proposed Rate</b>	<b>Evaluated Rate</b>
GPA Consulting	Richard Galvin	\$ 99.00	\$ 110.58
LSA Associates, Inc	Principal - Environmental/Technical Specialist (low)	\$ 53.00	\$ 51.06
LSA Associates, Inc	Associate - Environmental/ Technica Specialist (low)	\$ 32.96	\$ 38.94
LSA Associates, Inc	Associate - Environmental/ Technica Specialist (high)	\$ 72.65	\$ 66.07
LSA Associates, Inc	Associate GIS/Graphics Specialist (low)	\$ 32.96	\$ 39.05
LSA Associates, Inc	Associate GIS/Graphics Specialist (high)	\$ 72.65	\$ 63.71
LSA Associates, Inc	Senior Environmental Planner / Senior Technical Specialist (low)	\$ 32.45	\$ 37.15

<b>Consultant Name</b>	<b>Name/Classification</b>	<b>Proposed Rate</b>	<b>Evaluated Rate</b>
LSA Associates, Inc	Senior Environmental Planner / Senior Technical Specialist (high)	\$ 70.00	\$ 155.00
LSA Associates, Inc	Senior Technical Engineer (low)	\$ 32.45	\$ 50.04
LSA Associates, Inc	Senior Technical Engineer (high)	\$ 75.00	\$ 73.71
LSA Associates, Inc	Senior GIS/Graphics Specialist (low)	\$ 31.30	\$ 45.03
LSA Associates, Inc	Senior GIS/Graphics Specialist (high)	\$ 63.08	\$ 47.50
LSA Associates, Inc	Environmental Planner/Technical Specialist (low)	\$ 20.00	\$ 24.00
LSA Associates, Inc	Technical Engineer (low)	\$ 20.00	\$ 35.58
LSA Associates, Inc	Technical Engineer (high)	\$ 70.00	\$ 37.12
LSA Associates, Inc	GIS/Graphics Specialist (low)	\$ 31.30	\$ 33.65
LSA Associates, Inc	GIS/Graphics Specialist (high)	\$ 63.08	\$ 46.58
LSA Associates, Inc	Assistant Environmental Planner/ Assistant Technical Specialist (low)	\$ 24.00	\$ 26.40
LSA Associates, Inc	Assistant Environmental Planner/ Assistant Technical Specialist (high)	\$ 31.20	\$ 31.94
LSA Associates, Inc	Assistant Technical Engineer (low)	\$ 24.00	\$ 32.84
LSA Associates, Inc	Assistant GIS/Graphics Specialist (low)	\$ 24.00	\$ 27.76
LSA Associates, Inc	Assistant GIS/Graphics Specialist (high)	\$ 31.20	\$ 27.76
LSA Associates, Inc	Project Assistant (low)	\$ 27.60	\$ 29.26
LSA Associates, Inc	Project Assistant (high)	\$ 33.85	\$ 35.54
LSA Associates, Inc	Office Assistant (low)	\$ 27.60	\$ 24.80

<b>Consultant Name</b>	<b>Name/Classification</b>	<b>Proposed Rate</b>	<b>Evaluated Rate</b>
LSA Associates, Inc	Office Assistant (high)	\$ 33.85	\$ 43.06
LSA Associates, Inc	Senior Word Processor (low)	\$ 27.24	\$ 31.40
LSA Associates, Inc	Senior Word Processor (high)	\$ 35.45	\$ 40.29
LSA Associates, Inc	Technical Editor (low)	\$ 27.24	\$ 31.32
LSA Associates, Inc	Technical Editor (high)	\$ 35.45	\$ 32.79
LSA Associates, Inc	Word Processor (low)	\$ 27.24	\$ 30.05
LSA Associates, Inc	Word Processor (high)	\$ 35.45	\$ 30.05
LSA Associates, Inc	Field Crew (low)	\$ 21.00	\$ 25.29
LSA Associates, Inc	Field Crew (high)	\$ 25.46	\$ 25.29
H.T. Harvey	Senior Ecologist 1 (high)	\$ 47.60	\$ 45.19
H.T. Harvey	Ecologist 2 (high)	\$ 43.51	\$ 41.83
H.T. Harvey	Field Biologist 2 (high)	\$ 35.58	\$ 34.38
H.T. Harvey	Senior GIS Analyst	\$ 57.45	\$ 53.85
H.T. Harvey	GIS Analyst (high)	\$ 43.51	\$ 39.66
H.T. Harvey	GIS Analyst (low)	\$ 32.21	\$ 35.58
H.T. Harvey	Sr Associate Ecologist (high)	\$ 62.98	\$ 60.25
H.T. Harvey	Ecologist 1 (high)	\$ 39.66	\$ 36.30
H.T. Harvey	Technical Editor (high)	\$ 43.51	\$ 41.59
H.T. Harvey	Technical Support (high)	\$ 32.25	\$ 26.75
H.T. Harvey	Technical Support (low)	\$ 23.00	\$ 25.00

**Recommendation:** The Contract Manager should have the cost proposal revised to the employees/classifications for verified rates in the above table.

### **Issue 3 – Unsupported Classifications**

The following subconsultants have not provided support for classifications:

1. H.T. Harvey:
  - Sr. Technical Editor
  - Clerical Support
2. LSA Associates, Inc:
  - Associate Technical Engineer
  - Senior Technical Editor

**Recommendation:** The Contract Manager should have H.T. Harvey and LSA Associates, Inc remove the above classifications from the cost proposal.

### **Issue 4 – Unsupported Proposed Overtime Rates**

GPA Consulting proposed overtime for the following salaried employees:

- Audrey von Ahrens
- Emma Haggerty
- Victoria Masjuan

**Recommendation:** The Contract Manager should have GPA Consulting remove proposed overtime rates for the salaried employees identified above.

### **Indirect Costs**

#### **Issue 5 – Use of Prior Year Indirect Rate**

TY Lin, GPA Consulting, and H.T. Harvey provided an indirect rate schedule for the year ended December 31, 2021.

**Recommendation:**

The Contract Manager should request TY Lin to provide the most recent indirect rate schedule, for the year ended December 31, 2022, and update their cost proposal by the end of May 2023.

The Contract Manager should request GPA Consulting to provide the most recent indirect rate schedule, year ended December 31, 2022, and update their cost proposal by the end of October 2023.

The Contract Manager Should request H.T. Harvey to provide the most recent indirect rate schedule, year ended December 31, 2022, and update their cost proposal by the end of May 2023.

**Issue 6 – Unsupported Indirect Cost Rate**

The indirect cost rate of 205% proposed by H.T. Harvey, is unsupported.

**Recommendation:** The Contract Manager should have the subconsultant update the cost proposal to reflect the evaluated indirect cost rate of 166.77% that will be used until it can be adjusted based on the 2022 indirect cost rate schedule.

**Other Direct Costs****Issue 7 – Incorrect Other Direct Cost Rate/Guideline Reference**

Other Direct Travel Costs for travel (per diem, mileage, lodging, rental car, airfare, etc.), proposed by TY Lin and subconsultants, do not reference Note 4: "Travel-related costs are reimbursed in accordance with State of California travel reimbursement rates and guidelines for excluded/non-represented State employee."

**Recommendation:** The Contract Manager should have TY Lin and the subconsultants update the Other Direct Cost schedule to reference all travel costs to Note 4: "Travel-related costs are reimbursed in accordance with State of California travel reimbursement rates and guidelines for excluded/non-represented State employee."

**Issue 8 – Incorrect Other Direct Cost Rates**

TY Lin and the following subconsultants proposed incorrect and/or no other direct cost rates:

<b>Consultant Name</b>	<b>Description of Item</b>	<b>Proposed Cost</b>	<b>Evaluated Cost</b>
TY Lin	Printing	At Approved Rate	Actual
GPA Consulting	Outside Printing and Reproduction	Blank	Actual
GPA Consulting	Overnight Delivery Service	Blank	Actual
GPA Consulting	Courier Service	Blank	Actual
GPA Consulting	Record Searches	Blank	Actual
GPA Consulting	Parking	Blank	Actual
GPA Consulting	Postage and Shipping	Blank	Actual
GPA Consulting	Project Materials	Blank	Actual
GPA Consulting	Tolls	Blank	Actual
GPA Consulting	Subconsultants	Blank	Actual
LSA Associates, Inc	Records Search	Blank	Actual
LSA Associates, Inc	Aerial Photo	Blank	Actual
LSA Associates, Inc	Postage/Delivery	Blank	Actual

**Recommendation:** The Contract Manager should have TY Lin, and the following subsidiaries revise the other direct costs as noted in the above table.